2020 Environmental, Social and Governance Report

LifeTech Scientific Corporation

Stock Code: 01302.HK

Environmental, Social and Governance Report

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ABOUT THE GROUP

LifeTech Scientific Corporation ("LifeTech" or the "Company") and its subsidiaries (collectively the "Group") are mainly engaged in developing, manufacturing and marketing of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. The Group has marketed its products in various countries across Asia, Africa, America and Europe with its sales network and distributors throughout the world. Currently, the Group has plants or offices both in China and abroad focusing on the production and sales of three main product lines, including structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. The structural heart diseases business mainly consists of congenital heart diseases occluders and LAA occluder. The peripheral vascular diseases business mainly includes vena cava filter and stent grafts. And the new product line cardiac pacing and electrophysiology is mainly related to pacemakers.

As a responsible manufacturer of medical devices, the Group has passed certification of the ISO 13485:2016 quality management system for medical devices complied with the requirements under the ISO 14001 environmental management systems and passed the inspection of the Good Manufacturing Practice for Medical Devices in China.

ABOUT THE REPORT

This report is the fifth Environmental, Social and Governance (ESG) Report issued by LifeTech (the "Report"). 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") and the Group's website at www.lifetechmed.com.

SCOPE OF THE REPORT

The Report presents the Group's ESG performance for the period from 1 January 2020 to 31 December 2020 (the "Year"). Although the Company has production facilities both in China and overseas during the year, it only discloses the operation of the development, manufacturing and marketing of the "medical devices business" and focuses on the plant and office building of Lifetech Scientific (Shenzhen) Co., Ltd ("Lifetech Shenzhen") in Shenzhen. The scope of the report is consistent with the previous year as the production capacity of Lifetech Shenzhen accounts for more than half of the Group's total capacity currently, which has significant influence on the financial and operating position of the Group.

STANDARD OF THE REPORT

The Report has complied with "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide (the "ESG Guide") of Appendix 27 to the Listing Rules promulgated by the Stock Exchange in 2015, and taken the four reporting principles specified therein—materiality, quantitative, balance and consistency as a basis for preparing the Report. In addition, the Report also tries its best to meet the Aspects, General Disclosures and KPIs requirements in the updated version of ESG Guide issued in 2020 to enhance the effectiveness of reporting. A complete content index is attached in the last chapter of this Report for easier reference in accordance with the ESG Guide while reading the Report.

Materiality: The Company constantly communicates with stakeholders to understand and identify the environmental, social and governance areas that they value most. Meanwhile, the Company also pays attention to the development of environmental, social and governance within and outside the Group, to meet local standards and integrate it into the Group's strategic development plan.

Quantitative: The Group follows the quantifiable KPIs specified in ESG Guide to review its performance. Quantitative information is accompanied by narrative, explanation and comparative analysis where appropriate. The Report is published once every reporting year.

Balance: The Group complies with this reporting principle to prepare the Report, and impartially discloses the Company's performance during the reporting period. If 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 uses consistent methodologies to summarize the environmental and social performance of the Year from its official documents, statistics, as well as management and operation data collected in accordance with its system. Meanwhile, the Group also collects, calculates and reports in accordance with "Appendix II: Reporting Guide for Environmental KPIs" and "Appendix III: Reporting Guide for Social KPIs" to significantly compare with environmental, social and governance data in the past.

DIRECTORS' APPROVAL

The Report has been confirmed and approved by the Board of Directors of the Group.

Opinions and Feedbacks

The Group values the opinions of stakeholders. If you are in doubt with or have any suggestions on the content or presentation of the Report, you may contact the Group through the following means:

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CHAIRMAN'S MESSAGE

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, that's why LifeTech Scientific 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. However, the Group inevitably consumes natural resources and generates pollutants and wastes to the environment during the process of production. Given that the Group's attitude towards the environment is the same as we treat our patients, the Board of Directors spares no effort in the scope of ESG performance. It always caters for the needs of patients and develops and manufactures innovative medical devices based on market trends, which not only improves the brand image but enhances the competitive edge of the Group as well.

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. The Board of Directors is responsible for the supervision of environment, society and governance issues of the Group and takes full responsibility for the management and prevention of such risks. Our primary task in 2020 was to fight the pandemic by maintaining the production to continuously provide doctors and patients around the world with safe and innovative cardiovascular medical devices, improving public health of the communities, and focusing on the sustainable development of the corporation itself. In terms of environment protection, we continue to implement control over emissions; optimize energy utilization; evaluate performance and make corresponding adjustment. In terms of social responsibility, we also attach great importance to employees' health and rights protection by endeavouring to provide better employment systems and a healthy and safe working environment. Besides, we keep close communication with our major raw material suppliers and keep monitoring the potential risks along the supply chain. We maintain certain strategic reserve for imported raw materials to minimize potential interruption caused by transportation, in order to make sure the supply of qualified raw materials and the constant manufacturing of high quality products. In addition, the Board of Directors of the Group have discussions on the ESG work of each business line annually, instruct the work of each of the executive departments in a top-down way and monitor their performance and progress.

