



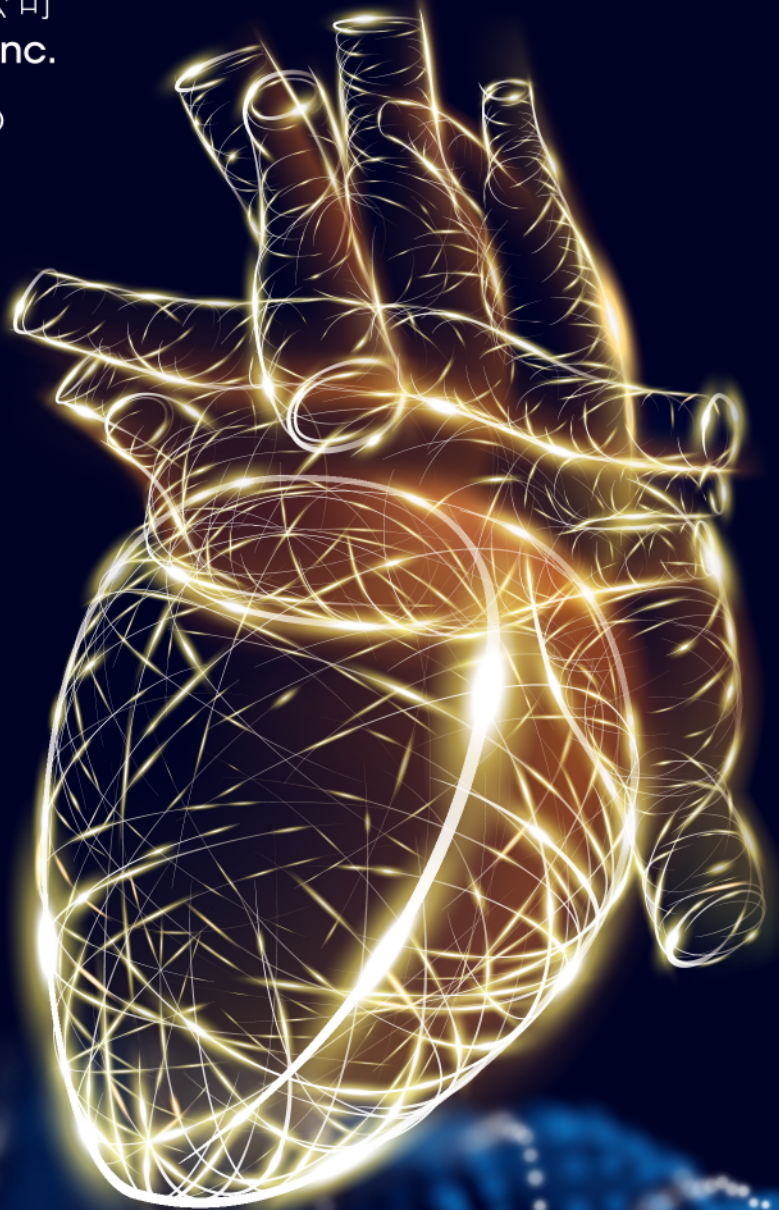
启明医疗®
VENUSMEDTECH

杭州启明医疗器械股份有限公司
Venus Medtech (Hangzhou) Inc.
(A joint stock company incorporated in
the People's Republic of China with limited liability)

Stock Code: 2500

2023

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



Environmental, Social and Governance Report

This is the environmental, social and governance (“ESG”) report (the “Report”) of the Company and its subsidiaries (collectively referred to as “Venus Medtech”, “the Group” or “we/us”), which aims to disclose the Group’s ESG performance for the year 2023 (the “Year”) in a transparent and open manner in response to the concerns and expectations of stakeholders on the Group’s sustainable development management.

REPORTING SCOPE

As we conduct manufacturing and sales activities primarily in China, the scope of the Report covers the major operations of Venus Medtech in China, and there are no significant changes in reporting scope compared to the 2022 ESG report. The environmental key performance indicators (KPIs) mainly cover the Group’s headquarters in Hangzhou, including office buildings, factories and research and development (R&D) centers; the employee-related KPIs in the social aspect only cover the Group’s employees in China, while the other social KPIs mainly cover the Company and all its subsidiaries in China. The reporting period of the Report is January 1, 2023, to December 31, 2023 (the “Year” or the “Reporting Period”).

REPORTING STANDARD

The Report has been prepared in compliance with Appendix C2 of the Environmental, Social and Governance Reporting Guide (the “Guide”) of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the contents covered herein comply with the disclosure principles required by the Guide and have complied with the “comply or explain” provisions set out in the Guide, and the content follows the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

Materiality: The Report has identified and disclosed the ESG material issues and the criteria for their selection, as well as the process and results of stakeholder engagement.

Quantitative: The statistical criteria, methods, assumptions, and calculation tools used to report greenhouse gas emissions/energy consumption, as well as the sources of conversion factors, are described in the Report.

Balance: The Report presents the Group’s performance in 2023 in an unbiased manner to avoid selections, omissions or formats of presentation that might improperly influence readers’ decisions or judgments.

Consistency: The statistical methods used to disclose data in the Report are consistent with the 2022 ESG report. If any changes are made, they will be clearly stated in the Report.

Environmental, Social and Governance Report

REPORTING LANGUAGE

The Report is published in both Chinese and English. In case of any ambiguity, the traditional Chinese version shall prevail.

REPORT APPROVAL

The Report was approved by the Board of Directors of the Group (the “**Board**”) on April 26, 2024.

BOARD STATEMENT

We firmly believe that sustainable development is the manifestation of corporate responsibility. We continuously optimize our sustainable development efforts and are committed to providing high-quality and safe medical products to ensure patient health. Meanwhile, we actively reduce the impact on the environment, such as by improving resource utilization and saving energy. We respect every employee and establish an equal and supportive working environment.

We have established an ESG governance structure supervised by the Board to supervise the Company’s various ESG work and ensure business development while taking into account environmental and social performance. The Board of Directors assumes the overall responsibility for ESG strategy and reporting, including monitoring and reviewing the performance and progress of ESG tasks, and identifying material issues, ESG-related risks and goals. In 2023, we continued to monitor ESG performance, optimized waste liquid treatment through technology, reduced environmental footprint, and contributed to the sustainable development of the industry. Under the supervision of the Board, the Group successfully met its annual environmental targets. In the future, we will communicate with more stakeholders to jointly consider sustainable development priorities. We hope to integrate environmental protection into daily decision-making and take action to help build a harmonious and sustainable industry and society.

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ESG MANAGEMENT STRUCTURE

The top-down ESG management structure guarantees the smooth implementation of the Group's ESG work. Through the two-way information communication and supervision among different levels, our ESG governance system has achieved synergy and cooperation to jointly promote the sustainable development process.



ESG Management Structure

As the highest decision-making body of the Group on ESG issues, the Board is responsible for formulating ESG management policies, reviewing ESG-related matters, and ensuring that the Group establishes an appropriate and effective ESG risk management and internal control system. Meanwhile, the Board regularly reviews the performance of the Group and approves the information disclosed in the ESG report with reference to the progress towards achieving the ESG-related objectives.

The Group's management is responsible for executing ESG risk management and internal control systems, reporting ESG risks and opportunities to the Board, and ensuring the effective operation of relevant ESG systems.

The ESG working group of Venus Medtech is composed of the key departments of the Group, with direct engagement of the department heads. It reports ESG-related risks of the Group, implements ESG management policies approved by the upper-level departments or persons, and designates specific persons to carry out ESG management and reporting.

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STAKEHOLDER ENGAGEMENT

The Group attaches great importance to maintaining close communication with stakeholders. In order to deeply understand their expectations and requirements towards us on ESG issues, we maintain comprehensive and open communication with government, shareholders, employees, customers, suppliers and communities. Through different channels, we actively listen to various perspectives. At the same time, we are committed to balancing the interests of various stakeholders and jointly promoting sustainable development. We integrate their feedback into our daily decision-making to continuously improve our ESG performance. We look forward to forging closer partnership with stakeholders and promoting the sustainable development of the industry through joint efforts.

Stakeholders	Expectations and concerns	Communication channels	Communication frequency
Governments and regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Paying taxes • Product compliance • Lead the healthy development of the industry 	<ul style="list-style-type: none"> • Compliance management • Voluntary taxation • Complying with national policies • Continuous R&D innovation • Risk analysis reports • Reporting adverse events timely • Participating government projects actively 	Multiple times per year
Shareholders and investors	<ul style="list-style-type: none"> • Return on investment • Corporate governance • Information disclosure 	<ul style="list-style-type: none"> • Announcements and circulars • Financial reports • Shareholders' meetings • Roadshow • Investor meetings 	Multiple times per year
Employees	<ul style="list-style-type: none"> • Protection of employees' rights • Career development channel • Healthy and safe working environment 	<ul style="list-style-type: none"> • Employee satisfaction survey • Regular meetings and training • Employee care • Intranet website and suggestion box 	Multiple times per month

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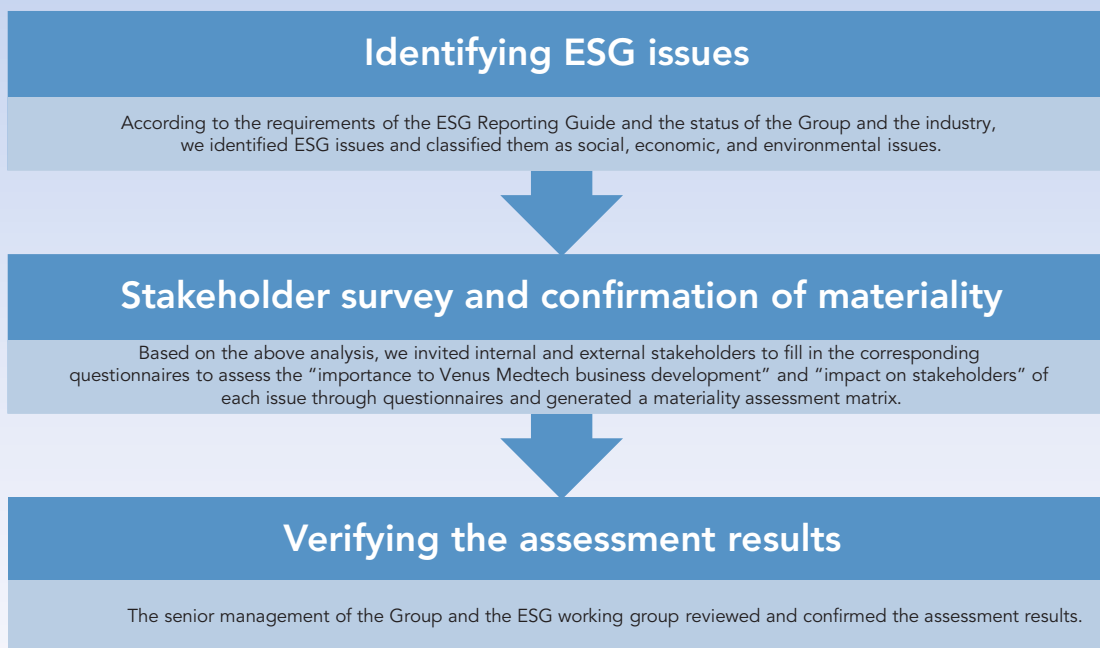
Stakeholders	Expectations and concerns	Communication channels	Communication frequency
Customers	<ul style="list-style-type: none"> • Protection of customers' rights and interests • Product quality and safety • Responsible marketing • R&D innovation • Improve product competitiveness 	<ul style="list-style-type: none"> • Daily communication and meetings • Training courses • Seminars • R&D cooperation • Service hotline and mailbox 	Multiple times per month
Suppliers	<ul style="list-style-type: none"> • Fair and open procurement • Win-win cooperation 	<ul style="list-style-type: none"> • Daily communication and meetings • Business visits • Audit and performance evaluation 	Multiple times per month
Communities	<ul style="list-style-type: none"> • Community engagement • Environmental protection 	<ul style="list-style-type: none"> • The Group's official website • Public welfare activities 	Multiple times per year

Materiality Analysis

The Group regularly reviews and assesses its relevant ESG priorities and reviews such priorities' impacts on the Group and stakeholders. The Group conducted the materiality analysis of ESG issues based on the following materiality assessment process and used the results as the basis for the preparation of this report.

