
2021 Environmental, Social and Governance Report

LifeTech Scientific Corporation

Stock Code: 01302.HK

Environmental, Social and Governance Report

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CHAIRMAN'S MESSAGE

To Shareholders:

I, on behalf of the Board (the “Board”) of directors (the “Directors”) of LifeTech Scientific Corporation (the “Company” or “LifeTech”), am pleased to announce the publication of the Environmental, Social and Governance Report of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

BUSINESS PERFORMANCE AND COUNTER COVID-19 MEASURES

After a challenging 2021, our domestic sales have benefited from the containment of the COVID-19 pandemic in Mainland China and the resumption of economic activity following the adoption of strict pandemic control measures in the market. This helped alleviate the situation of delayed medical treatment and unmet patients' demands were released. LifeTech's domestic product sales gradually recovered from the second half of 2020, and the growth rate accelerated significantly in 2021. Although the situation of COVID-19 pandemic in most overseas markets in Asia and Europe was still unstable, overseas sales continued to grow, which was mainly due to the Company's effective overseas marketing strategy and the combination of online and offline marketing channels. On one hand, we focused on the prevention and control of the pandemic, strictly performed our duties in accordance with the requirements of the local government, made every effort to ensure the safety and health of our employees, and continued to focus on continuous safe production. On the other hand, the Company continued to strengthen its innovation capability and accelerate the progress of product research and development to maintain its leading position in the industry and to provide better therapeutic solutions to patients around the world.

INNOVATIVE ACHIEVEMENTS IN THE INDUSTRY, LEADING HEALTH GOVERNANCE

The Group is proud to announce that it has achieved a number of awards in 2021, such as the invention patent with “LAA Occluder” issued by the China National Intellectual Property Administration, which is the first gold medal for invention patent in the field of cardiovascular minimally invasive interventional medical device; LifeTech Scientific (Shenzhen) Co., Ltd (“LifeTech Shenzhen”), a wholly-owned subsidiary of the Company, ranked 39th in the Top 100 Shenzhen Enterprise Innovation Capability List of 2020, and was ranked third in the biomedical industry category by the China (Shenzhen) Intellectual Property Protection Center; Lifetech Shenzhen was also awarded the honorary title of “Little Giant” Enterprise with professionalism, refinement, specialization and innovation by the Small and Medium Enterprise Administration of the Ministry of Industry and Information Technology of the People's Republic of China. At the same time, the Company also won the award of the Golden Hong Kong Stock “Best Pharmaceutical and Medical Company” jointly issued by www.zhitongcaijing.com (智通財經), and www.10jqka.com.cn (同花順財經), in recognition of the Company's healthy corporate governance structure, prominent industry status, and good main business performance, which shows that the Company is a Hong Kong listed company in pharmaceutical and medical fields that can provide investors with sustained and stable value returns. These awards recognize the Group's past efforts and contributions, as well as consolidate the Group's core values and promote the development in strategy. We pride ourselves on the hard work of our employees in creating sustainable value for our stakeholders.

NATIONAL POLICY, COMMUNITY CONTRIBUTION AND R&D EXCHANGE

The Outline of the Plan for Healthy China 2030 issued by the State Council of China in recent years specifies that social development relies on the service and quality of healthcare. As a developer, manufacturer and operator of medical devices, the Company recognizes the significance of health to human's well-being and social development. Facing the challenges of the pandemic, the medical industry has received unprecedented attention. LifeTech has always adhered to the principle of "Vision, Innovation, Passion and Teamwork", aiming to improve community public health and create value for all sectors of society through the manufacturing and sales of quality medical products accessible to everyone. With the further improvement in health awareness, the aging population and the increase in market demand brought about by urbanization, the Group is expected to continue to benefit from the steady growth of the medical industry.

XIE Yuehui

Chairman

LifeTech Scientific Corporation

ABOUT THE REPORT

WELCOME TO LIFETECH SCIENTIFIC CORPORATION'S 2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report is the sixth Environmental, Social and Governance (“ESG”) Report issued by LifeTech (the “Report”) since 2016. The Report presents the policies, measures and performance of the Group in environmental, social and governance aspects, to enable stakeholders to understand the Group’s progress and direction in sustainable development issues. The Report is compiled in both Chinese and English, and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (www.hkexnews.hk) and the Group’s website (www.lifetechmed.com).

In the long run, the Group will remain unwavering in its focus on creating value for shareholders, customers, employees, suppliers and the wider community. The Report reviewed the changes in the operating environment over the past year, and identified and discussed the prioritization of important issues for the first time. The discussion on climate change risks and opportunities is closer to the suggestions of the Task Force on Climate-related Financial Disclosure. The Group will also continue to disclose key performance indicators, management approaches and performance related to the environmental and social aspects of the Stock Exchange’s Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in the “Standard Environmental, Social and Governance Disclosures” section.

The Group values the opinions of our stakeholders. If you have any questions or suggestions about this Report, please feel free to contact the Group by email (ir@lifetechmed.com) or through the following means:

Place of Business in Hong Kong: 31/F, 148 Electric Road, North Point, Hong Kong

Correspondence Address: LifeTech Scientific Building, No.22, Keji 12th Road South, Nanshan District, Shenzhen

Post code: 518063

Tel: +86-755-86026250

REPORT STRUCTURE AND CONTENT INDEX

The Group mainly refers to the reporting standards and structure of the Stock Exchange to perform and update its environmental, social and governance work.

The ESG Guide of the Stock Exchange

- LifeTech’s annual reports and ESG reports have adopted the new ESG Guide under Appendix 27 to the Listing Rules published by the Stock Exchange starting from the 2020 reporting year. It is worth mentioning that this year, the Group made a specific statement on the roles and responsibilities of directors and management in managing related issues, and set short- and medium-term goals in response to four different environmental indicators. The materiality assessment process outlined under mandatory disclosure requirements has also been used to prioritize LifeTech’s responses to “comply or explain” provisions in the environmental and social aspects.

The Stock Exchange Content Index

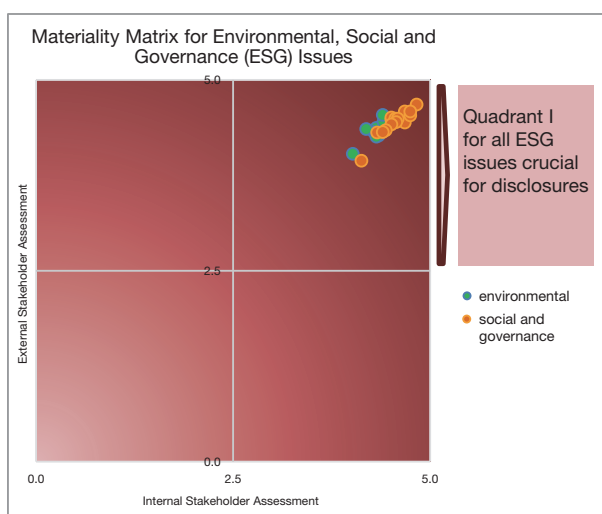
Environmental and Climate Goals and Commitments

Reporting Principles

We have taken four major reporting principles—materiality, quantitative, balance and consistency, as a basis for preparing the Report.

Materiality: LifeTech frequently communicates with stakeholders to understand and identify whether or how the Group’s basic business and sustainable development strategies have been affected. This year, we also paid attention to the performance and challenges of environmental, social and governance issues significant to the Group and its stakeholders, and authorized third-party professional consultants to help the Company to organize a one-off stakeholder survey on environmental, social and governance issues to understand the importance of sustainability to our operations and stakeholders.

Environmental, Social and Governance Report



After our analysis, we came up with a more timely and confident materiality assessment. The results showed that 22 materiality issues were deemed critical, and all the environmental and social “comply or explain” provisions in the ESG Guide of the Stock Exchange were deemed to be required to be disclosed in the future due to their materiality.

We use the materiality matrix as a tool to present the significance of various ESG issues to our operations (internal) and stakeholders (external). All issues formulated are located in Quadrant I of the materiality matrix.

Stakeholder Communication

Materiality Assessment

Quantitative: The Group follows guidelines in the “How to prepare an ESG Report”, “Appendix II: Reporting Guide for Environmental KPIs” and “Appendix III: Reporting Guide for Social KPIs” of the Stock Exchange to compile data for all specific key performance indicators (KPIs) and reference calculation methods. We reviewed the Group’s performance through key performance indicators. All of the information in the Report is quantified where appropriate and is accompanied by narrative, explanation and comparative analysis.

Balance: The Group complies with this reporting principle in the preparation of the Report, and impartially discloses the Company’s performance during the reporting period. Where necessary, appropriate presentation, pictures and charts are used in the Report to present the performance of the Group to avoid misleading or affecting the readers’ decision or judgment.

Consistency: The Group confirms that the Report is prepared in the same way as in previous years. The Group uses consistent methodologies to summarize the environmental and social performance of 2021 from its official documents, statistics, as well as management and operation data collected in accordance with its system.

GROUP INFORMATION AND BUSINESS OVERVIEW

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. Currently the Group has three main product lines, including structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. Structural heart diseases business mainly consists of congenital heart diseases occluders and Left Atrial Appendage (“LAA”) occluder. The peripheral vascular diseases business mainly includes vena cava filter and stent grafts. The cardiac pacing and electrophysiology business mainly includes cardiac pacemakers and cardiac pacing lead. These product lines provide clinically effective and commercially attractive product offerings. We have established a stable sales network all over the world and have distributors in many countries in Asia, Africa, North America, South America and Europe. The address of the Company’s principal place of business is LifeTech Scientific Building No.22, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen 518063, PRC.

As a responsible manufacturer of medical device products, the Group has obtained the certification of ISO 13485:2016 Medical devices — Quality management systems — Requirements for regulatory purposes, complies with the ISO 14001 environmental management system certification, and China medical device manufacturing quality management practice inspection.

SCOPE OF THE REPORT

The Report discloses the Group’s sustainability performance for the year from 1 January 2021 to 31 December 2021, and covers the Group’s main business, namely the development, manufacturing and trading of medical devices. Although the Company has production facilities in China and overseas during the year, the current scope of the Report focuses on the Group’s principal place of business and headquarters located in High-tech Industrial Park, Nanshan District, Shenzhen. As the production capacity of LifeTech Shenzhen accounts for the majority of the Group’s total capacity currently, it has significant influence on the financial and operating position of the Group.

The reporting scope of businesses and entities is consistent with the reporting scope of the previous two years. LifeTech’s last ESG Report was published in May 2021.

LifeTech regularly reviews its reporting scope to ensure that it covers the significant impact of the Group’s overall business mix. In 2021, the reporting scope for the following data categories has been adjusted:

- Property development projects: In 2019, Dongguan LifeTech Medical Co., Ltd (東莞市先健醫療有限公司) (“Dongguan LifeTech”), a wholly-owned subsidiary of the Company entered into a land use right transfer contract for the acquisition of a land which has a site area of 43,604 square meters and is located in eastern Songshan Lake, Dongguan, Guangdong, China (the “Land”). The Land is wholly owned by the Group. In 2020, Dongguan LifeTech constructed an industrial park (“Songshan Lake Park”) on the Land. As at 31 December 2021, the entire basement and the main structure of all seven buildings have been completed. Project performance data and regulatory guidelines up to the construction stage are included in this year’s report.

Environmental, Social and Governance Report

The following outlines the reporting scope defined for each of the main data categories in the Report. For company details included in the consolidated financial statements, please refer to LifeTech's 2021 Annual Report.

Governance	Including all personnel employed by the Company under the entity's reporting scope.
Finance	The financial figures presented are extracted from the annual report, and the consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.
Employees	Including all employees employed by the Company under the entity's reporting scope.
Environmental, Social	<p>Including operating assets that meet the following criteria:</p> <ul style="list-style-type: none">• Property, plant and equipment (including buildings, vehicles, machinery) that account for the majority of the Group's current total production capacity;• Assets in which LifeTech owns a majority shareholding or has operational control and which LifeTech has full authority to implement its operating policies; and• Under construction or in operation during the reporting year.

REPORT WORK

To guarantee the quality of the Report, we have engaged a professional adviser to conduct management interviews, determine the key subjects to be disclosed in the Report, effectively respond to the requests of the stakeholders and identify the issues that pose significant risks to our business.