In the future, we will continue to rely on the three core businesses of the Group (i.e. structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business) to realize its potential growth and will also actively broaden its product portfolio and further improve its market position. Due to the global political turmoil, the Group will accelerate the progress of localization of overseas business, and make strategic deployments in advance of some uncontrollable factors that may be involved, in order to prevent subsequent problems in overseas sales caused by political factors. In addition, we are considering intensifying our communication with both internal and external stakeholders to further understand their expectations and opinions. With their support and our collaboration with the industry, our ESG work can be implemented and optimized and enable the Group to further integrate the concept of sustainable development into its operation and contribute to community and environment health. In the long run, LifeTech is expected to become a leading company in the medical devices industry and play a greater role in prevention, diagnosis, treatment and healthcare.

XIE Yuehui
Chairman

LifeTech Scientific Corporation

GOVERNANCE STRUCTURE AND RISK MANAGEMENT

The Group believes that effective risk management can minimize the loss of enterprises and is an integral part of daily management and good governance of enterprises. To enhance the effectiveness of the risk management systems, the Board of Directors takes full responsibility for risk management and supervision management of the internal monitoring system. Environmental and social risks constantly identified and managed by the Board of Directors include environmental policies and performance of the Group, and the Company's compliance of relevant laws and regulations.

During the year, the management of the Company identified eight environmental and social risks pursuant to ESG Guide and material issues by SASB (Sustainability Accounting Standards Board), considered and analyzed them together with the feedback from stakeholders and finally integrated response measures and management and control processes into corporation planning and management. Major risks included the following five aspects: Emissions and exhaust gas discharges, Employees' welfare and benefits and talent management, Product responsibility and safety, Product research and development and improvement, and Protection of intellectual property right.

Major risks	Impact	Control measures
Emissions and exhaust gas discharges	The Group realizes that it may generate noises, exhaust gases and greenhouse gases during the production which has a certain impact on the surrounding environment. Considering the tightening standards under national and local laws and regulations, the Group also intensifies the monitoring of emissions to reach or even exceed the standards.	– The Group commits to complying with relevant laws and regulations of the country and develop and amend various internal policies as appropriate; – The Group actively seeks the latest technology to reduce emissions of carbon dioxide and pollutants as much as possible; – The Group will also intensify employee training on rules of equipment operation and emergency response in order to reduce the emissions of pollutants and exhaust gases due to equipment failure.
Employees' welfare and benefits and talent management	Employees are the blood of the Group. LifeTech attaches great importance to the training of employees' professional skills and is committed to helping employees improve their skills necessary for their career development.	– The Group provides employees with an improved welfare and benefits system, including overtime allowance, employee dormitories, transportation subsidies, family-friendly policies, and employee activities, etc..

Major risks	Impact	Control measures
Product responsibility and safety	Client's health and safety is the basis for the establishment and value of the brand of the Group. Besides, the health care industry greatly values the supply and marketing of medical devices which are directly related to the physical safety of the public. Therefore, the Group is required to maintain strict requirements on management and product quality at all times to maintain the confidence of customers and users on our products.	– The Group has developed sound policies on health and safety to ensure the health and safety of employees in the workplace, and has performed strict disinfection procedure; – Lifetech Shenzhen has established Class 10,000 clean rooms for production that meet ISO 14644 standards to make sure its products are bacteria free; – During the pandemic, the Group established a rigorous pandemic prevention policy applicable to all employees and visitors, equipped all employees with sufficient anti-pandemic materials, and increase the frequency of disinfection and cleaning of the working environment; – The Group hopes to ensure its products in conformation with the national or regional standards and consumer requirements by improving product quality through the improvement of quality control system and the engagement of independent third parties for monitoring, review and certification; – During the pandemic, various pandemic prevention measures had been strictly implemented to control population movement and prevent cross-infection.