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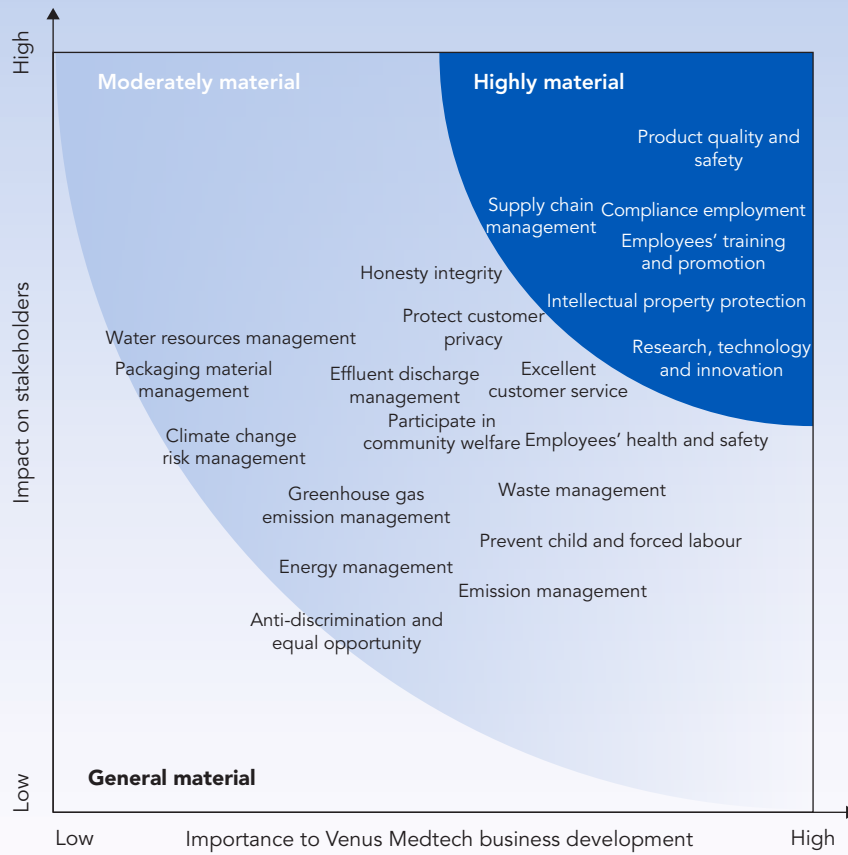
Materiality Assessment Process



In 2023, the Group conducted a review on the ESG issues and their materiality assessment. We continued to use the previous materiality assessment results given that our business and related operating environment have not changed significantly compared to the previous fiscal year.

The specific assessment results and ESG materiality matrix are as follows: The Group identified a total of 21 ESG issues, including 6 of highly material issues and 15 of moderately material issues, which have been disclosed herein to various degrees and taken as important considerations when formulating ESG policies and strategies.

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Materiality Assessment Matrix

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QUALITY CONTROL

As a medical device company dedicated to promoting human health and well-being, we focus on the quality of product and service to meet the needs of customers and patients. Our core strength lies in the continuous optimization of device research and clinical application capabilities. We attach great importance to every detail, including the quality assurance system construction, product design and manufacturing control and after-sales service support. As China's leading R&D-driven medical device enterprise engaged in transcatheter aortic valve replacement (TAVR) products, Venus Medtech has made a solemn commitment to provide quality products and services to customers. We deeply know that only by providing efficient and safe products can we provide healthcare professionals with reliable and confident tools to truly benefit more patients.

Mission

Committed to seeking effective treatments for major diseases that pose a serious threat to human health

Quality principle

Quality first, meet the requirements of applicable regulations, rely on the quality management awareness of all employees to continuously improve the quality system, provide customers with safe and excellent products and services in an effective manner

Quality Management System

We are committed to establishing a sustainable and comprehensive quality management system. The Group strictly complies with the applicable laws, regulations and standards of each place of operation, including *the Product Quality Law of the People's Republic of China* 《中華人民共和國產品質量法》, *Measures for the Supervision and Administration of Medical Device Production* 《醫療器械生產監督管理辦法》 and *Good Manufacturing Practices (GMP) for Medical Devices* 《醫療器械生產質量管理規範》. At the same time, we establish a quality management standard document system comprising quality manual, procedure documents in accordance with the relevant requirements of the ISO 13485 standard and other regulations. The ISO13485 standard is a quality management system standard applicable to the medical device regulatory environment, the full name of which is the Requirements for Regulatory Use of Medical Device Quality Management System in Regulations. ISO13485 is more professional, focusing on organizations related to the design, development, production, storage and distribution, installation, service, and final discontinuation and disposal of medical devices. Our quality management system has been certified by a third party to meet the ISO13485 standard. Meanwhile, our quality system also complies with the drug production quality requirements of GMP in China, the United States and the European Union.

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ISO 13485 Quality Management System Certification

The chief executive officer of the Group is ultimately responsible for the operation of the quality management system, while the quality management personnel of each division cooperates closely with business managers to promote the quality management process. We attach great importance to personnel training and system optimization to ensure the safety and effectiveness of products and services. Regular management and review can identify and address issues and continuously improve management level. We strictly implement various regulations and standards and provide reliable medical products. At the same time, we continuously improve internal control to ensure the continuous improvement of quality.

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Quality Assurance (QA)

Quality assurance team

- Establish, implement and maintain a quality management system
- Monitor our operations in real time throughout the development and production process to ensure operations are in compliance with applicable regulatory and standards requirements

Internal audit function

- Conduct at least one internal audit per year of all departments covered by the system to ensure that the quality policy, objectives and procedures are effectively implemented
- Perform at least one management review of the quality management system annually to ensure the suitability, adequacy and effectiveness of the quality system
- Submit the review report and the results of audit and correction to the relevant regulatory authorities every year

Regular training

- The quality management department will follow up on the new laws and regulations, interpret the latest laws through monthly meetings and special sharing sessions, and improve and update the relevant systems
- Invite internal and external industry quality management experts to conduct professional training to strengthen the theoretical and practical skills of employees

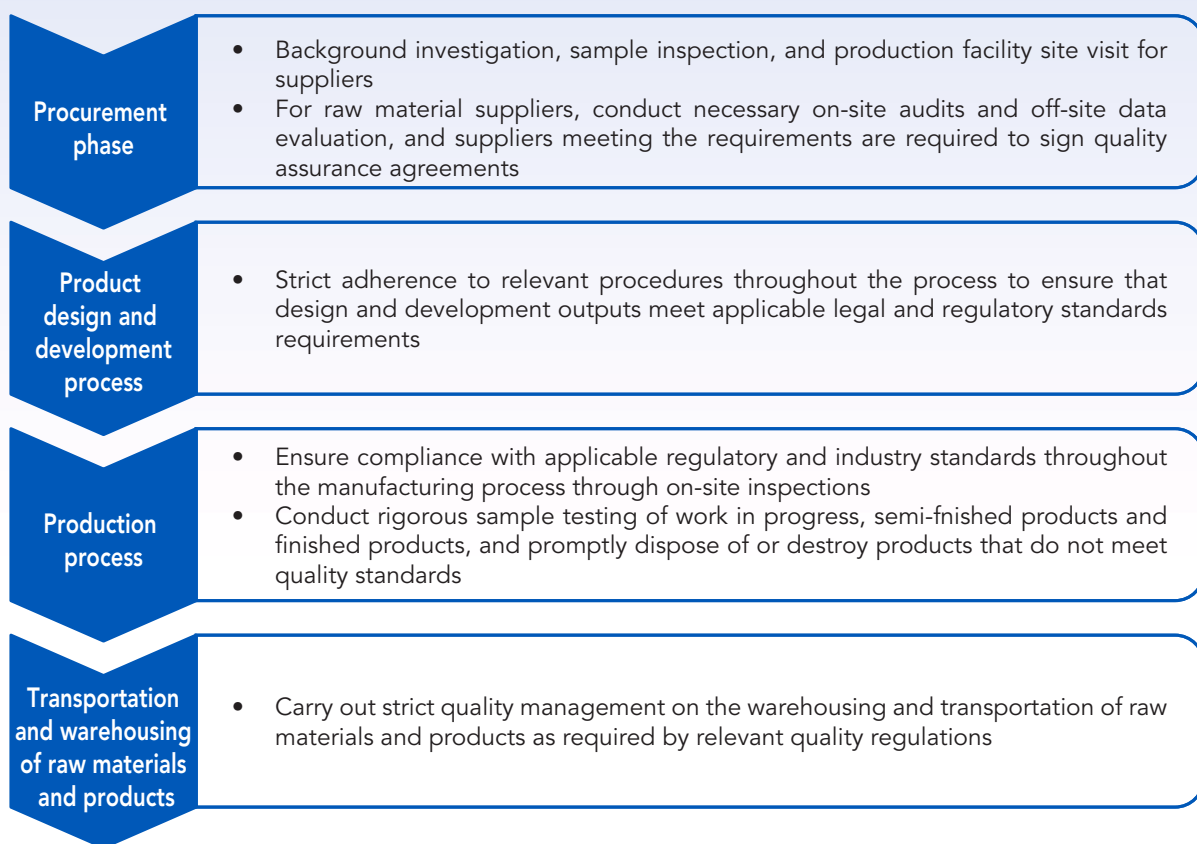
The Group's quality team launched the introduction of MDSAP regulations in March 2022, submitted the application for MDSAP certification to the certification body in April, successfully completed the "Medical Device Single Audit Program" certification of the quality system this year, and obtained the MDSAP certificate issued by DEKRA, an international certification body. This MDSAP quality system certificate covers five countries, including the United States, Canada, Brazil, Australia and Japan. The scope of the certification includes the research and development, production and distribution of the transcatheter aortic valve system, transcatheter pulmonary valve system, catheter sheath and dilator.

In addition to the five countries covered by MDSAP, the Group has also covered the relevant regulations and standard requirements of China, the European Union, Argentina and other countries. Up to now, the Company's products have been approved for registration in more than 30 overseas countries, fully proving that the international quality system has accelerated the globalization of the Company's products. As the only domestic supplier that can provide a full range of valve solutions integrating four valves, Venus Medtech always adheres to the principle of quality first, adheres to strict quality control, and continues to benefit doctors and patients worldwide with high-quality and stable products and professional and reliable technical services.

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Quality Control (QC)

We have established an independent and comprehensive quality management system. We have developed the *Product and Process Monitoring and Measurement Control Procedure* 《產品和過程監測測量控制程序》 and established a dedicated team being responsible for quality inspection work to control the monitoring and measurement of products and processes, so as to ensure that the products and their realization process are effectively controlled and meet the prescribed requirements. The online inspectors in the production department inspect the products produced or the tasks completed. Full-time inspectors also use specialized inspection techniques or professional monitoring equipment to inspect the products produced or the work tasks completed, which usually requires incoming inspection, process inspection and finished product inspection.



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We attach great importance to the quality management of laboratory testing. The Group established a laboratory management system and formulated a relevant management manual with reference to *the Accreditation Criteria for the Competency of Testing and Calibration Laboratories* 《檢測和校準實驗室能力認可準則》(CNAS-CL01:2018). Our testing center has passed CNAS certification and become a domestic accredited institution that can conduct comprehensive testing. This means that we have reached the international level in laboratory construction and testing capabilities, and our credibility of testing results has been widely recognized domestically and internationally. We will continue to optimize the testing process and skill training to ensure the R&D support capabilities for new products. At the same time, we will communicate and cooperate with more institutions to jointly improve the industry testing standards.