MATERIALITY ASSESSMENT

The key disclosure issues included in the Report are identified by the results of our materiality analysis (the “Analysis”) in fourth quarter of 2021. The Analysis (materiality assessment and stakeholder engagement) met the requirements of the Stock Exchange and demonstrated the application of the four reporting principles in content preparation. In order to ensure consistency with the reporting structure and highlight issuers’ full compliance with “comply or explain” disclosure obligations, we have identified material issues, as indicated in the table below, which match with key performance indicators (KPIs) of 12 reporting aspects of the Stock Exchange:

Key Disclosure Issues	HKEX Reporting Aspects	
Air Emissions and Pollution	A1	Emissions
Greenhouse Gas (GHG) Emissions		
Solid Waste and Recyclables Management		
Energy Management	A2	Use of Resources
Water Management		
Packaging Material Management		
Environment and Natural Resources	A3	The Environment and Natural Resources
Climate Change Mitigation	A4	Climate Change
Employee Benefits and Welfare	B1	Employment
Equal Opportunities	B4	Labour Standards
Occupational Health and Safety	B2	Health and Safety
Talent Management & Development	B3	Development and Training
Procurement & Supply Chain Management	B5	Supply Chain Management
Product Quality and Safety	B6	Product Responsibility
Product Diversity and Innovation		
Customer Service		
Information Security and Personal Data Protection		
Protection of Intellectual Property Rights		
Research & Development of Branded Product		
Corporate Governance and Risk Management	B7	Anti-corruption
Anti-Competitive Practices	B8	Community Investment
Community Participation		

Set forth below are two additional key issues identified:

Key Disclosure Issues	Details of Issues
Industry Innovation	LifeTech’s participation in and contribution to industry innovation.
COVID-19 Response	LifeTech’s assurance of and assistance to stakeholders’ interests and concerns during the COVID-19 outbreak.

IDENTIFYING IMPORTANT ISSUES

After reviewing its internal strategy documents, company policies, and the reporting disclosure requirements of the Stock Exchange, and consulting third-party experts, LifeTech updated our materiality assessment exercise and methodology in 2021. In the preliminary stage, we screened out a total of 22 important issues for deliberation and prioritization.

Environmental, Social and Governance Report

VALIDATING ISSUES AND DETERMINING THE ORDER OF IMPORTANT ISSUES WITH INTERNAL AND EXTERNAL STAKEHOLDERS

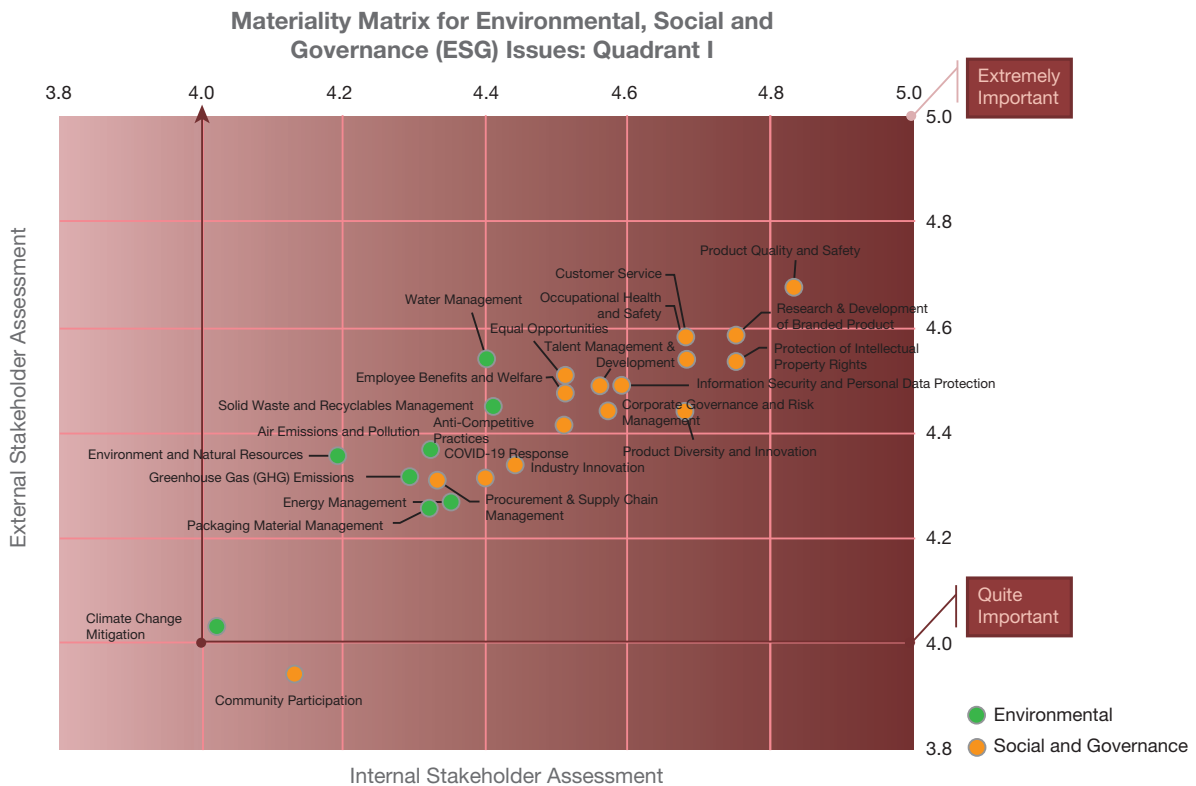
Validating issues with internal and external stakeholders

We authorized third-party professional consultants to assist the Company in conducting a one-time stakeholder survey on environmental, social and governance issues in 2021, to ensure the independence and confidentiality of the survey for stakeholders. The stakeholder engagement process lasted for four weeks, and the stakeholder groups and numbers were representative and interactive. We conducted an online survey, inviting a total of 113 internal and external stakeholder representatives to assess the importance of sustainable development to the Group's operations, and to express their level of satisfaction with the Group's environmental, social and governance performance.

We selected 33 customers and 17 suppliers to make up this year's external stakeholder representatives based on the duration of our partnership with them and the proportion of their business impact on us. For the year ended 31 December 2021, approximately 30.5% of revenue from the Group's total sales of goods were attributable to the Group's five largest customers combined, while approximately 8.8% of revenue from the Group's total sales of goods were attributable to the largest customer. The percentage of purchases attributable to the Group's largest supplier and the five largest suppliers combined were 14.7% and 46.1%, respectively.

Determining the order of important issues

The top ten issues are ranked as follows in order of importance: product quality and safety, research & development of branded product, customer service, protection of intellectual property rights, occupational health and safety, information security and personal data protection, product diversity and innovation, talent management & development, equal opportunities and water management.



ENSURING THE IMPACT OF MATERIALITY ASSESSMENT RESULTS

Based on the opinions of our stakeholders, we have considered developing an action plan to address the most important and relevant issues among our stakeholders' concerns. In terms of the Report, there are six reporting areas that we have paid attention to, with key descriptions and continued emphasis on institutional management systems, monitoring and evaluation. We have further prioritised the issues in Quadrant I of the materiality, which provides a solid knowledge base for the future implementation of environmental, social and governance strategy optimization and risk reduction. We have also learned how to respond to stakeholder expectations, interests and information needs after understand their level of satisfaction with our ESG performance and engagement.

EFFORTS IN SUSTAINABILITY GOVERNANCE

BOARD STATEMENT

During the annual Board meeting, the Board reviews the sustainability performance and reporting results during the year, and ensures that environmental, social and governance (including climate-related) matters are incorporated into key governance processes. This helps to identify risks through the annual reporting process and improves oversight at the Board level. The environmental and social risks identified and managed include the Group's environmental policies and performance, the Company's legal compliance and the impact of climate-related risks on the business.

The Chairmen of our Environmental, Social and Governance Committee (the "Committee") are Mr. XIE Yuehui (Chairman and Chief Executive Officer) and Mr. LIU Jianxiong (Executive Director, Executive Vice President, Chief Financial Officer and Company Secretary) and they provide the Board with oversight. The Committee is composed of members of our senior management and is responsible for the determination of goals for emissions control, resource and waste utilization, negotiating senior management compensation and benefits related to sustainability performance, identifying key environmental, social and governance issues, and reviewing the results of stakeholder engagement. The Committee cooperates with relevant professional departments to establish sustainable production lines and develop new products that improve green procurement or have environmentally friendly formulations. The Board oversees the approval process of these ESG-related policies and strategies.

To ensure alignment with the expectations and requirements of regulators, Directors also discuss the effectiveness of the ESG program with the Committee after regularly reviewing performance indicators. Directors would encourage internal staff to participate in stakeholder surveys, and review materiality assessment results. We hope to continue promoting a top-down organizational culture and facilitate the integration of sustainability considerations into business processes in the coming year.

STRATEGIC DIRECTIONS, CHALLENGES AND OPPORTUNITIES

Factors such as domestic economic recovery after the COVID-19 outbreak was brought under control, ever-changing international border control measures, and policy changes in environmental regulation, affected the Group's strategy in 2021. The Committee, with the support of the Board, will continue to pay close attention to evolving relevant issues, as well as issues related to sustainable development.

China is the main market for the Company's business. In 2021, the Group clearly implemented and cooperated with the Outline of the Plan for Healthy China 2030 in the following four directions:

1. Switching focus from disease treatment to people's health: to implement social health prevention through charity activities in response to sudden health problems (stroke risk) caused by ageing population and extreme temperature differences;
2. Prioritizing customers' health: to ensure that employees who provide customer service or are responsible for the sales process make customer health and product safety their top consideration and guarantee;
3. Improving the competitiveness of the medical device industry: to cooperate with university research laboratories and young people to cultivate talents in the area of medical equipment development and industry innovation; and
4. Improving grassroots service capabilities: to step up cooperation with grassroots medicine and medical centres, and continue to expand our reach in the grassroots markets.

REVIEW OF LAST YEAR

The Group has taken a series of measures in response to the COVID-19 pandemic to minimize the impact on operating conditions and financial results:

Actively carrying out online academic conferences

Affected by the COVID-19 pandemic, we actively held online conferences, strengthened customer communications and continued to strengthen our brand influence through hosting special seminars, live/recorded operations and other forms of conferences.

Actively promoting innovative surgical treatment

The Company has been actively cultivating new surgical clinicians who use the new product G-iliac™ iliac artery bifurcation stent system ("G-iliac™ stent"). The launch of G-iliac™ stent is a major milestone as it is currently the only product for internal iliac artery revascularization in China. After the official release of the product in the innovation forum, we held offline product launch conferences in Jiangsu, Sichuan, Shanxi, Guangdong and Guangxi provinces respectively, and held more than 10 online and offline special sessions on "Seeing, Focusing on Internal Iliac Artery Revascularization (先見·聚焦腔內重建髂內動脈)" to promote the coverage of this product in various areas. Since its product launch, over 160 patients have received better treatment through G-iliac™ stent implant.

Continuing to cultivate grassroots market

1. Further promotion and popularization of standardization of aortic disease treatment:

In conjunction with the thoracic aortic group and the abdominal aortic group of the Vascular Surgeon Branch of the Chinese Medical Doctor Association, we held a series of online events, such as “Medical First, Healthy China (醫路先行,健康中國)” and “Standardized Diagnosis and Treatment, Pioneering and Innovation (規範診療,開拓創新)”, further promoted and popularized the standardization of aortic disease treatment, and deeply cultivated the grassroots market to improve customer stickiness. As of the date of this report, we have held 13 sessions of these online events and they have had an average reach of over 14,000 clicks.

2. Regional grassroots lecture tours (more than 20 sessions):

In 2021, LifeTech assisted local academic groups in conducting grassroots tour lectures across China, such as the training course on new technologies and new projects of vascular surgery in Honghe Prefecture, the grassroots tour lectures on vascular surgery in Hubei Taihe Hospital, and the training course on peripheral vascular diseases in Dazhou, Sichuan, etc. The platform built by LifeTech promoted academic exchanges between major centers and grassroots hospitals, provided more convenient medical channels for grassroots patients, and strengthened the promotion and coverage of the Group’s products.

3. Technical support for grassroots hospitals:

Aortic dissection is prone to high incidence in cold seasons and patients with aortic disease are constantly at the risk of death. Timely treatment of such patients is still important during the difficult times of the COVID-19 pandemic. As such, in 2021, our colleagues assisted grassroots hospitals in various cities or counties in the treatment of aortic diseases during the COVID-19 pandemic. Please refer to the section headed “Community Participation - Technical support for grassroots hospitals” for further details.