Major risks	Impact	Control measures
Product research and development (the "R&D") and improvement	With the aging of the population and the increase in public health awareness, the Group is required to continuously explore and research, in order to meet the needs of more patients by upgrading and launching new products.	– The Group started LifeTech Shenzhen R&D Laboratory to strengthen the R&D and improvement ability of new products and management matching, and to consolidate its achievements in prevention, diagnosis, treatment and healthcare; – The Group applies for clinical approval and registration for self-developed products to ensure the compliance with regulations and requirements of relevant authorities before they are sold; – In the next three to five years, the Group will continuously intensify product R&D and accelerate product introduction to stabilize its leading position in the industry; – The Group, through internal management policies on operation responsibilities, controls environmental and social risks in the development and marketing procedure of new projects or new products (such as fair competition and anti-corruption, etc.).
Protection of intellectual property right (the "IPR")	Given the fierce competition in medical devices industry, failure in strict management of matters concerning IPR may have profound impact on and irreversible consequences in business development. Therefore, the Group must constantly protect and respect IPR, and fully manage the matters relating to the application, maintenance and use of IPR.	– The Group has set up an IPR department, to take full responsibility of relevant matters concerning IPR. – Confidentiality agreements signed with different partners stipulate that both parties shall respect the IPR 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.

Staying true to the mission, the Group will continuously improve public health of the communities, and create value for the society. It will also pay close attention to the risks and opportunities of sustainable development in the country and region and plan sustainable development strategies so as to improve its ESG performance.

STAKEHOLDERS' COMMUNICATION

LifeTech attaches great importance to the opinion of the stakeholders and communicates with them through daily operation and different communication channels to establish mutually trusting relationships. Such ongoing communications enable the stakeholders to understand the development and operation policies of the Group, and also provide an opportunity for the Group to listen to their opinions. We also engage our stakeholders through such channels to identify and review the potential risks and opportunities in the sustainable development of the Group, which enables the Group to identify priorities of different subjects and develop relevant policies and measures.

In the future, LifeTech will continue to strengthen the interaction with stakeholders and expand more diversified channels (such as conducting questionnaires among stakeholders) to increase opportunities to communicate with them and create a mutually beneficial and win-win relationship.

Main stakeholders and communication channels used during the Year

	Stakeholders	Communication Channels	
External	Shareholders and Investors	❖ Annual Results and Interim Results Announcements ❖ Corporate Website	❖ Annual Reports/ Interim Reports ❖ Annual General Meeting
External	Regulatory Agencies	❖ Government Websites ❖ Official Documents/Meetings	❖ Written Reports ❖ Visits Monitoring/ Inspections and Assessments
External	Customer	❖ E-mail ❖ Customer Satisfaction Survey ❖ Customer Service Hotline	❖ Annual Report ❖ Annual General Meeting
Internal	Staff	❖ Training ❖ Regular Meeting ❖ Internal Announcement/ Intranet	❖ Email/Feedback Box ❖ Annual Performance Appraisal ❖ Annual Reports/ Interim Reports
Internal	Supplier	❖ Hotline/E-mail ❖ On-site Assessment	❖ Annual Performance Appraisal ❖ Annual Reports/ Interim Reports

ENVIRONMENT PROTECTION

EMISSIONS

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 policies on the emission in order to minimize the effect of its operation on the environment. During the Year, the Group did not identify any case of violation of laws and regulations in relation to emissions.

For the scope of the report, please refer to the section headed "Scope of the Report". As for the emission data, please refer to the section headed "KPI Overview" to understand the environmental performance of the Group.

EXHAUST GAS

The exhaust gases of the Group refer to the volatile organic compounds (VOCs) produced by vehicles and during the course of operation. As provided under the Environmental Management System, maintenance of vehicles of the Group shall be strengthened so as to ensure the emission reaching the standard. During the Year, the exhaust gas emission of the Group was mainly attributed to vehicles. The Group has gradually replaced diesel vehicles by gasoline vehicles since the previous year. Currently, the Group has only one diesel service car which is rarely used, and is scheduled to be replaced by a gasoline vehicle in 2021. Detailed calculation results are shown in the chapter of KPI Overview herein.

Besides, 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 reaching the relevant standards all the times. In the event of any unusual emissions identified, it shall be reported to the relevant departments and the environmental authorities and shut down the source of such unusual emissions. Meanwhile, the VOCs such as the matters including benzene, cyclic aromatic hydrocarbons and aromatic hydrocarbons are generated during production of the Group. Such matters threaten the environment and health of the surrounding residents. Therefore, the Group adopts 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 to provide solutions to 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. The VOCs will be adsorbed by the activated carbon and acid gas will be treated through a water spray system. The exhaust gases in other plants will also be collected and treated through UV process and water spray system and discharged into the air upon meeting the relevant standards. Meanwhile, the Group also invited third parties to provide training on operation in order to ensure the correct operation of the exhaust gases treatment facilities, so that any failure in facilities will be solved in a due and timely manner.