CNAS Accreditation Certificate

Innovative Development

As an enterprise committed to promoting the development of medical technology, Venus Medtech has always been committed to developing the technology of “New in China, New in the World”, with a number of top-rated technologies at home and abroad, including the first approved TAVR product in China, the first retrievable TAVR product in China, the first approved TAVR product in China, and the first Chinese heart valve device to enter the European Union market. With respect and responsibility for life, Venus Medtech has been continuously innovating and improving the heart valve pipeline, and has been committed to popularizing heart health knowledge and improving people’s health literacy as a public welfare project.

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In December 2023, Chinese experts and Chilean experts successfully applied Venus-PowerX, a new generation of the Venus Medtech full-release and full-recovery dry-tissue valve product, to rescue Chilean patients, which greatly promoted the exchange and reciprocity between the two countries in the field of interventional therapy for structural heart diseases. Based on the “Belt and Road” development blueprint, Venus Medtech provided high-quality Chinese solutions for global heart valve patients, opening a new chapter in medical exchanges along the Belt and Road.



Medical innovation has no boundaries. We collaborate horizontally with industry partners and actively share medical technology experience and insights with industry partners. We also worked together with our partners to provide more conceptual and technological platform choices for patients with structural heart diseases. We aim to push this area to the forefront through open cooperation.

Intellectual Property and Privacy Protection

We attach great importance to the protection of intellectual property rights. We strictly abide by *the Patent Law of the People’s Republic of China* 《中華人民共和國專利法》, *the Copyright Law of the People’s Republic of China* 《中華人民共和國著作權法》, *the Trademark Law of the People’s Republic of China* 《中華人民共和國商標法》, *the Anti-Unfair Competition Law of the People’s Republic of China* 《中華人民共和國反不正當競爭法》 and other laws and regulations, and are committed to establishing a sound intellectual property protection system. We formulated *the General Rules of Intellectual Property Management* 《知識產權管理總則》 to protect such valuable intangible assets by strengthening the management. In addition, we have set up a specific department to handle intellectual property management.

As of December 31, 2023, the number of our issued patents was 422.

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In order to improve our intellectual property management capabilities, we have purchased the well-known intellectual property management software "Wade". "Wade" software is designed to manage all types of intellectual property information, including patents, trademarks, copyrights and domain name resources. Through this system, we realize the whole process of management of intellectual property projects from application and authorization to protection. Through the use of "Wade", our intellectual property management is more standardized and normalized, and information retrieval and maintenance are more convenient and efficient.

During the Year, Venus Medtech focused on international development, continued to invest in research and development and innovation, and achieved remarkable results in its global layout. Up to now, there has been no related intellectual property litigation filed by the Company. In the case of intellectual property disputes over patents, such as when a third-party enterprise makes invalid or objection requests for our patents in an attempt to revoke them, we will set up a team composed of patent engineers, research and development engineers and patent lawyers based on different projects to actively respond.

In the research and development stage of products, the Intellectual Property Department is responsible for the patent FTO (Freedom to Operate) analysis of relevant products for the target market to reduce or avoid relevant intellectual property risks; in product marketing activities, the Intellectual Property Department will review relevant documents to ensure that the Company's trademarks are used in a standardized manner. During the Reporting Period, the Intellectual Property Department organized more than 10 themed training on intellectual property to strengthen employees' knowledge on intellectual property protection.



Intellectual property training

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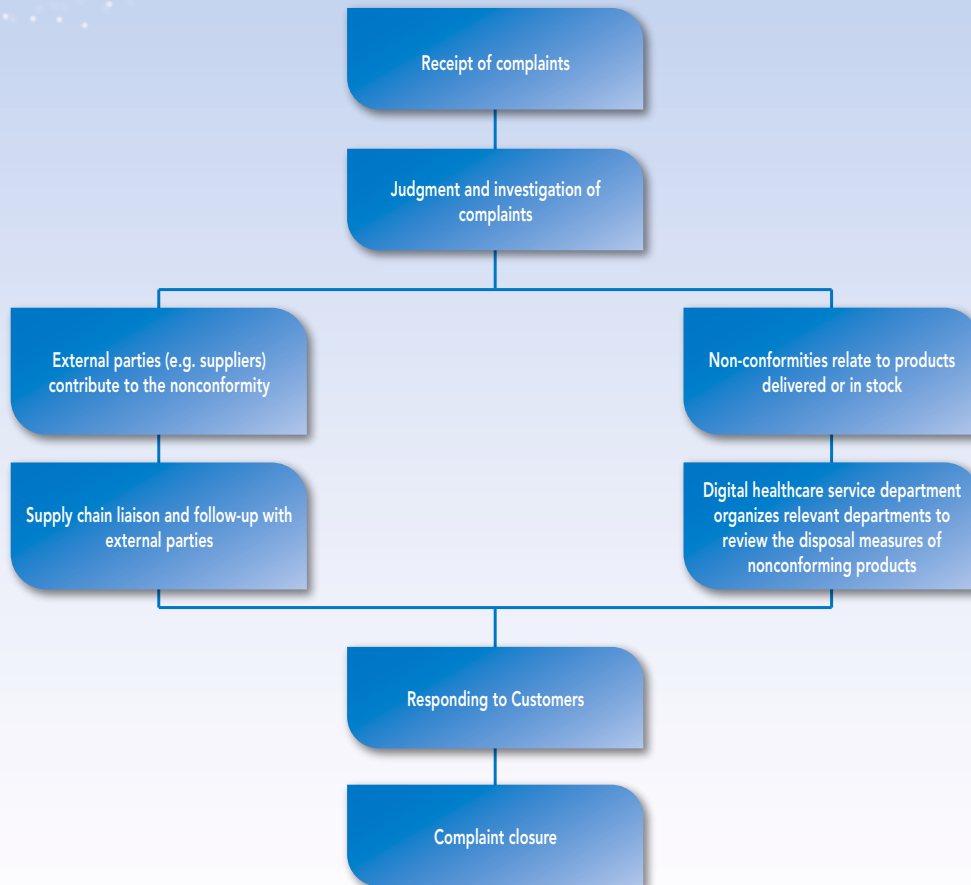
Customer Feedback and Complaints

The Group strictly complies with *the Advertising Law of the People's Republic of China* 《中華人民共和國廣告法》, *the Regulations on Supervision and Administration of Medical Devices* 《醫療器械監督管理條例》 and other laws and regulations relating to advertising and promotion in the field of medical devices. We strictly control the marketing information published on our website, packaging, brochures and other channels to ensure the authenticity and reliability of information disclosure. We ensure that such promotional information is legal and compliant, and avoid using promotional materials that exaggerate, deceive or mislead consumers.

We openly listen to the opinions of all parties and continuously improve our products and services. The Group strictly abides by the laws and regulations such as *the Law of the People's Republic of China on the Protection of Consumer Rights and Interests* 《中國人民共和國消費者權益法》 and *the Product Quality Law of the People's Republic of China* 《中華人民共和國產品質量法》, and any customer feedback is highly valued. We have established multiple channels to reach customers, compare medical services, quality issues and the nature of the business accuracy judgment incident, and promptly follow up and investigate. Customers can give feedback to the Digital Medical Service Department via face-to-face communication, telephone and email.

We make judgment according to *the Feedback Control Procedures* 《反饋控制程序》 and *Complaint Handling Control Procedures* 《投訴處理控制程序》 as well as the relevant procedural documents of the corresponding markets of the products, take corrective activities according to the relevant methods, and keep track of and feedback on the follow-up activities to ensure that customer complaints are effectively resolved. Any employee who receives external feedback from users, patients, economic operators, regulatory bodies, etc., is required to provide feedback to the Quality Department. The Quality Department will record, judge and organize complaint investigation activities by relevant departments. We classify complaints into medical complaints, device quality complaints, commercial complaints and other types of complaints according to their types. During the Reporting Period, the Group received 13 complaints about products or services, all of which were properly reported and handled.

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Complaint Handling Process

Complaint channels:

Complaint Hotline: 0571-87772180

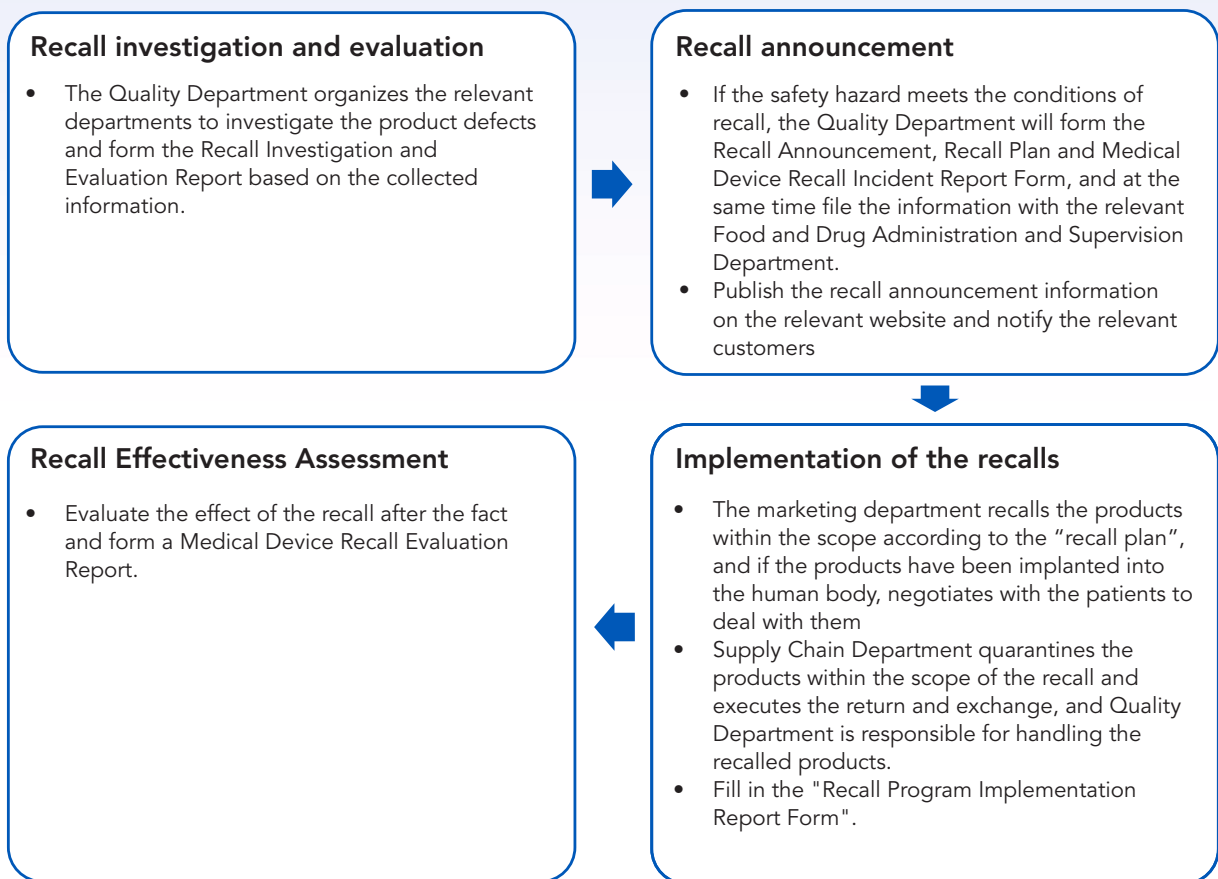
Complaint Email: pms@venusmdtech.com

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Product Recall

We take a professional approach to safeguard the interests of our customers. We establish guidance documents in accordance with *the Measures for the Recall Management of Medical Devices* 《醫療器械召回管理辦法》 and *the Measures for the Monitoring and Reevaluation Management of Adverse Events on Medical Devices* 《醫療器械不良事件監測和再評價管理辦法》, such as *Product Recall Control Procedure* 《產品召回控制程序》, which clarifies the recall work process. We classify medical device recall levels into three levels according to the severity of the health safety risks posed by medical devices. If a product is found to be defective or exposed to safety risks, the recall level will be initiated, and we will implement scientific and effective response measures for each level.