KEY SUSTAINABILITY RATINGS AND ESG AWARDS

The 22th China Patent Gold Award

Issued by the China National Intellectual Property Administration

Invention patent “LAA Occluder”

The first gold medal for invention patent in the field of cardiovascular minimally invasive interventional medical device

The second prize of the Chinese Medical Science and Technology Award of 2020

Issued by Chinese Medical Association

The “congenital heart disease surgical treatment strategy and key technology innovation and promotion” project

Jointly completed by Lifetech Shenzhen, Guangdong Provincial People’s Hospital, Fuwai Hospital Chinese Academy of Medical Sciences, Shanghai Children’s Medical Center affiliated with Shanghai Jiaotong University School of Medicine and West China Hospital, Sichuan University

It aims to reward individuals and collectives who have made outstanding contributions in the field of medical science and technology, to improve China’s medical science and technology innovation capabilities and scientific and technological standards, to promote and popularize advanced medical science and technology, and to encourage scientific and technological personnel to climb the peak of science and technology

The Top 100 Shenzhen Enterprise Innovation Capability List of 2020

Ranked 39th overall and 3rd in the biomedical industry category

Rated by China (Shenzhen) Intellectual Property Protection Center (中國(深圳)知識產權保護中心)

Received by LifeTech Shenzhen

It aims to encourage enterprises to strive for the first on the road of innovation and development, fully demonstrating Shenzhen’s innovation leading power

The title of “Little Giant” Enterprise

Awarded by the Small and Medium Enterprise Administration of the Ministry of Industry and Information Technology of the People’s Republic of China

Received by LifeTech Shenzhen

It is the highest and most authoritative honorary title in the assessment of small and medium-sized enterprises in the country. It is a demonstration of the comprehensive strength of enterprises in terms of innovation ability, international market development, management level and intelligent transformation. It recognizes industry leaders who focus on market segments, have strong innovation ability and high market share, and master key core technologies

The award of the Golden Hong Kong Stock “Best Pharmaceutical and Medical Company”

Jointly issued by www.zhitongcaijing.com (智通財經) and www.10jqka.com.cn (同花順財經)

It recognizes the Company’s healthy corporate governance structure, prominent industry status, and good main business performance, which shows that the company is a Hong Kong listed company in pharmaceutical and medical fields that can provide investors with sustained and stable value returns

IMPORTANT ISSUES

The top ten ESG issues of the Company are ranked in order of importance as follows: product quality and safety, research & development of branded product, customer service, protection of intellectual property rights, occupational health and safety, information security and personal data protection, product diversity and innovation, talent management & development, equal opportunities and water management.

PRODUCT QUALITY AND SAFETY

HKEX B6, B6.4

MONITORING SYSTEM

The Group has established a quality management system with a set of complete and sound product quality control process in effective operation. The Group is applying for clinical approval and registration for self-developed products, of which G-iliac™ stent is the first to obtain the registration approval by the National Medical Products Administration of China (the “NMPA”).

LifeTech has formulated the Inspection and Test Control Procedure and the Sterilization Confirmation Procedure to ensure that our products meet the Group’s requirements on health and safety. The quality management department conducts spot check on products regularly and then delivers them to the lab recognized by the China National Accreditation Service for Conformity Assessment (the “CNAS”) for testing. The Inspection and Test Control Procedure specifies the requirements on quality control of products (including clinical trial samples), in which the requirements on procedure for inspecting supplied materials, finished products and releasing the finished products is specified, ensuring the products meet the national and industrial technical requirements. The products are released strictly according to the provision of Products Release Procedure. The clinical department conducts clinical trials in accordance with regulations and guidelines of respective countries and complies with the World Medical Association Declaration of Helsinki to ensure compliance with the ethical principles for human-based biomedical research. The clinical department has also established the Standard Operating Procedure (SOP) and templates, such as Clinical Evaluation Control Procedure, EU Clinical Evaluation Requirements, Standard Operating Procedure of Medical Devices for Clinical Trial, Procedures for Reporting Adverse Events in Clinical Trials, Standard Operating Procedure of Inspection of Medical Devices for Clinical Trial, to actively track and report all kinds of events incurred in clinical trials so as to ensure the identification of risks arising from human-based research. The Group has established a clinical inspection team mainly responsible for comprehensive inspection on the marketed clinical projects and outsourced clinical programs operated by the Company to ensure the supervision of trial quality over the clinical trial process. In addition, third-party experts are also invited to conduct external inspection for some programs and centres. The Group expects to ensure the safety and effectiveness of the marketed products through the complete inspection process so as to meet the requirements of more and more strict regulations at home and abroad.

In addition, the products of the Group are sterile or sterile implanted medical devices, with extremely high requirements for aseptic performance. In order to ensure the aseptic performance of the products, the Group conducts confirmation of the process of product sterilization and strict monitoring of the sterilization process parameters of the products in accordance with the requirements of Sterilization Confirmation Procedure.

The Certificate of the Quality Management System Authentication for Medical Devices and the Certificate of Product Authentication under ISO 13485:2016 issued by an EU Notified Body under DEKRA prove that the Group’s products have conformed to the import and export requirements for medical devices in Europe, Africa, Southeast Asia and other regions.

RESEARCH & DEVELOPMENT OF BRANDED PRODUCT

REVIEW OF LAST YEAR

During the year ended 31 December 2021, we have made the following main progress in the R&D field:

G-iliac™ Iliac Artery Bifurcation Stent Graft System, LAxible™ LAA Occluder, Yuranos™ Abdominal Aortic Stent Graft System, LAnavi™ Jointed Steerable Introducer, OKcurve™ Steerable Delivery System, Freepath™ Guidance System and iCable™ Delivery Cable obtained official registration approval from the NMPA;

Xuper™ Open Surgery Stent Graft System obtained the CE certification in European Union;

IBS Angel™ Iron Bioresorbable Scaffold System obtained registration approval from Medical Device Authority in Malaysia, being the only absorbable stent product suitable for children in the world. Meanwhile, IBS Angel™ has started clinical enrollment in China and successfully implanted in more than 10 cases;

G-Branch™ Thoracoabdominal Artery Stent Graft System and Artery Stent Graft System (chimney graft, consists of the Ankura™ Pro Artery Stent Graft System and Longuette™ Aortic Branch Stent Graft System), were approved as innovative medical devices in China. At present, 14 products of the Company have been approved as innovative medical devices by the NMPA;

Cinenses™ Lung Volume Reduction Reverser System has completed the enrollment of clinical trials in Europe and entered into a one-year follow-up stage with safe and effective preliminary clinical results. Meanwhile, clinical trials for this product in China are in preparation;

G-Branch™ Thoraco-Abdominal Aortic Stent Graft System has completed the enrollment of the first in man clinical trial and the mid-term follow-up results are positive, which is currently at the stage of the premarketing clinical enrollment;

LAmbre™ LAA Occluder System, IBS Titan™ Sirolimus-Eluting Iron Bioresorbable Peripheral Scaffold System and IBS Angel™ were approved in the United States by the Food and Drug Administration for “Compassionate Use”; and

IBS™ Coronary Scaffold obtained the implied permission for conducting confirmatory clinical trials in China. The two-year follow-up results of the first in man clinical trial showed that the IBS™ Coronary Scaffold had favorable preliminary mid-term efficacy and safety in the treatment of non-complex de novo coronary artery lesions. The success rate of the clinical trial is 100%, and almost all the scaffold struts had been degraded in two years, with no malapposition during the degradation process.

CUSTOMER SERVICE

HKEX B6, B6.2

PRODUCT RECALL

In the event that any product quality problems or adverse events arise when the customers use the Group's products, the Group will investigate, analyze and deal with incidents in accordance with the "Processing Procedure for Customer Complaints, Adverse Event Reporting Procedures" and relevant laws and regulations. If remedial measures are required after delivery of the products, the Group will issue a notice of advice for the purpose of supplementing the information or proposing appropriate measures in accordance with the "Notice of Advice and Recall" as set out in the "Adverse Event Reporting Procedures", and recall the product if necessary. Our Group will report any product quality problems and recalls to the regulatory authorities in a timely manner.

During 2021, the Group had no major accidents in which products are fined, recalled and punished by government departments due to major quality problems or health and safety reasons.

CUSTOMER COMPLAINTS MANAGEMENT

LifeTech values the opinions from customers on the products of the Group, and to this end, the "Processing Procedure for Customer Complaints" is specially formulated to specify the channels for receiving and addressing customer complaints. When the Group receives customer complaints, an initial response will be made to customers within 24 hours. If relevant problems exist, the Group will appoint a commissioner to conduct an investigation, analyze the event and raise corrective and preventative measures.

During 2021, the Company received a total of 62 product labelling and quality complaints about occluders, delivery sheaths, large stents, vena cava filter, vascular plug system, delivery cables, sizing balloon, super stiff guide wire, dilator, endovascular needle system and snare system. All were handled in time according to LT/QP18 "Processing Procedure for Customer Complaints", and the timely handling rate reached 100%.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

HKEX B6, B6.3

INTELLECTUAL PROPERTY RIGHTS

As a medical device manufacturer that owns independent intellectual property rights, while protecting our intellectual property rights from infringement, the Group also undertakes to respect the intellectual property rights of other partners. Confidentiality agreements signed with different partners stipulate that both parties shall respect the intellectual property rights of the counterparty. In case of any violation, the corresponding result shall be borne by the violating party, including: claims, business losses, legal arbitration and other penalties, etc. The Group has set up an intellectual property department, to take full responsibility of relevant matters concerning intellectual property rights. The Group is excited to be rated as a National High-Tech Enterprise.

During the year ended 31 December 2021, the Group had filed 252 patent applications while 156 patents were registered. As at 31 December 2021, the Group had filed a total of 1,529 patent applications, of which 584 were registered. In 2021, "LAA occluder" won a gold award of China Patent Award as awarded by the China National Intellectual Property Administration, and two other patents won silver awards as awarded by the Guangdong Intellectual Property Administration.

OCCUPATIONAL HEALTH AND SAFETY

HKEX B2, B2.3

OCCUPATIONAL HEALTH AND SAFETY

As a firm focusing on medical device production, LifeTech believes that the health and safety of employees in the workplace are important to the operations of its business. The Group has correspondingly formulated relevant regulations such as the Occupational Health Management System, the Industrial Accident Management, and the Labour Insurance Supplies Management System, which aims to protect employees' physical and mental health and minimize the occurrence of dangerous accidents, as well as strive for zero accidents. The Group arranges physical examination for its employees every year. In particular, for the positions with occupational hazards, pre-post, on-the-job, off-post health examination for employees will be strictly conducted according to the corresponding occupational hazard factors to ensure the health of employees. In addition, the Group has purchased medical insurance for employees since they have joined the Group, covering in-patient, out-patient and Chinese medicine treatment. The Group also provides employees with additional insurance by purchasing supplementary commercial medical insurance and overseas travel insurance. The Environment, Health and Safety (EHS) department will hire a third party to identify, analyse and test the occupational hazard factors of all posts every year, to determine which posts have occupational hazard factors and which occupational hazard factors exist in the post through the test results and to provide pre-post, on-the-job and off-post physical examination and adequate training for employees working in posts with occupational hazards, and provide qualified labor protection supplies.

WORKING ENVIRONMENT MAINTENANCE

The Group keeps its workplace ventilated by the combination of natural ventilation and mechanical ventilation. Air-conditioning facilities are installed to maintain proper ventilation and humidity in the workplace in hot weather, aimed to provide a comfortable and safe working environment for employees. Meanwhile, cleaning staff clean the plant, public areas, green belts and corners, and remove ponding water, from time to time daily in order to maintain a clean and tidy environment. For the common mosquito-breeding sites, pest control services is provided periodically by the engineering department.

OCCUPATIONAL DISEASE MANAGEMENT AND PREVENTION

According to the provisions under the "Occupational Health Management System" of LifeTech, the general manager is fully responsible for the occupational health management of the Group in order to protect employees from occupational hazards. Besides, a safety officer is designated, mainly responsible for the following: (1) establishing safe production management systems, emergency response schemes and organizing emergency drills; (2) identifying, evaluating, controlling by class, inspecting and recording the Group's safe production condition regularly; (3) facilitating the construction of each safe and occupational disease protective facilities and implementing prevention and control measures against occupational disease; and (4) arranging the promotion and training on safe production and investigating accidents related to safe production to prevent and rectify works in violation of rules.