WASTE

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	– 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	– 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 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 the Year, the Group did not identify any other case of violation of laws and regulations in relation to waste disposal.

Meanwhile, the Group has operated an electronic office, for example, the introduction of Office Automation System and adoption of an electronic approval process; swiping card to print in order to control the number of print, and advocating the use of shared file and soft copy and reduce paper document in order to minimize wastes. 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 copy; reusing old folders; and recycling printer cartridges by professional units.

Waste type		Amount of waste (tonne)		
		2020	2019	2018
Hazardous waste	Waste acid	1.16	4.31	2.40
	Waste organic solvent	2.32	6.45	8.40
	Alkali waste	5.68	7.82	2.20
	Used mineral oil	0.16	0.20	0.20
	Waste hydrogen peroxide	1.20	—	—
Non-hazardous waste	Waste paper and plastics	7.98	8.70	4.40
	Waste planks	1.10	0.70	3.80
	Domestic garbage	40.15	178	110

Please refer to section headed “KPI Overview” for more information about amount of hazardous and non-hazardous waste. For the calculation method, please refer to the section headed “Standard of the Report”.

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 Supply Chain Management in thechapter of Diligence in Operation.

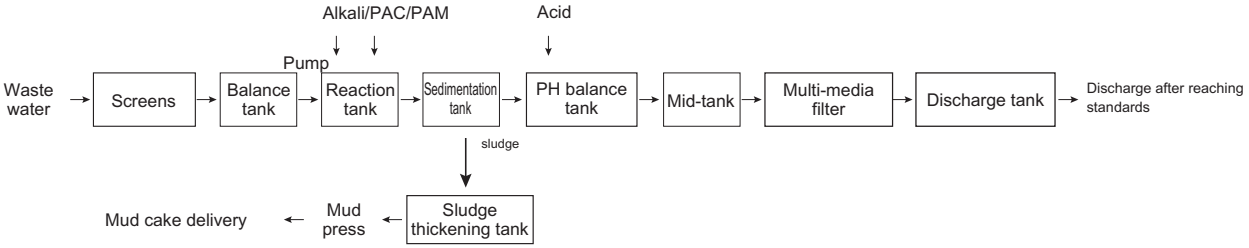
WASTE WATER

The Group inevitably generates waste water during production. According to the Environmental Management System, the Group conducts rain and sewage water diversion, and manages the industrial waste water, domestic sewage and rain in a separate and systematic manner. There isn't any issue in sourcing water that is fit for purpose.

Waste water type	Processing method
Industrial waste water	– Common industrial waste water, like general test waste water and clean water, is processed directly by entering a sewage treatment plant through municipal pipes. – Chemical effluent and other waste water containing hazardous substances are collected and deposited with the designated hazardous waste warehouse and then regularly delivered to the qualified processing unit for treatment.
Domestic sewage	– Domestic sewage mainly refers to waste water 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.
Rain	– Rain is directly discharged outside by independent pipes.
Tail water from pure water system	– Tail water from pure water system is collected to cool the air-conditioning unit in the clean rooms before discharge.

The waste water after degreasing process during the production will be processed by the Group by using a waste water treatment system with a processing capacity of 0.5m^3/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 system 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:



Please refer to the section headed "KPI Overview" for more information about quantity of water consumption.

GREENHOUSE GAS

The Group's greenhouse gas (the "GHG") emissions (or referred to as "carbon emissions") from its operations are quantified according to the guideline issued by the National Development and Reform Commission of China. The carbon emission of the Group mainly comes from purchased electricity of scope 2 (energy indirect emissions), followed by Scope 1 (direct emissions) of a mobile GHG and combustion source emitted from equipment and system. Detailed carbon emissions are shown in the chapter of "KPI Overview" herein.

USE OF RESOURCES

LifeTech values the reduction of resource waste during production and builds working environment that saves natural resources and reduces energy consumption. With the development of multiple measures in the Energy Management Control Process of LifeTech Shenzhen, treatment methods are adopted depending on different resource types.

Resource type	Method
Oil	– 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.
Water	– Water meters are installed as per production office area for water metering, water volume is counted monthly. In case of abnormalities, causes are found and measures are taken; – Administrative department shall often check the water use, and if faucets or valves are found to have any damage, they shall be timely repaired and replaced.
Electricity	In the ordinary course of business, the Group has been replacing our general lamps with LED lamps which are brighter and more energy-efficient. Meanwhile, it also strengthens the repair and maintenance of electrical equipment and reduces the energy consumption of the energy-intensive air -conditioning system in our clean rooms by using recycled water for cooling. In addition, the Group purchased an electric vehicle for the maintenance staff of our engineering department in case of any emergent repair tasks.