We attach great importance to every detail under questioning to safeguard the interests of users. In the future, we will continue to optimize the recall system, improve product safety, and strengthen communication and cooperation with regulators. During the Reporting Period, after our inspection, all products in the market met the quality requirements and no recall occurred.



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Data Security and Privacy Protection

We are committed to protecting data security and customer privacy. The Group abides by the *Regulations of the People's Republic of China on Protecting the Safety of Computer Information Systems* 《中華人民共和國計算機信息系統安全保護條例》, *Personal Information Protection Law of the People's Republic of China* 《中華人民共和國個人信息保護法》, *Cyber Security Law of the People's Republic of China* 《中華人民共和國網絡安全法》 and other relevant laws and regulations. We have established a sound internal control system to ensure that data collection and use comply with laws and regulations. We take technical measures to protect information security.

We have established an information security management system according to the international framework of ISO 27001 to manage and protect many aspects of information such as security policies and technical controls, which has been certified by a third party.



ISO 27001 Information Security Management System Certification

We have established *information network security management measures* 《信息網絡安全管理辦法》, *the Information System Management Regulations* 《信息系統管理規定》 and *the Information Security Risk Management Regulations* 《信息安全風險管理規定》 to ensure the authenticity, reliability and orderliness of information system data, and prevent information leakage and attacks. In terms of confidentiality policies and systems, we regulate and manage them through *the Information Security Law and Regulations Management Procedures* 《信息安全法律法規管理程序》 and *the Trade Secret Management Procedures* 《商業秘密管理程序》. We prioritize customer privacy and will not obtain customer information for marketing purposes. We have also established internal systems such as *the Information System Change Management System* 《信息系統變更管理制度》, *the Information System Account Management System* 《信息系統賬號管理制度》, *the Important Information Backup Management Procedures* 《重要信息備份管理程序》, *the Information System Security Emergency Plan* 《信息系統安全應急預案》, and *the Information Backup Security Strategy* 《信息備份安全策略》 to effectively strengthen the prevention of network operation security and information security, serving as the guidelines for employees to operate in information security and privacy management. We will continue to optimize measures to address evolving security challenges.

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In accordance with *the Computer Room Management Procedures* 《機房管理程序》, *the Computer Security Strategy* 《電腦安全性策略》, *the Software and Hardware Usage Specification* 《軟件與硬件使用規範》 and other systems, we regulate employee behaviors and reduce the risk of confidential information leakage and abuse. We also regularly inspect the data center and record the inspection results. For confidential suppliers, we have developed *the Supplier Relationship Management Procedures* 《供應商關係管理程序》 and *the Stakeholder Information Security Management Procedures* 《相關方信息安全管理程序》 to strengthen the security of communication. At the same time, qualified suppliers are required to fill in and abide by *the Qualified Supplier Information Security Commitment* 《合格供方信息安全承諾書》. Data is an important asset of the Group and we make every effort to protect it from being compromised. We work with suppliers to create a trustworthy environment. We regularly promote information security awareness to employees through emails, promotional videos and other means, emphasizing data security and compliance awareness.

COMPLIANCE OPERATION

Integrity

We uphold the values of integrity and abiding to laws in our operations. The Group strictly complies with laws and regulations such as *the Criminal Law of the People's Republic of China* 《中華人民共和國刑法》, *Interim Provisions on Banning Commercial Bribery* 《關於禁止商業賄賂行為的暫行規定》 and *Anti-Money Laundering Law of the People's Republic of China* 《中華人民共和國反洗錢法》. We have developed *the Compliance Manual* 《合規手冊》 to prevent and control compliance risks and manage the image of the Company and employees. We formulated *the Code of Conduct for Integrity and Self-discipline* 《廉潔自律行為準則》 and its implementation rules for punishment, *the Employee Code of Conduct System* 《員工行為規範制度》 and *the Employee Reward and Punishment System* 《員工獎懲制度》, and have established a series of systems such as *the Anti-Corruption and Anti-Commercial Bribery Policy* 《反腐敗反商業賄賂制度》 and *the Anti-Money Laundering Management Regulations* 《反洗錢管理規定》. We attach great importance to the supervision of problematic links, such as hospitality and meeting expense management. The Group adopts a zero-tolerance attitude towards unethical behaviors such as corruption and bribery.

We adhere to the principle of fair trade and maintain a clean and compliant business environment. We have established a comprehensive anti-corruption policy system, and require all partners to strictly implement it. We have established *the Distributor/Agent Anti-Corruption Compliance Policy* 《經銷商/代理商反腐敗合規政策》, which prohibits any improper conduct such as bribery and extortion, to maintain the order of fair competition, and sign *the Confirmation Letter of Compliance Commitment for Distributors* 《經銷商合規承諾確認函》 with them. At the same time, we also sign similar compliance commitments with suppliers to jointly create a clean business environment. All employees are required to sign *the Employee Anti-Corruption Policy Certification* 《員工反腐敗政策認證》 to achieve self-discipline and integrity. If any irregularities are found, we will resolutely deal with them and eliminate the possibility of corruption.

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We have established a dedicated compliance and risk management department to prevent and eliminate hidden risks. The department is composed of a compliance team with extensive professional background to investigate and handle internal incidents independently and objectively. We require all business lines to consciously prevent risks and promptly report suspicious signs. The Compliance Department will conduct a comprehensive investigation and strictly report to the Board in accordance with the procedures. At the same time, we have in place multiple reporting channels to welcome the supervision of internal and external personnel, and we will ensure the safety and anonymity of whistleblowers. If any are verified, we will, depending on the severity of the circumstances, issue a notice of criticism, a demerit or dismissal, and serious cases will be transferred to the judicial authorities for treatment. In the future, we will continue to strengthen supervision, provide standardized management training with partners, and improve the level of integrity. During the Reporting Period, the Group was not involved in any judicial proceedings related to corruption, fraud and money laundering.

Reporting channels:

E-mail: hegui@venusmedtech.com

Hotline: 400 0902500

We attach great importance to cultivating and enhancing the compliance awareness of all employees through training. We have included corporate compliance training in the training of new employees and daily training, demonstrating that compliance requirements truly run through all tasks. During the Reporting Period, we conducted a number of integrity education training, including case study education, development film training, anti-money laundering publicity training, adverse event monitoring on medical devices and reevaluation training, trade secret protection status and legal analysis training. During the Reporting Period, the Group has provided anti-corruption training to employees, including directors, to enable them to gain a comprehensive understanding of the Group's relevant anti-corruption policies. We will continue to optimize the training system and explore more practical and effective topics. We hope to guide all colleagues to become a solid steward of the compliance culture.



Speech in anti-corruption training

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Responsible Supply Chain

We attach great importance to the establishment of an efficient supply chain system, which is crucial for the smooth operation of the Group. We have formulated internal documents such as *Procedure of Procurement Control* 《採購控制程序》 and *Control Procedures of Supplier Management* 《供應商管理控制程序》, which clarify the selection and evaluation process of suppliers. We control the quality of raw materials in the front-end procurement process, which lays a solid foundation for high-quality products. At the same time, we also pay attention to the social responsibility and environmental impact of suppliers. We require our suppliers to abide by the law and prohibit the use of child labor or forced labor. We also advocate for the concept of green procurement and work with suppliers to build a sustainable supply chain. We will continue to optimize management and work with more partners to achieve win-win results.

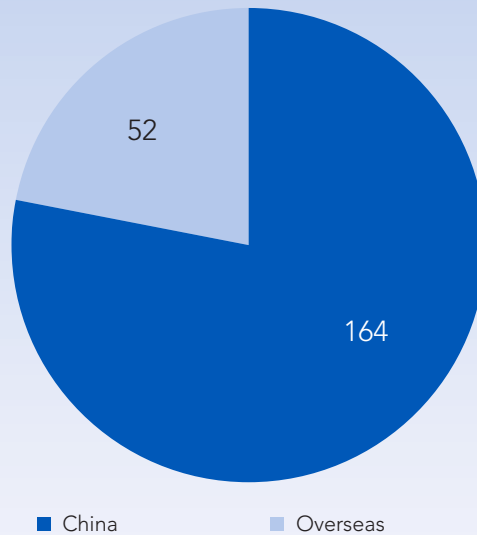
The Group's supplier management is categorized into new supplier development and existing supplier management. For new suppliers, the Group will organize relevant departments to review their qualifications, product/service quality, product/service price, product/service delivery time and quality systems through document review, sample review, on-site review, and other methods. Suppliers reviewed as qualified will be included in *the List of Qualified Suppliers* 《合格供方目錄》. For suppliers of animal-derived raw materials, we will review their relevant qualification certificates, animal quarantine certificates, quarantine standards they have implemented and other materials, and carry out extended investigation on, if necessary, breeding conditions, fodders, storage and transportation, and control on potentially infective viruses and infectious pathogens. For procurement of supplies with a high cleanliness grade, suppliers are required to provide testing reports on their clean rooms.

For existing suppliers, the Group's relevant departments will monitor their product quality, services and other performance and make regular evaluation, including annual routine evaluation and quality system evaluation, to continuously track the quality of products and services. Suppliers rated as excellent will be considered as priority partners. For suppliers with poor scores, we will issue a rectification notice, requiring them to rectify within a time limit, and review again. Suppliers that fail to pass the rectification will be removed from the list.

During the Reporting Period, our suppliers mainly consisted of suppliers of raw materials, machinery and equipment and service providers from third parties such as contract research institutes, animal laboratories and marketing agents. We have 216 suppliers, of which 164 are from China and 52 are from overseas. During the Reporting Period, we conducted annual evaluations of 153 suppliers, of which no suppliers were dismissed because they did not meet our requirements.

Environmental, Social and Governance Report

Number of suppliers by geographical region



We promote suppliers to adopt a sustainable business model and jointly build a good supply chain management system. We manage the status and capabilities of our production material suppliers, engineering contractors and transportation contractors in terms of environmental protection/occupational health and safety in accordance with *the Environmental and Health and Safety Impact Control Program of Relevant Parties* 《相關方環境及健康安全影響控制程序》. For example, when we select suppliers of production materials, we check whether they have obtained ISO 14001/ISO 45001 certification, whether they exceed pollution emission standards, and whether they have had any workplace injuries or environmental accidents. In addition, we inform them of our environmental protection policies and make requests for cooperation in building a green supply chain, such as encouraging suppliers to recycle packaging materials and reduce consumption.

Employee Care

We value growing together with our employees. We fully respect every employee and safeguard their legitimate rights and interests. At the same time, we strive to create a harmonious and uplifting working atmosphere. We also provide employees with multi-channel development opportunities to support their steady growth. We hope that every colleague can give full play to their strengths and achieve success together with the Company. In the future, we will continue to improve various welfare systems to make every employee have a better experience here.

Environmental, Social and Governance Report

Employment Principles

The Group strictly complies with *the Labor Law of the People's Republic of China* 《中華人民共和國勞動法》, *the Labor Contract Law of the People's Republic of China* 《中華人民共和國勞動合同法》, *the Provisions on the Prohibition of Using Child Labor* 《禁止使用童工規定》 and other labor and employment-related laws and regulations, and has formulated internal rules and regulations such as *the Employee Manual* 《員工手冊》, *the Employee Remuneration and Performance Management Policy* 《員工薪酬與績效管理制度》 and *the Measures for the Management of Attendance, Leave and Overtime Working* 《考勤、休假及加班管理辦法》 to regulate the management of the Group's employees and protect the legitimate rights and interests of employees.