Environmental, Social and Governance Report

The safety officer of the Group is also responsible for providing training to employees in high-risk positions and inspecting whether the employees wear protective equipment. The Group provides protective equipment, that meets the national standards, to employees who hold positions with potential occupational hazards (e.g. sterilizing, polishing and spot welding) and ensures that such operators fully aware of the method of wearing and usage. In the dangerous part of equipment and at the workplace with potential occupational hazards, conspicuous warning marks and notices stating such potential hazards are posted with corresponding emergency supplies. The emergency stop switches are installed on all of equipment in case of any emergency. The residual current devices are also installed on each of the equipment in order to shut off electric power in the event that the electrical leakage takes place.

WORK INJURY

If an employee is injured at work, the employee will be sent to hospital for treatment immediately, and all upfront medical expenses of which will be borne by the Group. The department where the injured employee works shall submit the Accident Investigation Report to the safety management department in a timely manner. Meanwhile, the safety officer shall submit an application for identification of work-related injury to the social security department during the required period. Subsequent to the recovery of the relevant injured employees, the Group will arrange the appropriate positions in accordance with the health situation of such employees, provided that they are required to receive safety training before they return to work.

SAFE PRODUCTION EDUCATION TRAINING

Safe production training is an important part of the Group for the implementation of the policy of “safety first, prevention oriented, comprehensive governance”. As such, the Group has formulated the Safety Education Training System to regulate the relevant work of safety training of the Group. The Group has strictly complied with relevant laws and regulations, including the Law of the People’s Republic of China on Safety Production, the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases and the Fire Protection Law of the People’s Republic of China.

Safety training of the Group includes three parts as follows:

Employee type	Training requirement
Safety officer	Relevant employees may take positions only after acquiring the safety qualification certificates certified by the supervision and administration department of safety production.
Practitioners	<ul style="list-style-type: none">• New employees must take their positions after accepting three-level safety education training and passing the examination. Three-level safety education includes:<ul style="list-style-type: none">o Company: safety officer is responsible for training including courses of fire safety, occupational health safety and safety regulations of the Group;o Department: the head of department is responsible for training about on-site evacuation, use of safety equipment and safety production status of departments, etc.;o Team: team leader introduces production characteristics of posts, use of personal protective equipment and other protective measures.• Special operation staff shall take their positions after accepting specific safety operation training, and obtaining the corresponding qualification certificates.

Employee type	Training requirement
Other staff	<ul style="list-style-type: none"> • In case of transferring or leaving posts over six months, staff concerned shall take part in safety training organized by the department and team, and qualified ones can work in the new positions; • When the new processes or new devices come into use, safety training shall be arranged for the relevant staff based on the characteristics of new processes and devices; • When carrying out a risky overhaul project, safety requirements shall be raised on constructors and the implementation of all safety measures shall be checked.

RESPONSES TO THE PANDEMIC

In view of the raging pandemic, the Group has always regarded the health of its employees as its top priority. Therefore, LifeTech implements the arrangement of working at home for non-production employees to reduce the risk of personnel gathering and cross-infection. Meanwhile, the plants and offices are fully disinfected once a day, and some public areas (such as pantry, meeting room, toilet and front desk) are classified as high touch points, and disinfected more than twice a day, also sprayed with antibacterial solution/disinfectant to inhibit bacteria. During the period, the cleaning staff in each area will conduct multiple inspections to collect the garbage and cleanup in a timely manner, and carry out deep disinfection regularly every week. A dining table partition is also set up in the dining area to prevent people from dining together.

In addition, pandemic prevention information will be released by the Group’s human resources department to emphasize the importance of personal hygiene and require the staff to wear masks, keep distance, and cancel unnecessary group meetings to prevent the outbreaks. The Group organized three COVID-19 vaccination campaigns for employees based at the Shenzhen headquarters, on 18 March, 22 March and 24 April of 2021 respectively, and successfully increased the vaccination rate to 98% for those eligible for a first booster dose, and 84% for those eligible for a second booster dose. Health code and travel code will be checked before and after each long holiday, isolation and nucleic acid tests will be taken for employees from or in areas of medium to high risk in accordance with the requirements of the pandemic prevention and control policies.

Environmental, Social and Governance Report

SAFETY TRAINING

The Group organized a total of two emergency evacuation drills during the year. The Group regularly conducts on-site emergency treatment drills according to the operational risks of each position, and department representatives are also regularly trained in first aid knowledge.

As of 31 December 2021, the Group's operating entities did not identify any case of violation of laws and regulations in relation to health and safety, resulting in fines or prosecutions during the year.

		2021	2020	2019
Cases of violation of laws and or regulations in relation to health and safety	Number of cases	0	0	0
Administrative penalties caused by violation of laws and regulations in relation to health and safety	The amount of penalties(HK\$)	0	0	0
Number of work-related fatalities	Number of persons	0	0	0
number of work-related injuries	Number of persons	0	0	0
Number of lost days and absentee days due to work injury	Number of days	0	0	0

INFORMATION SECURITY AND PERSONAL DATA PROTECTION

HKEX B6, B6.5

MAINTENANCE OF CUSTOMERS INFORMATION

Contracts with customers stipulate that the Group undertakes to protect customer information, including but not limited to:

- Technical information: designs, drawings, specifications and moulds, etc.;
- Commercial information: sales information, customer list, price, purchase means and product features; and
- Other information: development concept of new products or future development plans, etc.

COMPANY AND PERSONAL DATA PRIVACY PROTECTION

It is unavoidable that the Group obtains a proper amount of personal data and customer information during the operation processes, and some products sold to the EU and U.S. are subject to the applicable regulatory requirements of EU General Data Protection Regulation¹ or the relevant US data protection regulations. Therefore, the Group has formulated a data confidentiality agreement in accordance with relevant laws and regulations like the Contract Law of the People's Republic of China and the Regulations on the Protection of Technical Secrets of Enterprises in Shenzhen Special Economic Zone (《深圳經濟特區企業技術秘密保護條例》), in order to guide employees on processing personal data and standardize the use, collection and disclosure of data, strict compliance with the related regulations on the personal data protection and leaks, and to prudently handle the sensitive and personal data. According to its definition in such data confidentiality agreement, confidential information includes, but is not limited to, patent technology, design, process flow, technical report, personnel file, etc. Data must be collected in a lawful way and directly for recruitment purpose/purpose stated in collection of personal data only. The Group is equipped with the latest anti-virus software for protection and encryption of its data.

The Company does not allow its employees to disclose, announce, issue, publish, transfer, and assign the data to any third party or in other ways without authorization or by accident. All suspected and confirmed cases must be submitted to law enforcement authorities. The Group will not tolerate any illegal and improper behavior of any individual, The Group will dismiss the employee concerned after he/she has been adjudicated to have committed any misconduct in relation to the above requirements in accordance with the Group's internal policies. Meanwhile, if any customer information has been disclosed, collected or used without authorization resulting in a loss for the Group, the Group reserves the right to pursue legal action in connection with the situation.

In 2021, there has not been any confirmed violations and complaints about advertising, data privacy and intellectual property rights matters in respect of the products and services provided by the Group.

PRODUCT DIVERSITY AND INNOVATION

Our Group has always adhered to the internationalization strategy, continued to expand in overseas markets, and aspired to remain as a global leader in product quality and technological innovation. We will continue to improve and strengthen our quality management and be trusted by customers in our products; technically trusted by the market through continuous research and development investment and innovative talent trainings; and trusted by shareholders and employees through building a business platform for joint development and sharing results. We will bring better health to more patients by continuing to enhance the Company's product competitiveness and brand awareness. We will continue to evaluate and explore acquisitions, partnerships, alliances and licensing opportunities in 2022, so as to enhance our competitiveness and market position in current key markets as well as selective new markets, and ultimately to realise the Company's strategic target in the global health industry.

1 Namely GDPR, EU Regulation Number: (EU) 2016/679, which regulates the protection of the data and privacy of all EU people. It also addresses the export of personal data outside the EU.

TALENT MANAGEMENT AND DEVELOPMENT

HKEX B3

LifeTech actively develops the professional skills of its employees and devotes itself to helping employees improve skills required by their career development. This year, LifeTech has built a new talent training system: management training, on-the-job training, newcomer training, and internal lecturer system. The Group provides employees with internal training and external training in accordance with the formulated Training Management System. The training schedule mainly includes:

Training form and arrangement	Training arrangement
<i>Internal training</i>	The lectures provided by the Group’s internal lecturers, and the content of which involves training for new employees, induction training for operation employees, and professional skills training.
<i>External training</i>	External resources are used to achieve the training of employees in the case that internal training cannot meet the development of the Group’s business, and the training content includes the general competency and quality system training, etc. External training consists of two forms: external assignment training and inviting external lecturers. After the external training, the trained employees communicate with other colleagues through sharing sessions and other methods.
<i>Self education</i>	The achievement of professional and general knowledge improvement via the Internet, external institutions and other channels in the employees’ spare time. LifeTech encourages employees to obtain professional improvement by self education through diploma education, short-term learning, and workshop, etc..

TALENT TRAINING SYSTEM	TRAINING STATISTICS IN 2021
Management training	<i>KPI overview-social performance-development and training performance</i>
On-the-job training	
Newcomer training	

Since the clinical department is one of the gatekeepers to the Group’s products, employees’ qualifications and experience are crucial for its department. Moreover, the clinical department established an inspection team which aims to strengthen the supervision of the quality of clinical trials of products. As such, in 2019, the clinical department established a complete system of guidance with employees at various levels to ensure all clinical employees in various positions and with different experience can obtain sufficient guidance and assistance. Communication between levels is propelled proactively to ensure that the management process of clinical trials is under control. Meanwhile, the clinical department also strengthens the employee training to conduct offline training on a quarterly basis and conduct regular online training for various professional skills. In addition to various online and offline trainings, the Group also actively arranges employees to participate in external extraordinary trainings to provide stable and qualified project managers and clinical inspectors for conducting clinical trials.

EQUAL OPPORTUNITIES

HKEXB1, B4

OVERALL POLICY

Employee diversity has always been the pursuit of the Group. The Group complied with relevant laws and rules, including the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China, etc. No cases that violate laws or regulations were found relating to employment of the Group of the Year. Moreover, the Group will continue to abide by the policies concerning equal opportunities and anti-discrimination. The Group provide employees with equal employment opportunities and fair professional treatment, and has hired ethic minority employees covered from more than ten ethnic minorities. There is also a balanced proportion of male and female employees in the Group.

The Group also advocates for family-friendly policies to working parents, for example, male employees who meet the relevant requirements of the National Family Planning Policy are entitled to 15 calendar days of paternity leave and female employees are not only entitled to maternity leave and breast-feeding leave but also pregnancy examination leave. The Group established a labour union to protect its’ employees’ legitimate rights and secure opportunities on better benefits for employees.

REVIEW OF LAST YEAR

During the year, a total of 74 ethnic minority employees were working in the Group, accounting for 8.7% of the total employees, and the proportion is was nearly 2.5 times higher than last year’s 3.5%.

WATER USE MANAGEMENT

HKEX A2, A2.4

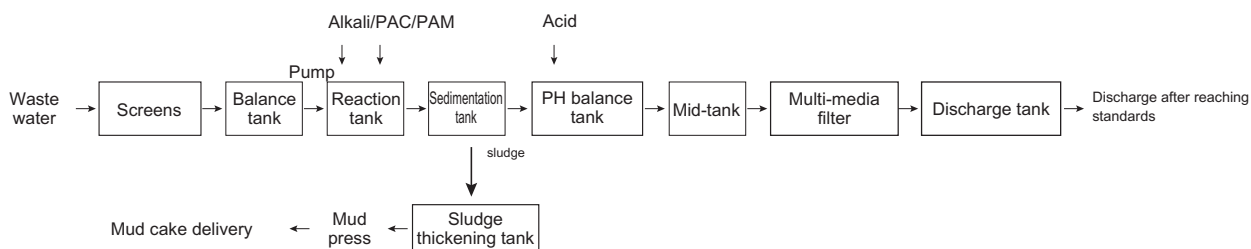
WASTEWATER

The Group inevitably generates wastewater during production. According to the Environmental Management System, the Group conducts rain and sewage water diversion, and manages the industrial wastewater, domestic sewage and rain in a separate and systematic manner. There is no issue in sourcing water that is fit for purpose.