THE ENVIRONMENT AND NATURAL RESOURCES

Noise control

The Group understands that the noises will be made during our production, which may threaten the occupational health of our employees. Therefore, the Group makes regular repair and maintenance on its equipment and facilities and covers the source of noise to reduce noise pollution.

Protection of Biodiversity

The Group understands that the ecosystem is an environment that human relies on. The construction and operation of plants will bring damages to the surrounding environment. Therefore, an environmental impact assessment shall be performed before the design or planning of any new construction, renovation or expansion project and the requirements of environmental impact assessment shall be strictly followed during the process of designing and constructing the projects. Upon the completion of construction, inspection shall also be made under the requirements of environmental impact assessment on the project which can be put into use only after being valid for acceptance. The R&D laboratory of Lifetech Shenzhen was put into use in 2018. It was constructed based on the design planning approved by the environmental, water and other relevant authorities of Shenzhen government in order to ensure the health of our employees and 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 the person in charge of environment protection to attend the training on environmental housekeeping and refined enterprise environmental management organized by the Chinese Society of Environmental Sciences, as well as various seminars arranged by the competent ecological or environmental authorities regularly.

CLIMATE CHANGE

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 year 2060.

PROSPECT

The Group will continue to abide by the national and local regulations and standards related to polluted emissions, such as the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People’s Republic of China on Prevention and Control of Water Pollution, and the Comprehensive Emission Standard of Air Pollutants (GB16297-1996). The Group will be committed to its responsibility for environment protection by improving its environmental performance to a higher level than that required by the laws and regulations.

EMPLOYEE CARE

EMPLOYMENT SYSTEM

The Group places high importance on employees and strives to establish an improved employment system. At present, the Group has formulated policies like the Employee Manual, the Attendance and Leave Management System, the Recruitment Management System and the Promotion Management System to regulate management of 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. HR department and senior management are responsible for relevant work in relation to promotion of employees, and the following evaluation management methods are adopted.

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 ability, communication ability, cooperation ability and management ability	Case study, overall assessment and debriefing

Non-managerial employees are classified into five ranks, i.e."Beginner-Intermediate-Advanced-Senior-Expert". In the rank certification that is regularly implemented every year, their ranks are adjusted pursuant to the annual performance appraisal; new recruits are also ranked initially before becoming a regular 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. The Group has set up a multi-level promotion channel, i.e. "Supervisor-Manager-Director-Vice President", for managerial employees and also actively provides training about management skills for them.

Diversification has always been the pursuit of the Group. During the Year, a total of 23 ethnic minority employees were working in the Group, accounting for 3.5% of the total employees.

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 in the Year. Moreover, the Group will continue to abide by the policies concerning fair opportunities and anti-discrimination.

WELFARE AND BENEFITS

In addition to a basic salary, the Group offers additional benefits to employees. Free dinner or meal allowance will be provided to employees by the Company when they are required to work overtime to the time specified by the Company during working days. Moreover, in order to resolve the housing issues of fresh graduates, the Group provides staff quarters for them and other employees in need, and employees who do not have welfare quarters are also reimbursed with transportation allowances according to the nature of the 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 jointly organized a variety of activities with the aim of enhancing the effective communication and cooperation among employees.

The Group encourages diversification in employees' development. The Group also provides sport venues and entertainment facilities, such as basketball courts and table tennis in its plants, and it continually collaborates with sport stadiums nearby and establishes sports clubs to regularly organize activities such as basketball, badminton, football, running and climbing, etc. to pursue a healthy lifestyle through sports and recreational activities. Meanwhile, a team building leave has been newly set up and the Group also organizes employees to conduct team building activities and domestic or overseas travel. During the Year, the Group and certain departments organized 20 times of tours and team building activities for employees such as celebrations on Mid-Autumn Festival and Christmas to make them relax in the team building. Apart from the foresaid, the Group organized cultural activities such as a celebration for Mid-Autumn Festival, which helped employees to release stress from their busy work. There were a total of 1,107 participants in these events throughout the year.

In the future, the Group will implement a Stock Incentive Scheme for core team and employees including directors and senior management of the Company, aiming to increase the sense of belonging of employees to be responsible for our business performance.

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.

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 humiture in the workplace in hot weather, aimed to provide a comfortable and safe working environment for employees. Meanwhile, cleaning staff are arranged to clean the plant, public areas, green belts and corners, and remove ponding water, from time to time every day in order to maintain a clean and tidy environment. For the common mosquito-breeding sites, pest control service will be 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.