We recruit talents according to the principles of openness, fairness and selection of the best. We believe that a fair and just recruitment policy can attract the best team to build a future for the Company. This will also be a guarantee for our long-term development. We search for qualified candidates through open recruitment channels, and objectively assess the quality and ability of each applicant according to position requirements. In the selection process, we will match internal and external excellent candidates, and internal personnel will be given priority under the equal conditions. We hope to provide equal opportunities for every applicant to compete in this way, and also encourage internal employees to continue to improve themselves and grow together with the Company.

During the recruitment process, we comprehensively evaluate the work experience, professional skills and potential of each applicant, and simultaneously value their personal qualities, values and future development compatibility. We hope that through a fair and impartial recruitment process, we will select talents with outstanding professional competence, consistent values and potential growth. We adopt multiple rounds of evaluation methods such as interviews, written tests and background checks to fully understand the personal qualities and qualifications of each applicant. We also ask candidates to provide identity cards, academic certificates and other materials to verify whether their ages and academic qualifications meet the requirements. Through such evaluation process, we can select talents who meet the requirements of the Company's positions, while ensuring the fairness and justice in recruitment.

Environmental, Social and Governance Report

The Human Resources Department will actively carry out the recruitment work according to the Company's business development plan and personnel demand planning. The Group chooses a variety of reasonable recruitment methods based on the needs of different job levels, including:

- An internal referral mechanism, encouraging internal employees to introduce outstanding talents
- Online recruitment channels of well-known recruitment websites
- On-site recruitment activities, increasing face-to-face demonstration of corporate culture

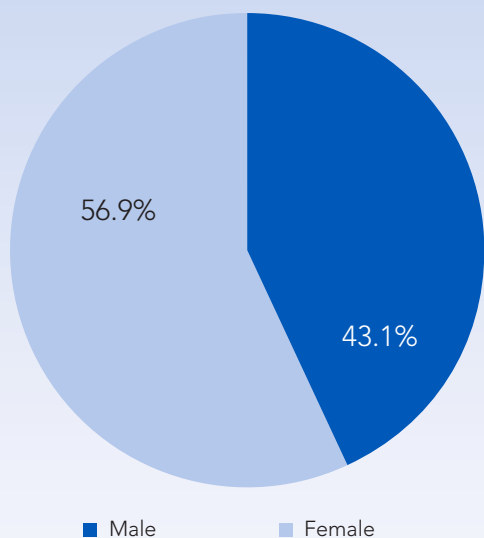
We adopt a diversified approach aimed at covering a wide range of channels to attract qualified candidates. At the same time, we have also established a sound follow-up introduction mechanism to ensure the smooth integration of employees into the Company's culture.

We implement standard working hours. According to national laws and company regulations, we implement standard working hours and irregular working hours. All employees clock in via DingTalk to strictly monitor the actual working hours. Employees who need to work overtime must apply in advance and we will pay corresponding subsidies in accordance with the relevant regulations. Our employees enjoy various types of leave such as rest days, paid annual leave, sick leave, maternity leave, wedding leave and funeral leave as stipulated by laws and the Group's systems. We explicitly prohibit the employment of child labor and forced labor. If any violation is found, we will immediately terminate the contract and alarm or file a lawsuit depending on the circumstances. We adhere to the people-oriented principle and create a fair and sustainable working environment for our employees. During the Reporting Period, there were no incidents of child labor or forced labor within the Group.

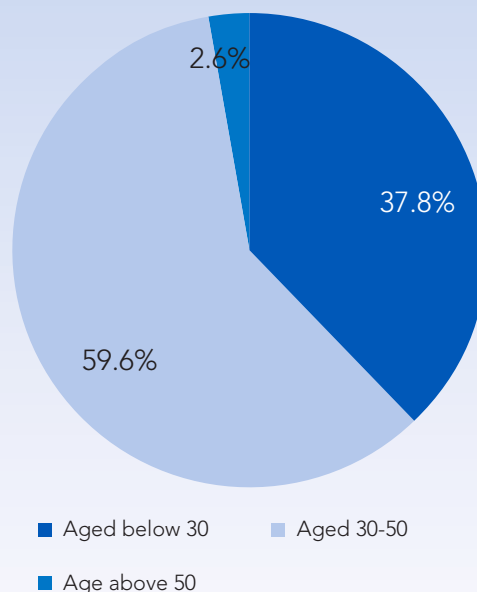
Environmental, Social and Governance Report

As of December 31, 2023, the Group had 735 employees, with the breakdown as follows:¹

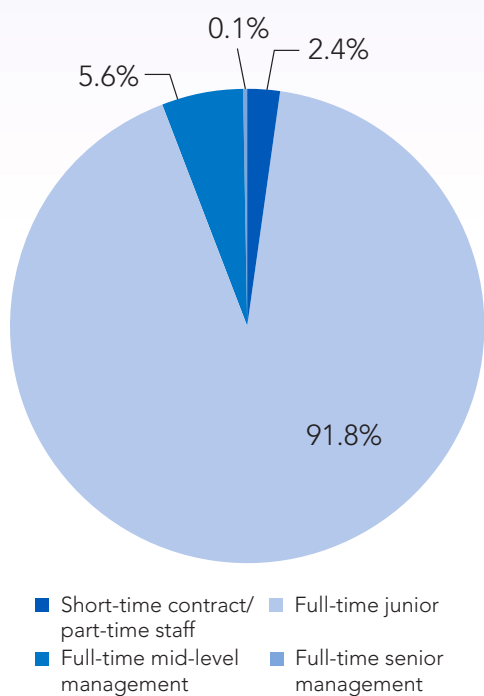
Proportion of employees by gender



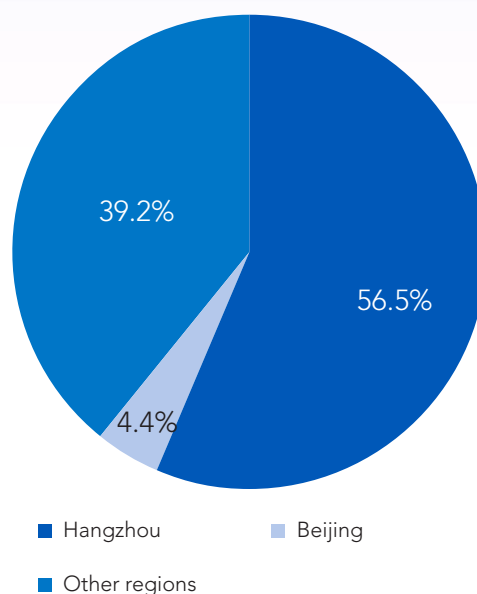
Proportion of employees by age group



Proportion of employees by category



Proportion of employees by region



¹ Figures for individual items may not add up due to rounding.

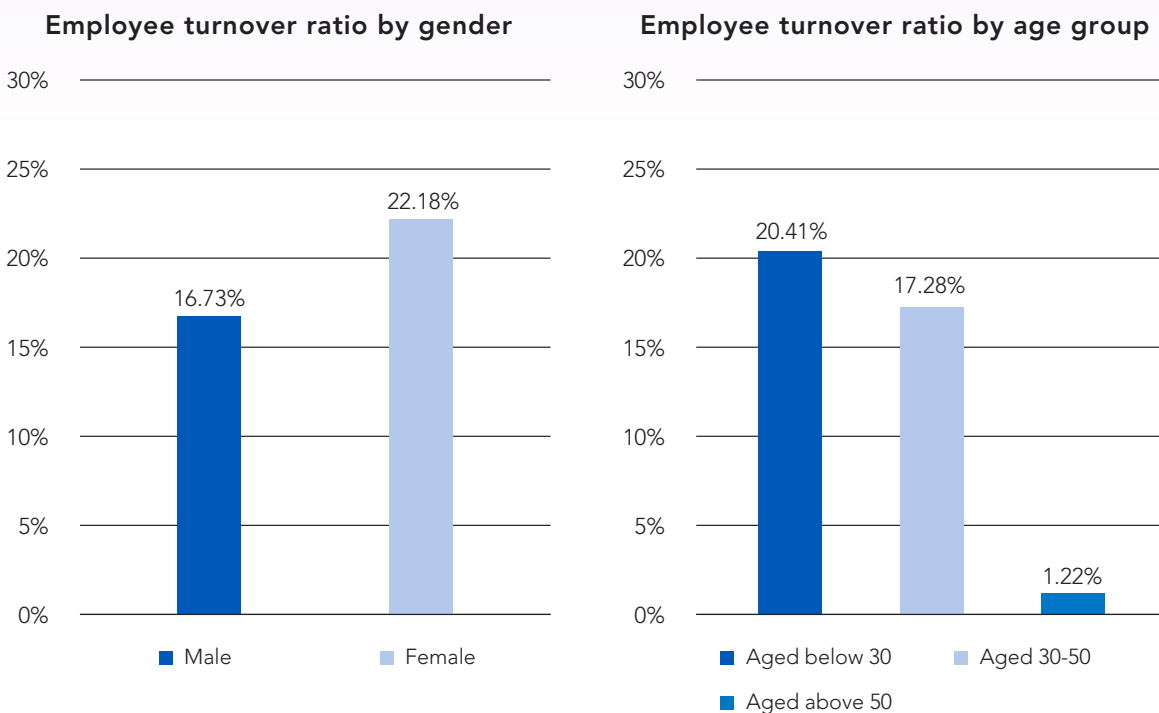
Environmental, Social and Governance Report

Promotion and Dismissal

We develop sound recruitment and promotion plans to provide employees with a clear career development path. In *the Employee Handbook* 《員工手冊》, we clarify the employment conditions and promotion standards for each position. At the same time, we respect the independent choice of each employee. If an employee decides to resign, he/she shall negotiate with his/her supervisor to hand over the job. We proactively contact departing employees to understand their reasons and improve management. The resignation procedures are implemented with reference to *the Employee Handbook* 《員工手冊》, such as arranging handover work and handling dismissal procedures. We hope to treat every departing colleague with the most respectful attitude. At the same time, employees are encouraged to communicate with us and provide feedback to better improve the working mechanism.

We adopt an open and transparent *Performance Management System* 《績效管理制度》 for annual assessment. Before the assessment, both parties confirm their work objectives, during which self-summary is conducted and the assessment results are given feedback. The department head conducts comprehensive evaluation based on the employees' daily performance. If employees disagree with the results, we provide an appeal channel to ensure that the issue is properly resolved. Through this system, we hope to fully stimulate the potential of employees while also ensuring their growth.

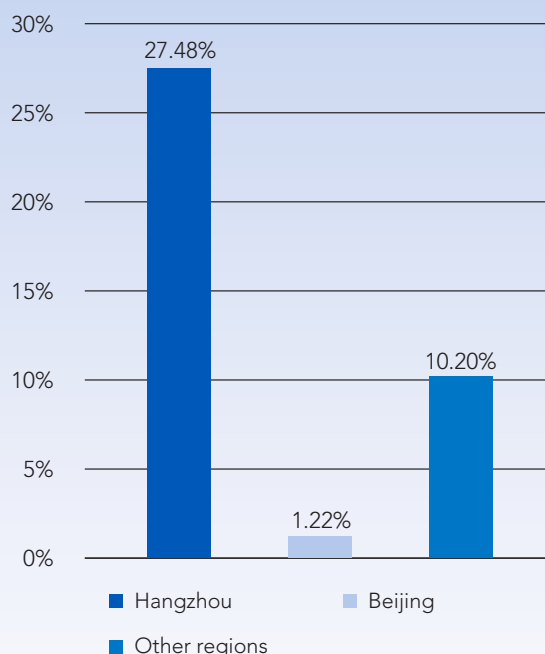
As of December 31, 2023, the Group's total employee turnover rate was 38.91%.²



² Calculation method of employee turnover: Number of employees turnover ÷ Number of employees at the end of the year × 100%.