Waste water type	Processing method
<i>Industrial waste water</i>	<ul style="list-style-type: none"> • Common industrial wastewater, like general test wastewater and clean water, is processed directly by entering a sewage treatment plant through municipal pipes. • Chemical effluent and other wastewater containing hazardous substances are collected and deposited with the designated hazardous waste warehouse and then regularly delivered to the qualified processing unit for treatment.
<i>Domestic sewage</i>	<ul style="list-style-type: none"> • Domestic sewage mainly refers to wastewater discharged from toilets and tea rooms. All the domestic sewage is discharged to the municipal sewage pipes and enters a sewage treatment plant in Nanshan for treatment upon the completion of the pre-treatment through septic tank.
<i>Rain</i>	<ul style="list-style-type: none"> • Rain is directly discharged outside by independent pipes.

Environmental, Social and Governance Report

Wastewater collected after the degreasing process during the production is processed by the Group by using a wastewater treatment system with a processing capacity of 0.5m³/h. The Group also engages qualified units at a quarterly interval to monitor the outfall and exhaust gases pursuant to the technical specification requirements for the monitoring of surface water and waste water by the determination of particulate matters in exhaust gas and the method of sampling for gaseous pollutants in a fixed source of pollution. In addition, the Group collects the tail water from pure water systems to cool the air-conditioning unit in the clean rooms, thus realizing the goal of water resource recycling and reuse. The flow chart of the process is set out below:



Water meters are installed per production office area for water metering and water volume is counted monthly. In case of abnormalities, causes are investigated and measures are taken to resolve the abnormalities. The administrative department often checks the water use, and if faucets or valves are found to have any damage, they are repaired and replaced in a timely manner.

Development Projects: In accordance with local requirements, water quality impact assessment will be implemented during the planning stage of development projects to ensure any project construction and the operation of power plants impacts are controlled, managed and mitigated to an acceptable level.

REVIEW OF LAST YEAR

Office buildings and plants located in Shenzhen continued to enjoy a sustainable and stable water source in 2021, and there were no issues in securing a suitable water source.

After discussions between the Board and the Committee, we have set up 12 new environmental targets as an effective environmental management policy and a demonstration of the Group's long-term commitment to sustainable development. Three of these targets are related to water resources and sewage discharge, and the outlook is planned to be fully implemented in Songshan Lake Park in 2022:

1. **Water resources:** In the future, consideration will be given to reusing reclaimed water, concentrated water and clean sewage after ultrasonic cleaning generated by purified water production equipment for hygienic cleaning, green irrigation and other purposes.
2. **Water resources:** Rain water is collected for the use of green irrigation and hygienic cleaning.
3. **Sewage discharge:** All sewage can be reused for hygienic cleaning after it has been treated to a standard by sewage treatment facilities.

Development projects: The new Songshan Lake is a development project of Dongguan LifeTech under construction in Dongguan, Guangdong Province. The water and soil conservation program was submitted to Dongguan Municipal Water Bureau during the construction stage in December 2019 and has been approved. According to "Affirmative Decision of Administration Approval", as of 2021, the project had been burdening set areas of responsibilities of prevention of soil erosion, and sought to implement the treatment and preservation of water and soil conservation, to conserve water and soil resources, cultivate water resources and reduce disasters.

STANDARD ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE

CORPORATE GOVERNANCE

For the scope of this section, please refer to the section headed “Scope of the Report”. Please refer to the section headed “KPI Overview” for detailed performance data on the corporate governance performance of the Group.

CORPORATE GOVERNANCE AND RISK MANAGEMENT, ANTI-COMPETITIVE PRACTICES

HKEX B.7

MANAGEMENT GUIDELINES

The Board is the highest governance body of LifeTech, which commits to achieving a high standard of corporate governance in a responsible and effective manner to safeguard the interests of its shareholders and enhance corporate value. The Company has adopted the principles of Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its’ own Corporate Governance Code. The committee that involves most in matters of sustainable growth is the Environmental, Social and Governance Committee.

ANTI-COMPETITIVE CONDUCT REGULATIONS AND COMPLIANCE

LifeTech manages its businesses in a fair manner and prohibits all practices that hinder, restrict or distort competition. LifeTech adheres to the core principles of honesty and integrity, and conducts its business activities in accordance with the laws of all countries in which it operates, including compliance with all applicable domestic and international laws and regulations, and prohibits the granting of improper business benefits to others. The legal department is mainly responsible for ensuring that the Group complies with corruption-related laws and regulations, including the Anti-Unfair Competition Law of the People’s Republic of China, the Law of the People’s Republic of China on Anti-Money Laundering etc. LifeTech prohibits any corruption related to bribery, extortion, blackmail and money laundering in daily operation.

The company’s policies and employee’s handbook set out that employees need to prevent bribery, extortion, blackmail and money laundering, and new recruits all participate quarterly in regular and new joiner trainings. LifeTech Anti-Corruption Policy provides that the employees of the Group are not allowed to provide any articles of value to customers, governmental officers or other third parties. The red lines of conduct managed by personnel department are as follows:

- Damage to interests: abuse of power, impure thinking, deliberate damage to the interests of the company and the community.
- Breach of integrity: False public welfare, taking advantage of one’s position, soliciting or accepting improper benefits.
- Information disclosure: Theft, disclosure or sale of confidential information such as the company’s intellectual products and technology, and not inquiring into salary information.
- Disregard for safety: Disregarding production and quality requirements, maliciously create safety hazards.
- Spreading rumours: Spreading statements that affect the company’s goodwill and spreading false and negative information.
- Fraud: Lying at work, cheating the company/employees, concealing or harbouring malpractice.

Environmental, Social and Governance Report

Any violation of this policy and associated interpretation and procedures issued by LifeTech, will be subject to penalty until termination of the employment contract relationship. In addition, individuals may be subject to civil or criminal penalties by judiciary for violating relevant anti-corruption laws. In case that relevant conditions are found, any employee or partner can report to the relevant departments of the Group by phone call or email anonymously. The Group prohibits retaliation against informers.

REVIEW OF LAST YEAR

The Directors of the Group have signed a commitment of compliance. As of 31 December 2021, there were no lawsuits of corruption related to the Group and employees. The Group organised anti-corruption training for newly joined employees and all employees every quarter, with direct supervisor being the tutor, aiming to improve the anti-corruption awareness of the entire group. Employees and Directors received training in the form of self-education and in-person classroom lectures, and in 2021, they accumulated a total of 850 hours and 7 hours of training, respectively.

ENVIRONMENT

For the scope of the report, please refer to the section headed “Scope of the Report”. Please refer to the section headed “KPI Overview” for detailed data on the environmental performance of the Group.

ENVIRONMENTAL MANAGEMENT

HKEX A1, A2, A3, A4

MANAGEMENT GUIDELINES

The Environmental Management System set up by the Group stipulates that environmental risks related to the life cycle of production lines and project operations should be managed properly. The environmental scope covered by management system includes:

- Environmental impact assessment
- Environmental monitoring
- Development of environmental management system
- Data recording and management system.

As in previous years, some of the data and information in the report were collected and managed by entrusted third parties. Environmental data and information are disclosed on the “Guangdong Solid Waste Environmental Supervision Information Platform” (廣東省固體廢物環境監管信息平台), and are subject to the supervision and management of the ecological and environmental departments. LifeTech is currently updating its environment management system, including consideration of integrating environmental and climate issues into its existing risk management and internal control systems starting in the coming year.

LifeTech Shenzhen’s offices and plants have obtained third party certification for the international standard ISO 14001 environmental management system.

Environmental, Social and Governance Report

REVIEW OF LAST YEAR

Since 2021, taking into account the requirements of the ESG Guide of the Stock Exchange, the Group has agreed that setting of targets and indicators would help to monitor the progress and efficiency of the use of environmental resources, and announced that it has begun to set environmental targets for key environmental performance indicators in the short to medium term. In the coming year, the Group will develop an environmental monitoring process for the project level, with specific requirements for assessing the state of the environment and the progress of the targets, and it will be led by the Environmental, Social and Governance team to assist in the design and implementation of appropriate measures.

ENVIRONMENTAL REGULATIONS AND COMPLIANCES

HKEX A1, A2, A3

MANAGEMENT GUIDELINES

It is LifeTech's basic principle to fully comply with applicable environmental laws and regulations in the jurisdictions in which it operates. The Group has established procedures for reviewing environmental requirements related to new developments. When an accident occurs with an asset over which has operational control, the Group will classify and record it in a timely manner in accordance with the relevant internal processes. Accidents managed through this process include notifications of fines or prosecutions in response to local authorities.

REVIEW OF LAST YEAR

As of 31 December 2021, the Group's operating entities did not identify any case of violation of laws and regulations in relation to emissions and environment, resulting in fines or prosecutions during the year.

		2021	2020
Case of violation of laws and regulations in relation to emissions and environment	Number of cases	0	0
Administrative penalties caused by violation of laws and regulations in relation to emissions and environment	The amount of penalties (HK\$)	0	0

ENVIRONMENTAL TARGETS AND COMMITMENTS

HKEX A1.5, A1.6, A2.3, A2.4

TARGETS AND COMMITMENTS TOWARDS ENVIRONMENTAL STEWARDSHIP AND CLIMATE CHANGE MITIGATION

SUBJECT	SUBJECT MATTER
GHG emissions/CO₂ emissions Continue to start the commitment work at the headquarters and plants in shenzhen	<ol style="list-style-type: none">Greening work shall be effectively implemented in the surrounding and office areas of plants;Regional control and centralized cooling shall be adopted to reduce the use of split air conditioning.

Environmental, Social and Governance Report

SUBJECT	SUBJECT MATTER
<p>Energy efficiency It is planned that the Songshan Lake Park will be fully implemented in 2022</p>	<ol style="list-style-type: none"> 1. Gas boilers shall be used instead of electric boilers for heating to greatly reduce the electric energy consumption of electric boilers; 2. Energy-saving LED lamp sources shall be used for all lighting systems; 3. New energy-saving air conditioning and refrigeration system shall be replaced, and area control centralized cooling mode shall be adopted.
<p>Water resources It is planned that the Songshan Lake Park will be fully implemented in 2022</p>	<ol style="list-style-type: none"> 1. In the future, consideration shall be given to the reuse of reclaimed water, concentrated water and clean sewage after ultrasonic cleaning generated by purified water production equipment for hygienic cleaning, green irrigation and other purposes; 2. Rainwater shall be collected for the use of green irrigation and hygienic cleaning.
<p>Sewage emissions It is planned that the Songshan Lake Park will be fully implemented in 2022</p>	<p>All sewage shall be reused for hygienic cleaning after it has been treated to a standard by sewage treatment facilities.</p>
<p>Disposal of non-hazardous waste Continue to start commitment work at the headquarters and plants in Shenzhen</p>	<ol style="list-style-type: none"> 1. Internal semi-finished materials shall be rotated by reusable tote boxes, and all kinds of archival records shall not be necessarily in the form of electronic records to reduce the use of paper; 2. Raw and auxiliary material suppliers shall be requested to use reusable packaging as much as possible to reduce the generation of waste raw and auxiliary material packaging.
<p>Disposal of hazardous waste Continue to start commitment work at the headquarters and plants in Shenzhen</p>	<p>Other disinfectant cleaning products instead of alcohol for disinfection through process improvement shall be used to reduce the use of alcohol.</p>
<p>Emissions Continue to start commitment work at the headquarters and plants in Shenzhen</p>	<p>Exhaust gas collection and pipeline maintenance shall be effectively implemented to reduce fugitive waste gas emissions.</p>

AIR EMISSIONS AND POLLUTION

HKEX A1, A1.1, A1.5

For the exhaust gas generated during the production, the Group will conduct integrated processing according to the Environmental Management System.

The exhaust gases produced by the Group refer to the volatile organic compounds (VOCs) produced during the course of operation, with vehicles as a primary contributing source. As provided under the Environmental Management System, maintenance of vehicles of the Group shall be strengthened to ensure the emission reaching the standard. The exhaust gas emission of the Group was mainly attributed to vehicles during the year. The Group has gradually replaced diesel vehicles by gasoline vehicles since the 2019. In 2021, the Company replaced the final diesel service car which was rarely used by the Company, and now own a fleet of solely gasoline vehicles.