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 which meets the national standards to the positions with potential occupational hazards (e.g. sterilizing, polishing and spot welding) and makes sure 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.

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. For example, the plants and offices are equipped with sufficient anti-pandemic materials, including but not limited to the disinfectant, 75% alcohol spray, 75% hand sanitizer, sterilization hand sanitizer, and protective masks which are distributed to employees throughout the year with a total number at more than 100,000. Meanwhile, the plants and buildings are fully disinfected once a day, and some public areas (such as pantry, meeting room, toilet and front desk) are disinfected more than twice a day. During the period, the cleaning staff in each area will conduct multiple inspections to collect the garbage and clean up in a timely manner. A dining table partition is also set up in the dining area to prevent people from dining together.

In addition, pandemic prevention information is released 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.

SAFE PRODUCTION EDUCATION TRAINING

Safe production training is an important part of the Group for the implementation of the policy of "safety first, prevention centred, 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*. During the Year, the Group did not identify any case of violation of laws and regulations in relation to health and safety.

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	• New employees must take their positions after accepting three-level safety education training and passing the examination. Three-level safety education includes: 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.
Other staff	• 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.

During the Year, the Group organized a total of two emergency evacuation drills. 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.

DEVELOPMENT AND TRAINING

LifeTech actively develops the professional skills of its employees and devotes itself to helping employees improve skills required by their career development. 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 statistics in 2020
Internal training	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.	The total number of internal training was 1,670 with 10,335 participants recorded. The total internal training hours were 12,896 hours, with 1.25 hours per capita on average.
External training	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.	The total number of external training was 51, with 178 participants recorded. The total external training hours were 4,332 hours, with 24.3 hours per capita on average.
Self education	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..	LifeTech holds anti-corruption training (about 40 minutes each session) quarterly for new employees, which involves all employees of the Company, aiming to improve their anti-corruption awareness.

Since the clinical department is one of the gatekeepers to the Group's products, the employees' qualifications and experience are crucial for this department. Moreover, the clinical department established inspection team recently, which aims to strengthen the supervision of the quality of clinical trials of products. As such, last year 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 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 training, the Group also actively arranges employees to participate in external extraordinary training to provide stable and qualified project managers and clinical inspectors for conducting clinical trials.

LABOUR STANDARDS

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 child labour or forced labour in the workplace, which is stated in the Employee Manual.

The original identity documents of successful candidates shall be checked at the time of employment to ensure compliance with the requirements of national labour laws. If someone worked in the Group is under the age of 18 years or has provided false information, the Group would terminate the employment contract at once and contact the parents of the child or the local governments to take them back at the Group's expense.

Meanwhile, 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 the 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 peer practices and does not force employees to work. The Group prepares production schedule periodically to avoid working overtime and reviews its work flow from time to time. In case that it is necessary to work overtime due to the work arrangement, application shall be made to superior management. Employees who worked overtime may take time off according to relevant arrangement.

No cases that violate laws or regulations were found relating to child or forced labour of the Group in the Year.

DILIGENCE IN OPERATION

SUPPLY CHAIN MANAGEMENT

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.

There were 109 main suppliers in total during the Year, of which 91 were from Mainland China and 18 were from other regions. To guarantee the suppliers meet the requirements, the purchasing department, quality management department, and R&D department of the Group 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.

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 Code of Conduct 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 response to the pandemic, LifeTech has made a certain strategic reserve of imported raw materials, which can satisfy the Company's production needs within two years. There are also certain cargo reserves in Hong Kong, Europe and other countries to cope with the impact on international logistic during the pandemic. The supplier management team also maintains communication with major raw material suppliers through telephone and video conferences, and increases the frequency of daily contact to keep abreast of the actual situation of them affected by the pandemic. During the year, the Group did not activate standby suppliers.

In general, the Company will implement an assessment and request the supplier to rectify accordingly, 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 is 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.

With the awareness of green procurement increasing these years, more and more customers require to increase the proportion of applying environment-friendly products and raw materials. The Group has also been pleased to accept the transformation of market and changed its procurement behaviour. For example, the Group requires its suppliers which 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 (the "REACH") so as to ensure the products can successfully access EU market for use in a safe manner. The purpose of the regulation is 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. In the future, 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.

PRODUCT RESPONSIBILITY

QUALITY CONTROL

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 Lifeflow™ iliac artery bifurcation stent system is the first to obtain the registration approval by National Medical Products Administration of China.