Environmental, Social and Governance Report

Employee turnover ratio by region



Compensation and Benefits

The Group has established a market-competitive remuneration and benefit system for its employees. The remuneration consists of basic salary, performance salary and post salary, etc. The remuneration is individually evaluated by the importance and difficulty of the work performed, work ability, performance and seniority. We regularly evaluate the performance of our employees and recognize those with outstanding performance, to attract and retain outstanding talents. Through this approach, we hope to motivate our employees to make continuous contributions, unleash their potential, and attract and retain more outstanding talents to serve the Company. We will continuously optimize the system so that every colleague can have a fair chance to grow here.

Environmental, Social and Governance Report

We purchase complete social security insurance for all formal employees, including five kinds of social insurances, housing fund and work injury liability insurance, etc. We also provide accident insurance for employees' children. In addition, we provide the following benefits every year:

- Free medical checkups to ensure employee health
- Subsidies such as holiday bonuses
- Summer care programs, such as summer heat allowance
- Various vacations such as marriage leave

We also provide services such as lounge and massage to help front-line workers relax and prevent occupational diseases. We will continue to optimize benefits to enable employees to work with peace of mind and fairness. This is also an important part of our efforts to attract and retain talent.

Equal Opportunity, Diversity, Anti-discrimination

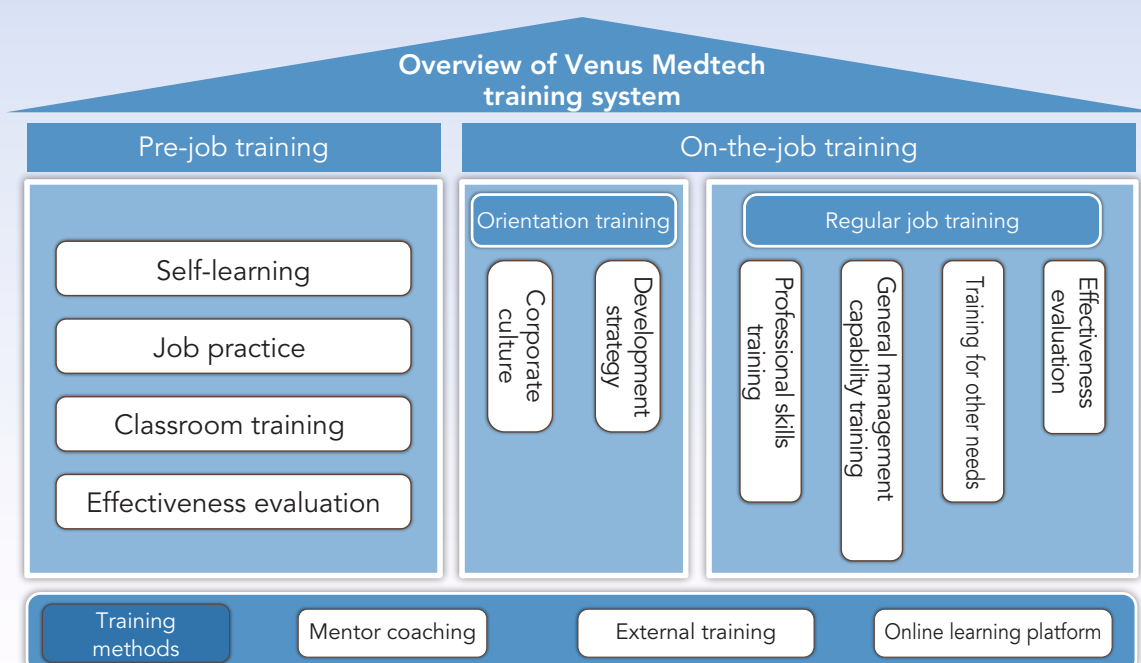
We are committed to providing an equal and fair working environment. We prohibit any form of discrimination and safeguard the legitimate rights and interests of every employee. We advocate for our colleagues to work together and build a harmonious relationship. We encourage our colleagues to get along with each other based on respect and cooperation. We actively promote gender equality, where female colleagues have equal development opportunities. We hope to create a work environment without barriers and let each employee feel free from discrimination based on race, gender and other factors. We will continue to improve various systems and create an atmosphere of fairness and justice.

Talent Development

The Group is committed to building a growing organization, and talent development is a top priority in our concern. We have established *the Training Management System* 《培訓管理制度》 and a comprehensive training system. We train our employees from top to bottom, requiring all employees to participate in customized training programs. Through this process, we achieve the mutual growth of employees and the Company. We believe that continuous learning and growth can maintain the core competitiveness of the organization. In the future, we will also optimize the training content and methods.

Environmental, Social and Governance Report

We formulate a detailed training plan every year. Through various effective training, we help colleagues cope with work changes. At the same time, we have established exclusive training records for each employee. We track each person’s growth by keeping detailed records of their training, certifications and evaluations. The following is a panoramic view of our training system. Our training system is divided into pre-job training and on-the-job training. On-the-job training includes job-specific training, such as professional knowledge and skills training and management ability training.

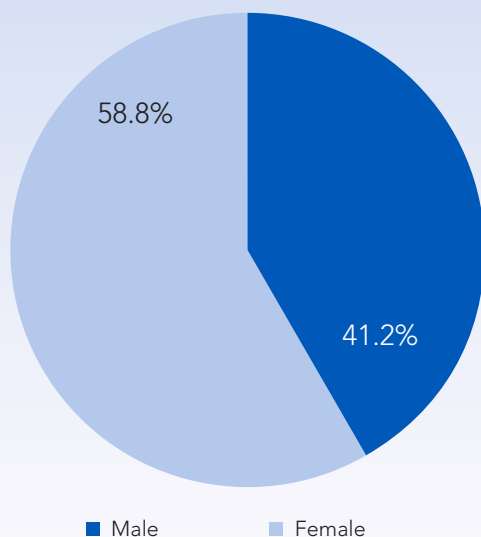


We mobilize internal and external resources to cultivate excellent internal trainers. They design a wide range of training courses to enhance their professional skills and knowledge. We also make full use of the experience of our experienced employees and allow them to take on internal training and teaching duties or participate in curriculum matters. Through knowledge and experience sharing, we will contribute more to the Company’s capacity building. For outstanding internal training mentors, we will also give corresponding allowances or honors as recognition. We provide cash support to encourage employees to continuously learn and improve their academic qualifications and titles. We believe that by supporting and relying on the team to grow together, the abilities of the Company and our employees will continue to improve.

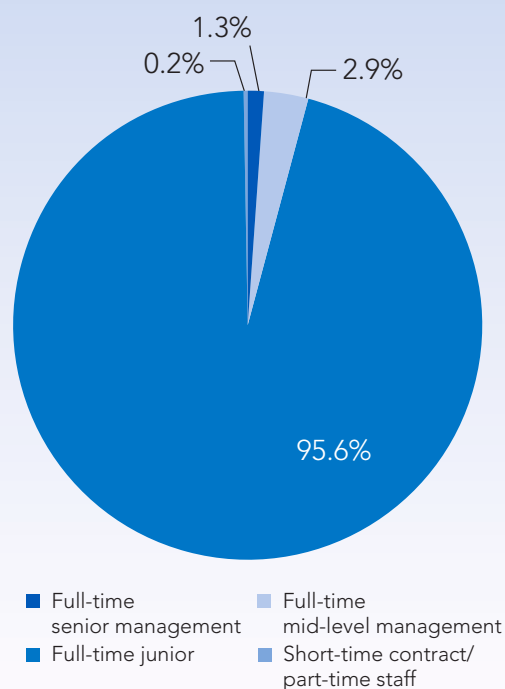
Environmental, Social and Governance Report

As of December 31, 2023, the training rate of the Group's employees was 74.01%.

Percentage of trained employees by gender³



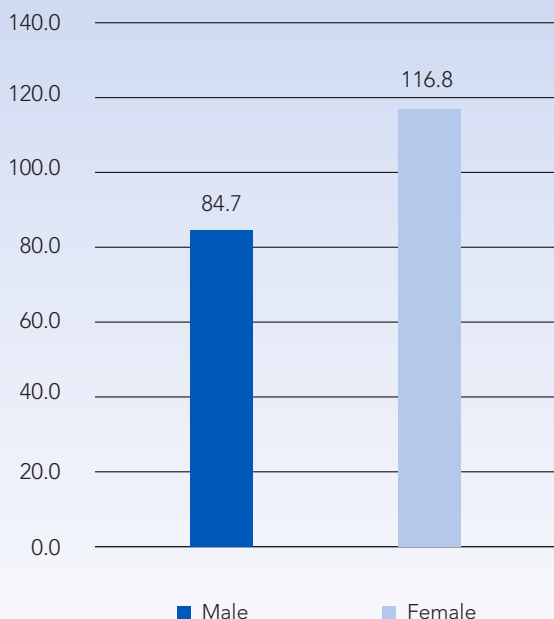
Percentage of trained employees by category³



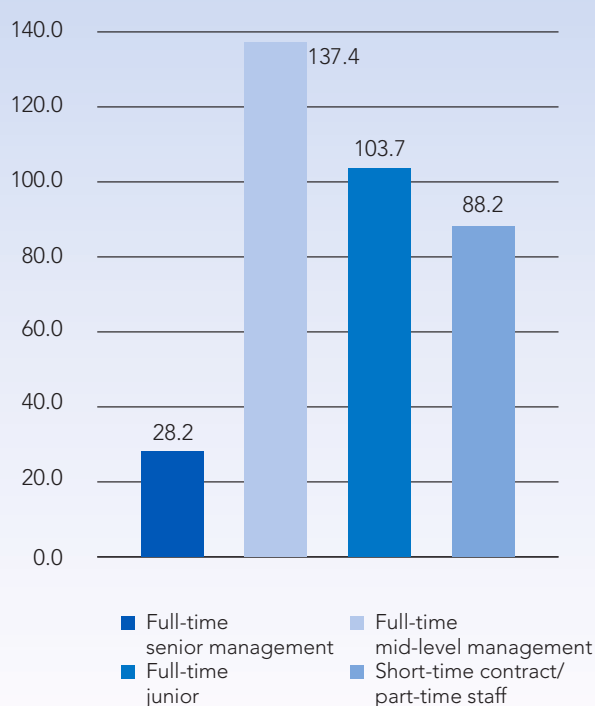
³ Calculation method of percentage of employees trained by category: number of employees trained in a category ÷ number of employees trained × 100%.

Environmental, Social and Governance Report

Average training hours completed per employee by gender⁴
(Unit: hour/person)



Average training hours completed per employee by employee category⁴
(Unit: hour/person)



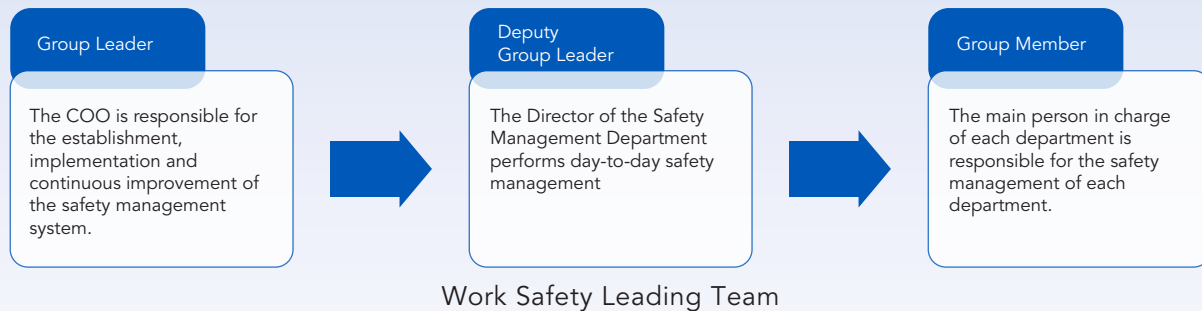
Health and Safety

Employee safety is our primary responsibility. We have always given priority to the health and life safety of our employees, adhere to the safety policy of “Safety First and Prevention Crucial”, and strictly abide by the laws and regulations on occupational health and safety such as *the Work Safety Law of the People’s Republic of China* 《中華人民共和國安全生產法》 and *the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases* 《中華人民共和國職業病防治法》. We integrate safety norms into all aspects of daily management. We create a safe working environment through education and supervision. We believe that only if employee safety is fully guaranteed, the enterprise can develop in a long-term and stable way. Safe work has long been an important agenda item for us.