The VOCs including benzene, cyclic aromatic hydrocarbons and aromatic hydrocarbons are generated during the Group's polishing process of producing filter and stent graft products. Such matters threaten the environment and health of the surrounding residents. Therefore, the Group has adopted methods such as catalytic combustion or absorption to recycle or remove the VOCs and reduce the emissions into the air. The Group has also engaged a qualified third party manufacturer to provide solutions for the Group's production and laboratory-sourced exhaust gases. For instance, all exhaust gases generated on the laboratory floor of the LifeTech Shenzhen's building are collected for treatment through facilities upon classification:

- Laboratory: organic exhaust gas is collected through the pipeline and then adsorbed by activated carbon in the exhaust gas treatment facility before discharging into the air upon meeting the relevant standards;
- Laboratory: acid gas is collected through the pipeline and then neutralized by alkali water sprayed in the exhaust gas treatment facility before discharging into the air upon meeting the relevant standards;
- Other plants: the production is collected through the pipeline and then treated by UV process and water sprayed in the waste gas treatment facility before discharging into the air upon meeting the relevant standards.

The exhaust gas treatment facilities are linked to the waste production process equipment to ensure that the emissions generated are discharged after the treatment meets the standards. At the same time, in order to ensure the standardization of the operation of the waste gas treatment equipment, the Group also invites third party companies to conduct operation training for employees to ensure that equipment failures can be handled in a timely and correct manner.

The Group also requires the administrative department to monitor exhaust gases generated from the process of all production and experiments in a regular manner and to make sure the emissions reach the relevant standards at all times. If any unusual emissions have been identified, the Group will shutdown the source of such emissions temporarily and report the incident to the relevant departments and the environmental authorities.

GREENHOUSE GAS EMISSIONS

HKEX A1, A1.2

We monitor, measure and report on our emissions of carbon dioxide, including direct and indirect carbon emissions from our physical operations. LifeTech understands that it is inevitable for the Group to generate emissions causing air pollution during the course of production. For the purpose of emission reduction, the Group has formulated the Environmental Management System setting out relevant policies in order to minimize the effect of its operation on the environment.

The Group’s greenhouse gas (“GHG”) emissions (or referred to as “carbon emissions”) from its operations are quantified according to the guidelines issued by the National Development and Reform Commission of China. The Group’s carbon emissions mainly come from purchased electricity (energy indirect emissions), followed by direct emissions of a mobile GHG and combustion source emitted from equipment and system.

In terms of the main business and production process of electricity consumption in the plants, we have considered upgrading or eliminating some of the old high energy consuming equipment. In the office areas, we have also adjusted the opening hours and temperature range of the air conditioning to limit their electricity consumption.

WASTE AND RECYCLED MATERIALS MANAGEMENT

HKEX A1, A1.3, A1.4, A1.6

For the waste generated during the production, the Group will conduct integrated processing according to the Environmental Management System.

WASTE CLASSIFICATION	PROCESSING METHOD
Non-hazardous waste	<ul style="list-style-type: none"> • The administrative department is responsible for contacting qualified processing units to recycle and process recyclable wastes; and • Non-recyclable domestic waste is collected and transported by the environmental authorities.
Hazardous waste	<ul style="list-style-type: none"> • All hazardous wastes shall be collected upon classification pursuant to the List of Hazardous Waste; • Hazardous wastes generated by the production departments shall be stored in designated hazardous waste bins with lids and the Hazardous Waste Handover Form shall be completed; and • Hazardous wastes shall be regularly delivered to qualified organizations for treatment.

The Group endeavours to reduce both the hazardous and non-hazardous waste it produces, and works with qualified parties and partners to reuse or recycle whenever possible. All wastes are managed according to the waste management hierarchy (i.e. prevent, reduce, reuse, recycle, replace, treat and dispose). LifeTech seeks to avoid the use of hazardous materials and replace them with alternatives wherever possible. All hazardous and non-hazardous wastes are managed in accordance with local regulations, collected by licensed collectors, or sold for recycling.

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Contractors: The Group also values the qualification of contractors. All contractors for the processing of hazardous wastes shall have the Hazardous Waste Operator Permit and the Road Transport Operator Permit granted by the governmental authorities, together with the qualification for hazardous waste treatment. During 2021, the Group did not identify any other case of violation of laws and regulations in relation to waste disposal.

Shenzhen Headquarters: The Group has operated a smart office, for example, we introduced the “Office Automation System” and adoption of an electronic approval process; and swiping card for printing in order to control the number of printouts, and advocating the use of shared files and soft copies in order to minimize paper documents and waste. The OA system fully arranges and effectively transmits the information through the information system, so that the enterprise’s resources can be reasonably allocated and utilized in purchase, storage, production, sales, human, financial, material and other aspects. The production site manufacturing system (MES) takes the traceability of the production and manufacturing process, paperless production process and realization of electronic DHR as the basic objectives, covering the informatization of business management such as production plan, basic information of personnel, basic information of equipment and tooling, product process route, materials and semi-finished products, and traceability of finished products in manufacturing status; By establishing a set of MES production execution system in line with the current business characteristics of the Group, the traceability, management efficiency and accuracy of data acquisition of the current production process can be improved, so as to help improve the overall operation capacity. Product life cycle management system (PLM) enables products and production teams to cooperate in a virtual way and share real-time data, so as to realize the visualization of workflow in each stage of product life cycle and meet the needs of enterprise information strategy, business strategy and enterprise strategy. Besides, other paper-saving measures adopted for office work include setting waste paper recycling bins in the office, advocating double-sided printing and reusing recycled paper to print and photocopy; reusing old folders; and recycling printers and cartridges by professional units.

Set out below is an overview of the total hazardous and non-hazardous waste produced by the Group in 2021 as compared to previous years:

Waste type		Amount of waste (tonne)			
		2021	2020	2019	
Hazardous waste	Waste acid	2.97	1.16	4.31	
	Waste organic solvent	3.51	2.32	6.45	
	Alkali waste	11.80	5.68	7.82	
	Used mineral oil	0.01	0.16	0.20	
	Waste hydrogen peroxide	1.42	1.20	—	
Non-hazardous waste	Waste paper and plastics	Waste paper	5.16	7.98	8.70
		Plastic film	4.92		
	Waste planks	0.83	1.10	0.70	
	Domestic garbage	104.91	40.15	178.00	

MANAGEMENT OF PACKAGING MATERIALS

HKEX A2, A2.5

Regarding the use of packaging materials, except for the specific cleanliness requirements for products in certain production links, the Group reuses the packaging materials as much as possible in the production links of warehouse, workshop transfer, semi-products, and material transfer. Product packaging boxes and shipping cartons are also made of biodegradable materials.

For details of the Group’s green procurement, please browse the “Procurement and Supply Chain Management” chapter.

ENERGY EFFICIENCY MANAGEMENT

HKEX A2, A2.3

LifeTech values the reduction of resource waste during production and strives to build a working environment that preserves natural resources and reduces energy consumption. With the development of multiple measures in the Energy Management Control Process of LifeTech Shenzhen, the following treatment methods are adopted for different resource types:

Resource Types	Treatment Methods
Oil	<ul style="list-style-type: none"> • Each department reasonably uses oil products according to the requirements of equipment lubricating oil and waste oil recovery; • All the replaced waste oil is uniformly reclaimed and handled by the use department and administrative department respectively; • Vehicles of the Group are maintained regularly so that the oil consumption will be kept within normal range.
Electricity	<p>In the ordinary course of business, the Group has been gradually replacing its general lights with LED lights in its offices which are brighter and more energy-efficient; the entire lighting system at our Shenzhen Headquarters relies on LED lights, while approximately 10% of our factory site, including workshops, have switched to energy efficient lighting; while the factory site is about to move to Songshan Lake and then will be furnished with LED lights. Meanwhile, the Group has also strengthened the repair and maintenance of electrical equipment and reduced the energy consumption of the energy-intensive air-conditioning systems in our clean rooms by using recycled water for cooling. In addition, the Group has also purchased an electric vehicle for the maintenance staff of our engineering department in case of any emergency repair tasks.</p>

THE ENVIRONMENT AND NATURAL RESOURCES

HKEX A3, A3.1

NOISE CONTROL

The Group understands that noises are made during our production and this may threaten the occupational health of our employees. Therefore, the Group's equipment and facilities regularly undergoes repair and maintenance and fulfill the class 3 emission limits listed in table 1 of Emission standard for industrial enterprises noise boundary (GB 12348-2008) to cover the source of noise to reduce noise pollution

PROTECTION OF BIODIVERSITY

The Group understands that human beings heavily rely on the ecosystem is heavily relied yet the construction and operation of plants damages its surrounding environment. Therefore, an environmental impact assessment is performed before the design or planning of any new construction, renovation or expansion project and the requirements of the environmental impact assessment is strictly followed during the designing and construction process of our projects. Upon the completion of construction, inspection in accordance to these environmental impact assessment requirements are also carried out before being validated for delivery. LifeTech Shenzhen's R&D laboratory has been in use since 2018 and was constructed based on the design and planning approved by the environmental, water and other relevant authorities of the local Shenzhen government in order to ensure the health of our employees are protected and to minimize the effect of construction on the surrounding environment.

ENVIRONMENTAL TRAINING / EVENTS

In order to improve the awareness of environment protection of its employees, the Group delegates a person-in-charge for environment protection to attend trainings on environmental housekeeping and refined enterprise environmental management as organized by the Chinese Society of Environmental Sciences, as well as various seminars arranged by the competent ecological or environmental authorities regularly.

CLIMATE CHANGE

HKEX A4, A4.1

The Group is active in combating climate change and supports the "China National Climate Change Program". The company will continue to adopt all current energy-saving and emission-reduction measures, continue to quantify carbon emissions, pay close attention to the latest emission reduction technologies, and minimize unnecessary transportation needs, thereby controlling greenhouse gas emissions, and work together to achieve the goal of carbon neutrality in or before 2060.

Core Elements	LifeTech's Response
Governance	Efforts in Sustainability Governance
Risk management	Risk Management – How to Identify, Assess and Manage Climate Change Risks
Indicators and targets	Targets and Commitments Towards Environmental Stewardship and Climate Change Mitigation

RISK MANAGEMENT – HOW TO IDENTIFY, ASSESS AND MANAGE CLIMATE CHANGE RISKS

The Company’s success depends on the timely purchase of high-quality, low-cost materials, water and energy to meet the manufacturing operations mainly in Shenzhen, Guangdong Province of China. The Group identifies risks through the annual reporting process and assesses them in the short term (<2 years), medium term (3-5 years) and medium to long term (>5 years). The Company plans to continue to identify risks annually, incorporate sustainability indicators into its operational strategy, and report regularly to management, the Board, stakeholders and the public. The Group has initially identified a range of climate related risks and opportunities in relation to its major assets or operations. While these risks do not currently impact business growth, we intend to explore further expertise, training and consultancy services on monitoring and assessment in the future to ensure that the necessary climate related expertise is in place and to enhance the transparency and reliability of disclosure.

The table below discusses the transition and physical risks caused by climate change:

RISK TYPES		SPECIFIC CIRCUMSTANCES	CIRCUMSTANCES IN RELATION TO ASSETS OR OPERATIONS
ACUTE RISK	<i>medium to long term</i>	Potential related emergencies (disruption of supply chains) due to natural disasters/ extreme weather (heat waves, floods, cold weather)	Does not involve any current assets/operations
		Potential damage to facilities due to natural disasters/ extreme weather (heat waves, floods, cold weather)	Does not involve any current assets/operations
CHRONIC RISK	<i>medium to long term</i>	The plant is in a water-stressed or water-scarce dry area, which poses a threat to the manufacturing process	Does not involve any current assets/operations
		Infrastructure in areas threatened by rising sea levels from climate change	Does not involve any current assets/operations
REGULATORY RISK	<i>medium to long term</i>	National and provincial environmental policies and laws have been changed and tightened; the medical device industry and manufacturing industry have fully implemented low-carbon policies	Increased plant emission costs Spending more time, talent skills and resources on compliance requirements
TECHNOLOGY RISK	<i>Not involved</i>	–	–
MARKET CHANGE RISK	<i>Not involved</i>	–	–
GOODWILL RISK	<i>Not involved</i>	–	–

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BUILDING RESILIENCE AGAINST REAL CLIMATE RISKS

The response of LifeTech to risks is as follows:

Increased plant emission costs: In 2021, in terms of our plant business, we purchased new equipment that can improve energy efficiency (i.e. reduce consumption and reduce greenhouse gas emissions) and strengthened our equipment maintenance. At the same time, we also upgraded or eliminated some of our old, high virtual energy equipment, strengthened the maintenance of air extraction and exhaust facilities, and reduced the unstructured emission of pollutants.