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 China National Accreditation Service for Conformity Assessment ("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 SOP (Standard Operating Procedure) 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. Last year, 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 Group has the 10,000-level purification workshop which aligned with the ISO 14644 Standard, the quality control staff regularly carries out strict management and control on the purification workshop and process water so as to control the pollution effectively.

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.

RECALL

In the event that any product quality problems or adverse events arise when the customers use the 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 delivering, 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, and recall the product if necessary. Any product quality problems and recalls will be reported to the regulatory authorities in a timely manner by the Group. During the Year, 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 SATISFACTION SURVEYS AND 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 flows for 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 investigation, analyze the event and raise corrective and preventative measures. During the year, the Company received a total of 27 quality complaints about occluders, delivery sheaths, large stents, vena cava filters, vascular plug systems and delivery steel cables. All are handled in time according to LT/QP18 “Customer Complaint Handling Routines”, and the timely handling rate reaches 100%.

In the Year, the marketing department of structural heart diseases business conducted a customer satisfaction survey against full lines of products, including the product line of congenital heart occluders (Cera, HeartR, and SteerEase) and that of LAA occluder (LAmbre). The opinions came from more than 40 hospitals and 66 customers. Generally speaking, they were satisfied with the packaging, closure effect, design structures and specifications of the products, but put forward suggestions for improvement on the structural design of specific products. They also gave positive comments on the Group’s after-sales service, academic activities and complaints handling. All of the opinions on products from customers will be discussed with relevant departments such as R&D department and quality system management department on the PMS (Post-Market-Supervision) assessment meeting in 2020 and then an improvement solution shall be raised.

LABEL AND ADVERTISING MANAGEMENT

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

The Group has not formulated relevant policies as it currently has not marketed product advertisement to the public. The Group spares no effort to make true description of the introductions and functions about its products and carefully reviews the 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. No violations of laws or regulations were found relating to improper product label and advertising management of the Group in the Year.

INTELLECTUAL PROPERTY RIGHT

As a medical device manufacturer that owns independent IPR, while protecting our IPR from infringement, the Group also undertakes to respect the IPR of other partners. Confidentiality agreements signed with different partners stipulate that both parties shall respect the IPR 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 IPR department, to take full responsibility of relevant matters concerning IPR. The Group is excited to be rated as a National High-Tech Enterprise. As at 31 December 2020, the Group possessed a total of 1,445 IPR, 111 registered trademarks and 152 newly obtained patents in a total of 434 cumulative patents. LifeTech was awarded to be an "Intellectual Property Advantage Enterprise of the People's Republic of China" and an "Intellectual Property Demonstration Enterprise of Guangdong Province".

MAINTENANCE OF CUSTOMERS INFORMATION

The contracts with customers stipulated 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 inevitable to obtain a proper amount of personal data and customer information during the operation process, and some products will be sold to European and American countries, which will inevitably be regulated by the EU General Data Protection Regulation[1]. 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 to process personal data and standardize the use, collection and disclosure of data, strictly compliance with the related regulations on the personal data protection and leaking out, prudently handle the sensitive and personal data. According to the definition, confidential information includes, but 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.

[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.

It is deemed to be illegal for anyone 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 dismiss the person concerned once proven to have committed any misconduct. Meanwhile, if the customer information has been disclosed, collected and used without authorization which resulted in a loss to the Group, the Group would reserve the right to pursue.

No confirmed violations and complaints about advertising, data privacy and intellectual property rights matters in respect of the products and services provided were found in the Year.

ANTI-CORRUPTION

The Group complied with corruption related laws and rules, 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. LifeTech Anti-Corruption Policy provides that employees of the Group are not allowed to provide any articles of value to customers, governmental officers or other third parties. In case that relevant condition is found, any employee or partner can report to the relevant departments of the Group by phone or email anonymously. The Group prohibits retaliation against informers. No violations of laws or regulations were found relating to corruption of the Group in the Year. There were no lawsuits of corruption related to the Group and employees in the Year. The Group organizes anti-corruption training for new employees and all employees every quarter, aiming to improve the anti-corruption awareness of the entire group.

CO-BUILDING COMMUNITY

The highest virtue is like that of water, great love is beyond boundaries. LifeTech, a leading medical technology corporation in China, takes its social responsibility to deliver the latest medical technology to the border areas and contribute to the building of the bond of close unity of all nationalities through joint efforts with medical institutions and doctors.

During the Year, LifeTech has successively participated in the following community activities to help people in ineed.

- In mid-March 2020, LifeTech and Bebé Cardio Charity Foundation, strongly supported by the Mayor of Tijuana and the Red Cross, arranged the charity assistance for a child with congenital heart disease by the team of Professor Dr. Adrian Sanchez on the last day of the complete suspension of non-emergency surgery in Mexico.