⁴ Calculation method of average training hours completed per employee: total training hours completed by employees of a category ÷ total number of employees in the category.

Environmental, Social and Governance Report

The Group establishes a work safety leading team composed of senior operating personnel and the heads of each department, and in addition, each department is required to be equipped with a production safety manager with a safety qualification certificate after being trained and qualified by the production safety supervision institution. The leading team holds at least one safety special meeting every quarter to solve safety problems. We have formulated the production safety objectives of each department according to the production safety objectives, to clarify responsibilities and sign an agreement, so as to fully implement the safety policy and clarify the responsibilities of employees at all levels. Only by working together among various departments to promote safety construction can we truly create a safe working environment. Our safety leadership group structure is as follows:



We have developed the *EHS Performance Appraisal Management System* 《EHS績效考核管理制度》 with the goal of ensuring the effective implementation of safety work objectives and motivating personnel at all levels, to continuously improve safety levels. The scope and grade of assessment are clearly defined. Quarterly and annual appraisals are conducted to promote self-management of organizations and personnel at all levels. Environmental testing shows that our working environment is up to standard, and no employees with occupational diseases were found in the on-the-job physical examination. This shows that we have achieved initial results in safety management. In the future, we will continue to improve various systems and strengthen assessment and supervision to ensure the steady improvement of safety work. In the past three years (including the Reporting Period), we had no work-related fatalities. The number of working days lost by the Group due to work-related injuries was zero.

We firmly implement the ISO 45001 occupational safety management system and formulate a rich safety management system and process which includes: *Safety Production Inspection Management Procedures* 《安全生產檢查管理程序》, *Hidden Hazard Investigation and Management Procedures* 《隱患排查治理管理程序》, *Hazardous Chemical Control System* 《危險化學品控制制度》, *Occupational Health Management Procedures* 《職業健康管理程序》, *Occupational Hazard Notification and Warning System* 《職業危害告知和警示制度》, *EHS Management Manual* 《EHS管理手冊》 and *EHS Inspection Management Procedures* 《EHS檢查管理程序》, which standardize the safety hidden hazard investigation, response and training, etc. We organize the review of ISO 45001 and the third-party review once a year to ensure the quality and effectiveness of implementation. We continue to improve various systems to ensure employees' safety in the long run.

Environmental, Social and Governance Report



ISO45001 Occupational Health and Safety System

We adhere to the principles of energy conservation, emission reduction, up-to-standard discharge, safe production and legal compliance to create a beautiful environment and protect the health of employees. We establish in *the EHS Management Manual* 《EHS管理手冊》 the goals that employees are healthy and free from work-related injuries and occupational diseases; there are no accidents in production, operation and on-site construction; and there is no pollution and environmental protection. We integrate risk management into all aspects of our business activities to prevent fire and explosion, electric shock, mechanical injury, chemical poisoning and other incidents to the greatest extent. We carry out safety management from multiple dimensions to meet relevant requirements. All measures will be effective through long-term operation, and we will continue to optimize these management details.

Protection against occupational diseases

We provide employees with personal protective equipment that meets national and industry standards, improve workers' self-protection ability, and conduct pre-employment, on-the-job and off-the-job occupational health checks for workers engaged in hazardous operations. We establish appropriate occupational health records for our employees and report and update the health conditions to the local work safety supervision and management authorities on a regular basis

Occupational Health Management

We eliminate the occurrence of occupational diseases by identifying and determining various physical and chemical sources of occupational hazards in the production process, and doing a good job of detection, control, protection and management. This includes the management of hazardous workplaces, employee health training and education, employee labor protection, and the management of employee labor protective equipment

Environmental, Social and Governance Report

Special equipment management

We strictly regulate the duties of each department, the acquisition, installation, registration, file management and use requirements of special equipment to ensure the safe use of special equipment. For gas cylinders and other special equipment, we require suppliers to provide a "Gas Cylinder Filling License" and store and use the equipment correctly according to the regulations. Special operators must undergo special training and obtain relevant qualification certificates before engaging in special operations

Chemicals management

We prioritize the use of non-toxic and low-toxic substances instead of highly toxic materials. The storage places are set up with hazardous materials identification, Chinese instructions for materials with toxic and hazardous substances, and strengthened ventilation systems; the storage places for easy-to-poison and easy-to-explode chemicals are equipped with explosion-proof lamps, explosion-proof cabinets, explosion-proof exhaust devices and fire extinguishing equipment, and 24-hour uninterrupted monitoring is carried out to realize abnormal alarms. We take protective measures such as isolation for hazardous workplaces and set up warning signs

We conduct regular daily inspections, comprehensive inspections, professional (electrical, fire, chemical, etc.) inspections, and safety inspections in different seasons and before holidays to effectively prevent all types of safety accidents. We attach importance to the ability to respond to safety accidents. For laboratory and production work, we have formulated safety guidelines, such as *the Anti-Explosion Workshop Management System* 《防爆車間管理制度》, *Work Safety Management Procedures* 《作業安全管理程序》, and *Stakeholder Safety Management Procedures* 《相關方安全管理程序》, to ensure and create a safe and healthy working environment. For unexpected accidents, we developed *Management Procedures for Safety Accidents* 《安全事故管理程序》, according to which the safety management team will organize an accident investigation and propose treatment in a timely manner when an accident occurs. Employees subjected to work-related injuries will be provided with a work-related injury insurance benefit according to relevant laws and regulations.

Environmental, Social and Governance Report

In addition, we enhance employees' safety awareness through various forms of safety training:

- Require safety education and training at all levels for new employees
- Conduct knowledge training on occupational diseases and laws and regulations
- Learn and exchange based on actual cases
- Regularly invite professional institutions to enrich training contents, such as first aid, fire protection, etc.

We value the integration of training forms and depth. We provide safety education at the company, department and group levels. After the training, we will conduct an assessment to prove the effectiveness of the training, and we have established a rich training system for internal and external cooperation.



Training and safety education activities

Employee Activities

We value the physical and mental health of our employees. Various exercises and cultural and recreational activities are held frequently. We advocate friendship and mutual assistance among employees to create a sense of belonging. We have established various channels to listen to employees' opinions and respond to them in a timely manner. The labor union also participates in safeguarding the rights and interests of employees. We have established a sports club and regularly organize team building. At the same time, we provide holiday and birthday subsidies and other benefits to employees, and care and assistance to employees with difficulties in life. Through these methods, we hope to improve employee satisfaction and sense of belonging, enhance collective unity and cooperation abilities, and jointly create a harmonious and healthy working environment.

Environmental, Social and Governance Report



The labor union and the Party branch carried out summer care activities



Party members' theme activity: visiting the Yuhang Memorial Hall of the Chinese People's War of Resistance against Japanese Aggression



Thematic Activities of Collective Birthday and Party Knowledge Contest for Party Members in Muxin Island

Environmental, Social and Governance Report

GREEN RESPONSIBILITY

The Group is committed to becoming a responsible enterprise, and we closely follow the national policy requirements on environmental protection and sustainable development. We insist on conducting business in a sustainable and environmentally friendly manner and strive to reduce the impact on the environment. The Group strictly complies with the requirements of laws and regulations such as *the Environmental Protection Law of the People's Republic of China* 《中華人民共和國環境保護法》, *the Energy Conservation Law of the People's Republic of China* 《中華人民共和國節約能源法》, *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* 《中華人民共和國固體廢物污染環境防治法》 and *the Regulations on the Safety Administration of Dangerous Chemicals* 《危險化學品安全管理條例》. We pay attention to resource utilization, energy consumption and emissions. During the Reporting Period, the Group did not violate any laws and regulations relating to emissions of exhaust gases and greenhouse gases, discharge to water and land, generation of hazardous and non-hazardous waste, significant impact on the environment and natural resources, etc.

Environmental Performance and Targets

The Group focuses on environmental protection and environmental risk control. We have established an Environment, Health and Safety (EHS) management system consisting of relevant departments of safety, environment and health (EHS), which is responsible for formulating guidelines and systems. We ensure preventive and mitigation measures are taken by identifying and assessing environmental impact factors in the production process. At present, we strengthen the management of water resources, water gas control and resource utilization. A series of measures and systems have been formulated, including *the Energy and Resource Saving Control Procedure* 《能源資源節約控制程序》, *the Hazardous Waste Management Policy* 《危險廢棄物管理制度》, and *the Management Procedure for Sewage and Waste Gas Discharge and Noise Control* 《污水廢氣排放及噪聲控制管理程序》, *the EHS Performance Evaluation Management Policy* 《EHS績效考核管理制度》, *the Identification and Assessment Management Procedure of Environmental Factors* 《環境因素識別與評價管理程序》 and *the Control Procedure of Environmental Monitoring and Measurement* 《環境監測與測量控制程序》. We will continue to optimize the corresponding systems.

We have established an environmental management system that complies with ISO 14001 standards and has been certified by a third party to ensure the continuous and effective operation of the system. We regularly conduct internal and external audits and follow up on rectification to ensure that all factors that have or may have a significant impact on the environment are identified and controlled.

Environmental, Social and Governance Report



ISO 14001 Environmental Management System Certification

We attach great importance to green construction and production requirements. During the year, we conducted a clean production audit and successfully passed the audit. At the same time, we actively participated in the construction of a “waste-free city” and evaporated water in the waste liquid at low temperature as clean water through the concentrated equipment to treat hazardous waste (disinfectants) in the production process, which greatly reduced the volume of hazardous waste liquid. For this, the Group was also awarded the construction certificate of “zero-waster factory”.



“Zero-Waste Factory” Certificate

Environmental, Social and Governance Report

We also abide by the *Office Area Management System* 《辦公區域管理制度》, clarify the management responsibilities of each department for relevant equipment and areas, strengthen the management of energy conservation and emission reduction in office areas, and create a green office environment. We also actively promote green culture, make environmental protection an important part of employees' daily training, enhance their environmental awareness, and provide support for the Company's green development. We fully recognize that protecting the environment is a long-term system project. Based on the actual situation, we evaluate, review and optimize the annual environmental targets every year. We hope to set more specific and challenging new goals in the process of steady progress. During the year, we have set the environmental targets listed below. Based on the Group's measures, systems and the efforts of all employees, the 2023 environmental targets set by us have been achieved.

Environmental protection objectives	Electricity and Water Consumption Targets	<ul style="list-style-type: none">Electricity and water consumption per unit product in 2023 would be the same as that or lower than that in 2022
	Emission Targets	<ul style="list-style-type: none">All new, reconstruction, and expansion projects in 2023 achieve organized exhaust gas management
	Waste Reduction Targets	<ul style="list-style-type: none">90% reduction in the amount of hazardous waste disposed of off-site through the thickening equipment process

Resource Utilization and Energy Usage Management

We uphold the principles of energy conservation, consumption reduction and low-carbon development. We have formulated a clear energy and resource management system. We strictly abide by the national laws and regulations on energy conservation and emission reduction, and strive to minimize the impact and waste on the environment and natural resources in our daily operations.