Relevant emergencies that may be caused by natural disasters/extreme weather: We may adopt off-peak production methods and arrangements in special weather when involving exhaust gas emission processes.

SOCIETY

The reporting scope can be found in the “Reporting Scope” chapter, and the data can be found in the “Key Performance Indicators Overview” chapter to understand the Group’s social performance.

EMPLOYEE BENEFITS AND WELFARE

HKEX B1

EMPLOYMENT SYSTEM

The Group places a high importance on employees and strives to establish an improved employment system. Currently, the Group has formulated policies and systems such as the Employee Manual, the Attendance and Leave Management System, the Recruitment Management System and the Promotion Management System to regulate and manage employees’ salary and dismissal, recruitment and promotion, working hours, vacation and other welfare and benefits of the Group.

The Group has established a dual-channel promotion regime for employees’ development, and different assessment mechanisms for non-managerial employees, operational employees and managerial employees. Our human resources (HR) department and senior management are responsible for the relevant work in relation to promotion of employees, and have adopted assessment management methods as outlined in the table below:

Evaluation item	Evaluation content	Evaluation method
Comprehensive quality	Working attitude, professional ethnics and company identity	Questionnaire and staff interview
Business ability	Position knowledge, professional techniques, English and software operation, etc.	Written exam, interview, actual operation and debriefing
Management capacity	Leadership, communication, cooperation and management abilities	Case study, overall assessment and debriefing

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For non-managerial employees, we have set up five classification levels: Beginner, Intermediate, Advanced, Senior, and Expert. Employees' job rank may be adjusted with reference to their annual performance appraisal in the rank certification activities that are started regularly every year. New recruits are also initially ranked according to this standard before becoming a permanent employee. The rank certification for operational employees comprehensively considers the depth, quantity and scarcity of their mastery of skills, and the corresponding product qualification ratio. For managerial employees, a multi-level promotion ladder has been set up: Supervisor, Manager, Director, and Vice President. The Company also actively provides management skills training for managers to help them get more returns by creating more value for the Company.

The Group also encourages the diversified development of employees and jointly organized a series of activities to enhance effective communication and cooperation among employees. The Group's factories are also equipped with recreational facilities such as basketball courts and table tennis tables. It also continues to cooperate with sports venues near the Group to establish sports clubs and regularly organize basketball, badminton, football, running, mountain climbing and other activities to promote work and rest combined lifestyle. At the same time, the Group has added group building holiday, and will also organize staff group building activities and domestic and foreign travel. During the year, the Group held 12 tourism and various other types of employee team building activities, such as New Year's Day activities, Spring Festival red envelope activities, Lantern Festival activities, food activities on 8th March Goddess Festival, Dragon Boat Festival ceremony packages and online lottery activities, Mid-Autumn Festival activities, Thanksgiving activities to celebrate traditional culture and festival customs, management cadres team building activities to create corporate culture, 10th anniversary of listing activities, and Teacher's Day activities for caring about educators. The Group also recognizes employee commitment by giving out long-term service awards for employees and annual outstanding employees awards.

WELFARE AND BENEFITS

In addition to a basic salary, the Group offers additional benefits to its employees. We provide free dinner or meal allowance will be provided to employees by the Company when they are required to work overtime on working days. In addition, in order to resolve the housing issue of fresh graduates, the Group provides staff quarters for them and other employees in need, and employees who do not have benefit from staff quarters are also reimbursed with transportation allowances according to the nature of their positions. The Group also advocates for family-friendly policies to comprehend working parents, for example, male employees who meet the relevant requirements of the National Family Planning Policy can be entitled to 15 calendar days of paternity leave and female employees are not only entitled to maternity leave and breast-feeding leave, but also pregnancy examination leave. The Group established a labour union to protect its employees' legitimate rights and secure opportunities on better benefits for employees. Meanwhile, the labour union and the Company has also jointly organized a variety of activities with the aim of enhancing the effective communication and cooperation among employees and the Company.

The Group will implement a Stock Incentive Scheme for its core team and employees including directors and senior management of the Company, with an aim to increase our employees' sense of belonging to the Group and also incentivize their performance.

LABOUR STANDARDS

HKEX B4

During 2021, the Group complied with relevant laws and rules, including the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of the Minors etc., and prohibits behaviours including hiring child labour or forced labour in the workplace, which is stated in the Employee Manual.

The original identification documents of successful candidates is checked at the time of employment to ensure compliance with the national labour law requirements. If someone working in the Group is under the age of 18 years old or has provided false information with regards to his/her age, the Group would terminate his/her employment contract at once and contact such employee's parents and/or the local government to take them back at the Group's expense.

The Group respects employees' right to resign freely. If an employee resigns for personal reasons, he/she shall complete the resignation application in advance and submit it to our human resources department for approval. The Group must also comply with the national employment laws and pay the wages to employees who leave the Group. Furthermore, the Group has developed relevant rules of preventing from forced labour with reference to market practices and does not force employees to work. The Group prepares production schedules periodically to avoid employees from working overtime and reviews its workflow from time to time. In the event that working overtime due to certain working arrangements is necessary, application shall be made to superior management. Employees who worked overtime may take time off afterwards according to relevant arrangement.

In 2021, there were no cases against the Group for violations of laws or regulations relating to child labour or forced labour of the Group.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

HKEX B5, B5.2, B5.3, B5.4

LifeTech understands the importance of supply chain management to its own operation. Through internal management systems like the Purchase Control Procedures, the Group devotes itself to managing all kinds of risks during purchasing.

In 2021, the Group had a total of 114 major suppliers, of which 96 are from Mainland China and 18 are from other regions such as United States and Singapore. To ensure that the suppliers meet the requirements, the purchasing, quality management, and R&D departments of the Group have jointly participate in the comprehensive evaluation and selection of suppliers based on commercial terms, cost, quality assurance, R&D capabilities, manufacturing capabilities, and after-sales service. For suppliers of major raw materials, the Group has alternatives and continues to develop new suppliers to ensure that they can be activated at any time in dealing with supply risks.

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Supplier Management Team:

Department	Responsibility
Purchasing Department	Mainly responsible for the procurement of materials and equipment required for the Company during its process of production and R&D and supplier management, including supplier development and evaluation, business negotiation, order management and supplier performance management, etc. Meanwhile, the purchasing department is also responsible for adjusting the procurement guidelines and supplier codes in response to the market demand in due course.
Quality Management Department	Mainly responsible for verification, inspection of products provided by suppliers and product test.
R&D Department	Mainly responsible for quality risk evaluation to suppliers and supplier selection.

In general, the Company will implement an assessment and request the supplier to rectify accordingly in situations such as when its quality of delivery deteriorates, the delivery delays, the after-sales services get worse, the cost increases, or the social reputation does not meet the Company's requirements. In case of the failure of rectifying within the time limit, and poor willingness to cooperate during the rectification period, a standby supplier will be activated after the Company's internal appraisal. The Company has a developed procurement control program, a clear supplier management mechanism, and effective control methods, including supplier selection and evaluation, quality system audit, daily supply inspection and acceptance, supplier annual review or surprise on-site audit, and regular feedback. It can be supplied by the alternative supplier within two weeks.

PANDEMIC RESPONSE

During the pandemic, the delivery period of some overseas suppliers was extended.

In response to the pandemic, LifeTech has made certain strategic reserves for imported raw materials, and also has certain cargo reserves in Hong Kong, Europe and other countries or regions to cope with the impact of international freight during the pandemic. The supplier management team will also maintain daily communication with major raw material suppliers through telephone calls, video conferences and increasing the frequency of daily contact, so as to keep abreast of the actual situation of suppliers affected by the pandemic.

In order to ensure that all raw materials/incoming goods are not contaminated during transportation, we have implemented four major anti-pollution management measures: 1) the transportation personnel are required to show the health code and itinerary code to ensure that they have not been to medium and high risk areas; 2) the materials to be inspected are disinfected, and the testing personnel wear protective equipment; 3) for returnees or those who have been to medium and high-risk areas, quarantine and nucleic acid testing are required; 4) the incoming material area, the area to be inspected and the qualified material area are divided separately, the means of transport for incoming and outgoing goods are used independently, all incoming raw materials are sealed and packaged, and employees must accept the annual physical examination.

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GREEN PROCUREMENT

KPI B5.3, B5.4

With the increasing awareness of green procurement in recent years, more customers now require environment-friendly products and raw materials. Noting this shift and market trend, the Group has accepted such transformation by changing and adapting its procurement behavior accordingly. For example, the Group requires suppliers that engage in the industry of polymer materials and nickel-titanium wire material to provide a declaration that their products conform to the Regulation Concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH”) so as to ensure the products can successfully access the EU market for use in a safe manner. REACH aims to protect the health of human beings and the safety of environment, maintain and enhance the position of competitive advantages of EU chemical industry, improve the innovation capability of enterprises and achieve the goal of social sustainable development.

The Group will consider integrating the green procurement into the procurement process by preferential selection of products that are certified as green products and appointment of suppliers and contractors which have performed well in corporate social responsibility or obtained the Certificate of Environmental Management System.

		2021
<i>SUPPLIERS AND DISTRIBUTORS OBTAINED ENVIRONMENTAL CERTIFICATION/QUALIFICATION (ISO 14001, ISO 15001, ISO 22000)</i>	Number	83
<i>MATERIALS PURCHASED PASSING THROUGH ENVIRONMENTAL TEST (ROHS, REACH)</i>	Percentage of similar procurement (%)	75
<i>MATERIALS OBTAINED AN ENVIRONMENTAL PROTECTION CERTIFICATION/QUALIFICATION (FSC)</i>	Average percentage of similar procurement (%)	60
<i>SUPPLIERS AND DISTRIBUTORS ASSESSED AS SOCIAL RESPONSIBLE</i>	Number	110
<i>THE PREFERENTIAL TARGET TO PURCHASE FROM LOCAL SUPPLIERS</i>	Percentage of all suppliers (%)	50

PRODUCT RESPONSIBILITY

HKEX B6

LABEL AND ADVERTISEMENT MANAGEMENT

For the purpose of regulating the management of product labels, the Group has enacted the “Language, Label Control Procedures”. Our registration department is responsible for reviewing the regulatory compliance of labels and updating the changes and examinations to relevant departments in due course. Meanwhile, our product development department is responsible for providing details of products, guaranteeing the customers’ right to know. Before each set of labels published, it will be checked repeatedly to ensure that the information is accurate.

The Group has not formulated relevant policies yet as it currently has no product advertisements marketed to the public, but will do so in the future so that such policies will be ready and in place when there is such need. The Group spares no effort in making true and accurate descriptions of the introductions and functions about its products and carefully reviews such materials to ensure the accuracy of relevant contents. The Group is regulated by the laws and regulations such as the PRC Law on Products Quality and Advertising Law. In 2021, no violations of laws or regulations were found relating to improper product label and advertising management of the Group.

COMMUNITY PARTICIPATION

HKEX B8, B8.1, B8.2

LifeTech, as a leading medical technology corporation in China, takes its social responsibility to deliver the latest medical technologies to rural areas and contribute to building a bond of close unity of all nationalities through joint efforts with medical institutions and doctors seriously.

REVIEW OF LAST YEAR

INTERNATIONALLY

The International Marketing System held a total of 12 overseas doctor exchange conferences, sharing academic information with doctors from Argentina, Germany, India, Indonesia, Italy, the United States, Venezuela, Asia Pacific, Europe, Latin America and other countries/regions:

1. On 6 February 2021, an online seminar, which was jointly held by Vascular Surgery in Indonesia (印尼血管外科) and China Fuwai, invited Professor Shu Chang and R. Suhartono, chairman of Vascular Surgery in Indonesia, serving as lecturers, and attracted over 50 Indonesian professors to attend it. The subjects of the meeting included the latest techniques of ostium of the revascularized artery, and sharing of complicated cases of disease, arising experts’ heated discussions;
2. The series of events dubbed “Lambre holds hands with the whole world” in 2021:

The first stop on 17 June, China + German; the second stop on 28 July, China + Italy; the third stop on 30 August, China + Latin America; the fourth stop on 10 December, Asia Pacific + Europe; contents of these events included live surgery, sharing special cases and operational experience, and discussion about cutting-edge concepts within the industry and other contents. With click rate of over 10,000 each stop, these events build an academic exchange platform for cardiovascular experts all over the world, to jointly defend patients with atrial fibrillation.

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3. On 30 September 2021, we attended the fall season conference of the German Heart Association (德國心臟協會), with academic conference simultaneously held both online and offline, and the number of people on site amounted to 1,600, while the number of participants online reached 5,400.

DOMESTICALLY

In 2021, the domestic marketing system (peripheral) actively hosted and took part in more than 300 times of online/offline academic events, and conducted marketing through more than 80 times of satellite conferences/special seminars and academic salons, more than 50 times of live and recorded surgeries, more than 50 times of department product presentations and workshops. The Group demonstrated LifeTech's full range of peripheral products to domestic vascular surgery experts in a series of content-rich meetings, and also provided them with an efficient and cutting-edge academic exchange platform, which further improved products' brand image and the Company's influence. The Group will implement the existing community investment measures to the corporate's policy level, and revise the community investment policies and approaches from time to time. LifeTech strives to provide safe and innovative cardiovascular medical devices for doctors and patients worldwide, improves the public health level of the community, and creates value for all sector of the society.

Technical support for grassroots hospitals:

Aortic dissection is an extremely dangerous emergency. It is prone to high incidence in cold seasons, and patients with aortic diseases are constantly at the risk of death. Although the COVID-19 pandemic is severe, the treatment of patients with aortic disease cannot be delayed. The domestic marketing system (peripheral) has the ability to take responsibility, shares the same mission as vascular surgeons across the country, and overcomes many difficulties to carry out grassroots publicity and escort the lives of patients.

In 2021, our Gansu sales colleagues assisted 58 city and county hospitals (including district and county hospitals) in Gansu with lagging development and limited diagnosis and treatment capabilities in diagnosing and treating 95 patients, of which 72 patients with acute aortic dissection, and 23 patients had emergency pulmonary embolism and lower extremity deep vein thrombosis. During the COVID-19 outbreak in Yunnan, our local colleagues assisted a grassroots level hospital, Longling County People's Hospital, in carrying out surgery for ruptured abdominal aortic aneurysms. Our Hubei colleagues assisted Yingshan People's Hospital, Dongfeng General Hospital and Xishui County People's Hospital and other grassroots hospitals in remote areas in carrying out 13 surgeries for acute thoracic and abdominal aortic aneurysm patients. Our Zhejiang sales colleagues assisted 45 hospitals in the province with lagging development and limited capabilities, including district and county hospitals, in the diagnosis and treatment of 105 patients, of which 75 patients with acute aortic dissection. During the COVID-19 outbreak, our local colleagues also assisted Tiantai County People's Hospital and Wenling People's Hospital at the grassroots level in carrying out surgical treatment for thoracic aortic dissection and abdominal aortic aneurysm patients.

Domestic marketing system (congenital heart) also hosted 39 self-organized meetings, 14 national conventions and 88 regional meetings. Such as, LifeTech "all-around strategy" "LAA Academic Forum - LAA global implant breakthrough 10,000 cases sharing meeting, LifeTech set up its own venue, and the on-site guests and online guests connected to share and complete the meeting; the China 2022 Atrial Fibrillation Center Alliance, which lasted for 3 days, and broadcast 32 operations, during which 10w+ visitors were accumulated, and the audience covered 33 provinces/municipalities directly under the central government; LifeTech hosted a collection of 14 wonderful LAA operations and workshops during the Fifth China Structure Week. Such meetings provide communication channels for centers and doctors to jointly discuss and conduct in-depth research, and better benefit patients through coordinated development of units at all levels.

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KPI OVERVIEW

The tables below set out the quantitative overview of non-financial performance, whose disclosures are excerpted from the ESG Guide of the Stock Exchange.

ENVIRONMENTAL PERFORMANCE

Environmental performance	Data			Unit
	2021	2020	2019	
	Air emissions			
Nitrogen oxides	167.8	149.0	262.2	Kilograms
Sulphur oxides	0.3	0.3	0.3	Kilograms
Inhalable suspended particles	16.0	14.3	24.4	Kilograms
	GHG emissions			
Scope 1	52.4	47.5	50.2	Tonnes of CO2-e
Scope 2	11,150.1	6,677.2	4,688.1	Tonnes of CO2-e
Total GHG emissions	11,203.1	6,724.7	4,738.3	Tonnes of CO2-e
GHG intensity (Area per square metre)	0.7	0.4	0.3	Tonnes of CO2-e/m ²
	Hazardous waste			
Total amount of hazardous waste	20.5	10.2	18.8	Tonnes
Intensity of hazardous waste (Area per square metre)	0.001	0.0006	0.001	Tonnes/m ²
	Non-hazardous waste			
Total amount of non-hazardous waste	115.9	49.2	187.0	Tonnes
Intensity of non-hazardous waste (Area per square metre)	0.007	0.003	0.012	Tonnes/m ²
	Sewage			
Total amount of sewage in plants	—	13,128	1,825	Tonnes
Total amount of sewage in office building	—	47,005	N/A	m ³
	Energy consumption			
Gasoline	221.5	244.8	251	MWh
Diesel	2.3	5.0	11.5	MWh
Purchased electricity	13,865.6	7,980.4	5,603.1	MWh
Total energy consumption	14,089.4	8,230.2	5,865.6	MWh
Energy intensity (Area per square metre)	0.9	0.5	0.4	MWh/m ²

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The total purchased electricity was higher compared with previous years, which was mainly due to new workshops came into use and the expansion of production capacity.				
	Water consumption			
Total water consumption	81,538.7	43,309.2	48,957.0	Tonnes
Water consumption intensity (Area per square metre)	5.1	2.7	3.2	Tonnes/m ²
	Packaging materials used for finished products			
Total amount of Packaging materials	12.8	10.5	10.9	Tonnes
Intensity of Packaging materials (Area per square metre)	0.0008	0.0007	0.0007	Tonnes/m ²
Intensity of Packaging materials (calculated by production capacity)	0.00005	0.00006	0.0001	Tonnes/piece of products

SOCIAL PERFORMANCE

Employee performance			Employees leaving their jobs		New employees	
			Distribution and proportion of the number		Distribution and proportion of the number	
Gender	Male	466	120	26%	174	37%
	Female	386	99	26%	120	31%
Employment Category	Chief executives	2	0	0%	0	0%
	Senior executives	24	4	17%	5	21%
	Middle management	89	17	19%	6	7%
	General staff	737	198	27%	283	38%
Age	Under 30	326	112	34%	181	56%
	30-40	454	101	22%	102	22%
	41-50	58	5	9%	10	17%
	Over 50	14	1	7%	1	7%
Area	Shenzhen	852	219	26%	294	35%
Employment type	Full-time	843				
	Part-time	0				
	Contract	5				
	Temporary	1				
	Apprentices and Interns	3				
Rate by gender (M:F)		12:10	12:10		15:10	
Total number of employees		852	219	26%	294	22%

Occupational safety and health performance	Total		
	2021	2020	2019
Number and rate of work-related fatalities	0	0	0
Percentage of work-related fatalities	0%	0%	0%
Number and proportion of work-related injuries	0	0	0
Number of working days lost due to work injury	0	0	0
Number of absent days	0	0	0

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Performance in development and training				Total			
				Office Building		Plant	
Number and rate of people							
Percentage Ratio of Employees Trained		341	40%	136	40%	205	60%
Gender	Male	177	52%	74	42%	103	58%
	Female	164	48%	62	38%	102	62%
Ranks	Chief executives	2	1%	2	100%	0	0%
	Senior executives	14	4%	11	79%	3	21%
	Middle management	42	12%	28	67%	14	33%
	General staff	283	83%	95	34%	188	66%
Statistics of Hours							
Total training hours of employees		16,597.0	hours	7,359.0	hours	9,238.0	hours
Average training hours per employee		19.5	hours	15.2	hours	25.0	hours
Average training hours of employees in relevant categories							
Gender	Male	19.3	hours	15.1	hours	24.6	hours
	Female	19.7	hours	15.4	hours	25.5	hours
Ranks	Chief executives	1.0	hours	1.0	hours	0.0	hours
	Senior executives	12.6	hours	13.7	hours	9.3	hours
	Middle management	15.9	hours	16.1	hours	15.1	hours
	General staff	20.2	hours	15.2	hours	25.9	hours
Training Themes	Anti-corruption	1.0	hours	0.7	hours	1.4	hours
	Occupational safety and health	2.3	hours	0.3	hours	4.9	hours
	Environmental protection	0.6	hours	0.4	hours	0.8	hours
	Knowledge about the Company's products	3.1	hours	3.1	hours	3.0	hours
	Technical knowhow	10.1	hours	10.0	hours	10.3	hours
	Information security	0.5	hours	0.1	hours	1.1	hours
	Soft skills	0.4	hours	0.2	hours	0.5	hours
	Others	1.6	hours	0.4	hours	3.1	hours

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Supply chain management performance	Number of suppliers	Materials/Services provided
Mainland China	96	Polymer materials, metal materials, tooling, production auxiliary materials and outsourcing, etc.
Others, such as United States, Germany, Singapore, Switzerland	18	polymer tubing and metal raw materials, etc.

Performance in product responsibility	2021	2020
Number of products subject to recalls for safety and health reasons	0	0
Percentage of products subject to recalls for safety and health reasons	0%	0%
Number of products and service-related complaints received	62	27
Percentage of timely addressed of products and service-related complaints received	100%	100%

Performance in anti-corruption	2021	2020
Number of concluded case regarding corrupt practice brought against LifeTech or its employees	0	0
Total anti-corruption training hours provided for directors (hours)	7	—
Average anti-corruption training hours provided for employees (hours)	1	1

REPORT CONTENT INDEX

A. Environmental

Subject Areas	Content	Chapter index and remarks Environmental Management Environmental regulations and compliances
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Exhaust Gas Emissions GHG Emissions Waste and Recycled Materials Management
A1.1	The types of emissions and respective emissions data.	Exhaust Gas Emissions KPI Overview
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GHG Emissions KPI Overview
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste and Recycled Materials Management KPI Overview
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste and Recycled Materials Management KPI Overview
A1.5	Description of emissions target(s); and Steps taken to achieve them.	Environmental Target Exhaust Gas Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and steps taken to achieve them; and Description of reduction target(s) set	Environmental Target Waste and Recycled Materials Management

Subject Areas	Content	Chapter index and remarks
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Efficiency Management Water Management Management of Packaging Materials
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	KPI Overview
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	KPI Overview
A2.3	Description of energy use efficiency target(s) and steps taken to achieve them.	Environmental Target Energy Efficiency Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose; Water efficiency target(s) set; and Steps taken to achieve them.	Water Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Management of Packaging Materials KPI Overview
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

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B. Social

Subject Areas	Content	Chapter index and remarks
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employee Benefits and Welfare Equal Opportunities
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	KPI Overview
B1.2	Employee turnover rate by gender, age group and geographical region.	KPI Overview
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	KPI Overview
B2.2	Lost days due to work injury.	KPI Overview
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Management and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	KPI Overview
B3.2	The average training hours completed per employee by gender and employee category.	

Subject		Chapter index and remarks
Areas	Content	
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sourcing and Supply Chain Management
B5.1	Number of suppliers by geographical region.	Sourcing and Supply Chain Management KPI Overview
B5.2	Description of practices relating to engaging suppliers, and how they are implemented and monitored.	Sourcing and Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sourcing and Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sourcing and Supply Chain Management

Subject	Areas	Content	Chapter index and remarks
B6 Product Responsibility			
General	Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility Product Quality and Safety Product Diversification and Innovation Customer Service Information Security and Personal Data Protection Protection of Intellectual Property Rights Development of Products under its Own Brands
B6.1		Percentage of total products sold or shipped subject to recalls for safety and health reasons.	KPI Overview
B6.2		Number of products and service related complaints received and how they are dealt with.	Customer Service
B6.3		Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
B6.4		Description of quality assurance process and recall procedures.	Product Quality and Safety Customer Service
B6.5		Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Personal Data Protection

Subject Areas	Content	Chapter index and remarks
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Corporate Governance and Risk Management
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	KPI Overview
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance and Risk Management
B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance and Risk Management KPI Overview
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Participation
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Participation
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Participation