Environmental, Social and Governance Report

In 2023, our office water supply was sourced from the municipal water supply and there was no issue in sourcing water. The Group's KPIs in resource consumption are shown in the table below:

Type of resources	2023	2022	2021
Total energy consumption (MWh)⁵	7,357.62	7,738.85	7,557.42
Total direct energy consumption (MWh)	307.62	238.85	133.42
Including: gasoline (MWh)	307.62	238.85	133.42
Total indirect energy consumption (MWh)	7,050.00	7,500.00	7,424.00
Including: purchased electricity (MWh)	7,050.00	7,500.00	7,424.00
Intensity of energy consumption (MWh/unit)	0.68	0.99	1.09
Total water consumption (tonnes)⁶	20,972	16,540	38,680
Intensity of water consumption (tonnes/unit)	1.94	2.11	5.60
Total consumption of packaging materials used for finished products⁷ (tonnes)	300.43	83.43	8.47
Intensity of packaging materials used for finished products (kg/unit)	27.72	10.63	1.23

During the Reporting Period, the total energy consumption of the Group was 7,357.62 MWh, and the energy consumption intensity was 0.68 MWh/unit. Total water consumption was 20,972 tonnes and total water consumption intensity was 1.94 tonnes/unit. Paper, labels, manuals, glass and foam were added to the packaging materials used for finished products during the year as compared to last year.

⁵ The total energy consumption of the Group is calculated with reference to "How to Prepare Environmental, Social and Governance Reports – Appendix II: Guidelines for Reporting Environmental Key Performance Indicators" of the Stock Exchange.

⁶ The Group's water consumption is mainly for domestic and production use and sourced from a municipal water system, which can meet the water demand of daily operation.

⁷ Packaging materials include plastics, paper, cartons, labels, instructions, glass, foam, blister boxes and packaging bags.

Environmental, Social and Governance Report

In order to improve resource utilization, we have implemented the following measures:

Energy consumption reduction

- In terms of the lighting system, we post prominent energy-saving signs, require employees to turn off the power in time after work, keep the lighting devices clean, and use energy-saving lamps, etc.
- For new production workshops in the factory, we use single-tube energy-saving lamps in public areas, and at the same time, distribute regional power during the design time to achieve the goal of controlling total power consumption
- Regularly inspect the air-conditioning system, and stipulate the opening and closing time and temperature settings of the air-conditioning to save energy
- Optimize the operation process, organize production as planned, and avoid production suspension in the middle
- Conduct maintenance and regular inspection of the Group's fleet, verify the fuel consumption of commercial vehicles, and put forward a review when the fuel consumption exceeds the standard

Water conservation

- Use ultrasonic cleaning in the production process to realize the recycling of water resources, so as to achieve the goal of water conservation
- Post prominent water conservation in toilets and other water-using places
- Regularly inspect and maintain water valves, regularly check water meters, etc., to avoid running, emitting, dripping and leaking

Save other resources

- Minimize product packaging as much as possible
- Establish a network sharing platform for hazardous chemicals to realize real-time sharing among departments in use and avoid excessive chemical procurement and waste
- Implement paper-saving measures such as planned paper use, double-sided use of paper, and personnel management by dedicated personnel
- Replace paper records with electronic office systems
- Regularly record paper usage and monitor paper consumption

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Emissions and Waste Management

We attach great importance to the national policy requirements for national waste reduction and discharge. We continue to optimize the production process and technologies and strictly control the discharge of various pollutants, and we have taken strict measures in waste management. The Group regulates greenhouse gas emission and other emission indicators in accordance with laws and regulations, regularly monitors and verifies the compliance with standards, and calculates annual data for disclosure.

In 2023, the Group's key performance indicators at the emission level are shown in the table below:

Type of emissions	2023	2022	2021
Emission of Nitrogen oxide (NO _x) (kg) ⁸	191.52	146.86	18.63
Emission of Sulfur dioxide (SO ₂) (kg) ⁵	0.49	0.38	0.22
Emission of particulate matter (PM) (kg) ⁵	18.20	13.98	1.37
Total amount of effluent (tonnes)	20,172	16,020	38,204
Total amount of hazardous waste emissions (tonnes) ⁹	92.33	551.66	491.78
Intensity of hazardous waste emissions (tonnes/unit)	0.01	0.07	0.07
Total amount of non-hazardous waste emissions (tonnes)	23.60	20.98	10.60
Intensity of non-hazardous waste emissions (kg/unit)	2.18	2.67	1.53

⁸ The waste gas emissions of the Group, which are mainly derived from gasoline used in vehicles, and are accounted in accordance with How to Prepare ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEX.

⁹ The hazardous wastes generated by the Group mainly include waste disinfectants, empty bottles of laboratory reagents, porcine pericardium scraps, general scrapped reagents, laboratory mixed waste liquids and toner cartridges generated during the production process.

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Type of emissions	2023	2022	2021
Total greenhouse gas emissions (Scope 1 and Scope 2) (tons of carbon dioxide equivalent (tCO₂e))¹⁰	4,109.43	4,427.71	5,255.40
Direct greenhouse gas emissions (Scope 1) (tCO₂e)	88.82	70.21	32.62
Including: gasoline (tCO₂e)	88.82	70.21	32.62
Indirect greenhouse gas emissions (Scope 2) (tCO₂e)	4,020.62	4,357.50	5,222.78
Including: purchased electricity (tCO₂e)	4,020.62	4,357.50	5,222.78
Intensity of greenhouse gas emissions (tCO₂e/unit)	0.38	0.56	0.76

During the Reporting Period, the Group's total greenhouse gas emissions (Scope 1 and Scope 2) were 4,109.43 tCO₂e, and intensity of greenhouse gas emissions was 0.38 tCO₂e/unit. Total hazardous waste emissions were 92.33 tons, and hazardous waste emissions intensity was 0.01 ton/unit. The management of hazardous waste was effective during the year, with a significant decrease in the total amount, and we will continue to manage it effectively. Total non-hazardous waste emissions were 23.60 tons, and non-hazardous waste emissions intensity was 2.18 kg/unit. Among them, in response to the need for medical device manufacturers to use disinfectant during the production process, which generates a large amount of hazardous waste liquids, during the year, the Group achieved the goal of reducing hazardous waste through the process of low-temperature distillation-absorption-reuse, while significantly reducing the cost of hazardous waste disposal.

¹⁰ Based on operational characteristics, our greenhouse gas emissions are mainly from direct greenhouse gas emissions caused by gasoline consumption of vehicles (Scope 1) and indirect greenhouse gas emissions are caused by purchased electricity (Scope 2).

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Emissions reduction

- Hazardous waste generated in the production process and liquid waste generated by the disinfectant configuration is collected and classified at designated locations and regularly sent to the hazardous waste warehouse for temporary storage. The waste is then harmlessly processed by a qualified third-party environmental protection company on a regular basis. We entrust the medical waste disposal companies to handle the waste generated in the production process, such as petri dishes and test boxes
- External monitoring of wastewater outlet, exhaust gas outlet, and factory noise is conducted by a third-party professional environmental monitoring company every year, and any non-complying items are rectified in a timely manner
- Production and household effluents are collected separately through two sewage pipelines, which are strictly separated from rainwater pipelines, and are finally incorporated into the designated sewage pipeline network system in the industrial park for unified disposal and up-to-standard discharge
- Dry waste and hazardous waste collection bins are placed in the office areas and raise employees' awareness of waste sorting through waste-sorting promotion activities
- Rechargeable batteries are used instead of disposable batteries and discarded batteries are specifically recycled

Noise Control

We attach great importance to the impact of noise on surrounding communities, and formulate the *Management Procedure of Sewage and Waste Gas Emissions and Noise Control* 《污水廢氣排放及噪聲控制管理程序》 and regularly monitor the noise generated by the Company. We strictly abide by *the Law of the People's Republic of China on Prevention and Control of Environmental Pollution from Noise* 《中華人民共和國環境噪聲污染防治法》 and conduct sound insulation and imitation for equipment with great noise. We regularly conduct noise monitoring on production workshops to identify major noise sources, so as to ensure that the noise generated by our production workshops and workplaces is lower than the noise tolerance value specified in *the Noise Hygienic Standard for Industrial Enterprises* 《工業企業噪聲衛生標準》. We will continue to track changes in national standards and adjust internal standards in a timely manner to become an enterprise that produces less sound pollution.

Climate Change Challenges

As a responsible enterprise, we are well aware that climate change poses many risks and challenges to various industries. In order to further enhance our risk prevention capability, we carried out climate change risk assessment. Through communication with various departments, we have identified and assessed the types of climate risks that the business process may face. The assessment results showed that our key climate risks include: physical risks and transition risks. We will elaborate on the potential impacts of each material risk and the corresponding measures we have developed to respond to and mitigate such impact. We aim to prevent and mitigate various climate risks and ensure the sustainable and stable development of our business.

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Physical Risks

We recognize that climate physical risks pose uncertainty risks to the Company's production and operation. Temperature rise and extreme weather events, such as typhoons and floods, affect normal business operations. To address this challenge, firstly, we have formulated *the Emergency Plan for Production Safety Accidents* 《生產安全事故應急預案》 in accordance with relevant national standards. The plan clarifies special emergency plans for different extreme weather events, such as flood prevention plans. Secondly, we have set up an emergency response team. In the event of an abnormal event, our team will take action to rescue quickly to ensure the safety of employees and infrastructure. In addition, we also regularly conduct drills to verify the scientificity and operability of the plan. Through the above measures, we can effectively control the risks caused by extreme weather and ensure the continuous operation of our business.

Transition Risk

We recognize that the relevant policies and market environment will continue to be optimized and upgraded as countries strengthen their response to climate change. This will have a certain impact on us. The government may implement stricter emission standards and low-carbon industry support policies. Customers and society may strengthen their preference for low-carbon products and services. Ineffective response may have a certain negative impact on our reputation and competitiveness, and may also bring compliance risks or violations risks to enterprises. In order to respond properly, we always pay attention to policy developments and timely assess the possible impact of policy changes on us. By proactively adjusting our strategies, we can expect to smoothly adapt to the climate change trends.

COMMUNITY ENGAGEMENT AND CONTRIBUTION

As a medical company, we understand where our social responsibility lies. We actively make use of our influence and utilize technology and funds to give back to the society. We hope to give warmth and help to more people with our strength. This is also our original aspiration in this industry. We care about disadvantaged groups, advocate public welfare to support medical poverty alleviation, and donate love through voluntary blood donation. We pay attention to community construction and hope to lead employees to jointly create a harmonious and warm community. We pay attention to the growth of young people, hope to empower them, promote their scientific knowledge, obtain health information, and stimulate their enthusiasm for learning.

During the Reporting Period, Venus Medtech organized a number of public welfare community activities, actively carried out social construction, and actively participated in community construction. We encourage all employees to participate in public welfare activities and actively give back to the society.

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In August 2023, we organized a voluntary blood donation activity to encourage more employees to participate and contribute to creating a caring atmosphere. In particular, we mobilized the Party members of the Party branch of the enterprise to be the first leaders, and actively donate their own blood to help the groups in need.



In the summer of 2023, we organized Party member volunteers to participate in the voluntary activity of “Celebrating the Safe Patrol of the Asian Games” in the local community. Everyone was active in patrolling and inspecting the community from July to August to ensure the safety and order of the surrounding environment. We will continue to encourage and support our employees to participate in public welfare activities and contribute to important causes in society.



In November 2023, we participated in the “Technology Federation” activity organized by the Education Bureau of Inner Mongolia. During the event, 43 primary school students from Xixing Experimental Primary School visited our Company. We warmly welcomed these children and arranged a comprehensive technology knowledge experience course for them. Through this practice, we hope to arouse children’s interest in medical technology and cultivate their scientific thinking. We will continue to participate in more public welfare activities and contribute to local education.

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In the first half of 2023, Venus Medtech, together with China Science Daily, the only news media unit of the Chinese Academy of Sciences, jointly held the special science popularization project of "Young Science Journalists". The activity aimed to promote science communication and popularization, and cultivate the scientific literacy of the next generation of young people. The project is a breakthrough and a new exploration set apart from traditional cardiac knowledge science popularization public welfare activities. In December this year, Venus Medtech was awarded the "Best ESG Innovation Award" for its excellent scientific literacy contribution at the "8th Zhitong Financial Capital Market Annual Conference and Listed Companies Award Ceremony".