- Since July 2016, LifeTech has cooperated with the Vascular Surgery Department of Dali People's Hospital to carry out more than ten phases of free clinics for abdominal aortic aneurysm screening. The locations are concentrated in various corporate elderly activity centres in the urban area of Dali, surrounding nursing homes, and elderly communities in surrounding hospitals. More than 5,000 people have benefited from it, and we have made outstanding contributions to basic scientific research in epidemiology and health examinations for the elderly.

Free clinics for abdominal aortic aneurysm screening

- On June 10, 2020, LifeTech participated in "Hope-Heart-Life Relief Program", the public welfare project by the First Affiliated Hospital of Kunming Medical University in cooperation with the Yunnan Youth Foundation in 2020. The congenital heart screening activities were carried out in Yuanjiang County and Tonghai County in Yuxi City, for families with children with congenital heart disease in economic difficulties in mountainous areas. LifeTech sent one technical support engineer and one portable ultrasonic apparatus as sponsorship.

"Hope-Heart-Life Relief Program"

- On July 3, 2020, LifeTech participated in the Sichuan Provincial People's Hospital's charity project of "Medical Blessing to Children's Heart 2020". This congenital heart screening activity was carried out in Shiqu County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province, for families of children with congenital heart disease in economic difficulties in Tibetan areas. A total of 320 people were screened, of which 114 were examined by ultrasound, and a total of 30 patients with congenital heart were discovered. LifeTech sent one technical support engineer and one portable ultrasonic apparatus as sponsorship.

Charity project of "Medical Blessing to Children's Heart"

- In early September 2020, the medical team of Shanghai Zhoupu Hospital joined hands with LifeTech to assist Shache County, Kashgar, to perform left atrial appendage occlusion surgery for two patients with atrial fibrillation in Xinjiang. LifeTech provided LAA occluder (LAmbre) for two patients free of charge. This surgery was the first left atrial appendage occlusion surgery in southern Xinjiang, which is of great and far-reaching significance for the development and technology of cardiovascular interventional surgery in Xinjiang.

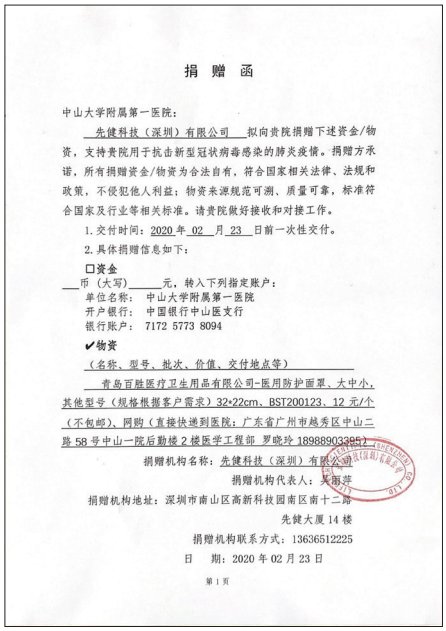
- On October 25, 2020, Shiyan Taihe Hospital joined with LifeTech to go to Laohekou Health Center in Xiangyang to carry out a public welfare activity of congenital heart screening for local children. A total of more than 70 patients were screened, of which 10 patients were diagnosed with congenital heart disease, including two newborns. The child patients were mainly suffered from congenital heart disease with ventricular deficiency.

Public welfare activity of congenital heart screening at Laohekou Health Center in Xiangyang

Meanwhile, the Group also established the LifeTech Academic Exchange Platform to organize a total of 19 overseas doctor exchange conferences, sharing academic information with doctors from Vietnam, Thailand, Malaysia, Germany, Russia, Egypt, the United States, Indonesia, and other countries in Europe in the Year. The Group also caters to the domestic demand for structural heart disease business and peripheral vascular disease business. Academic discussions and activities concerning structural heart disease were carried out, including more than 30 times of online academic conferences independently organized and more than 20 times of offline national conferences sponsored, while academic discussions and activities concerning peripheral vascular disease were hosted or participated in online or offline for more than 200 times. Through more than 50 times of satellite conferences or special seminars and academic salons, more than 30 times of live or recorded surgeries, more than 25 times of department product presentations or workshops, the Group demonstrated LifeTech's full range of peripheral products to domestic vascular surgery experts, and also provided them with an efficient and cutting-edge academic exchange platform.

In addition to the ongoing free clinics mentioned above, the Group donated medical supplies to doctors and nurses in the front, in accordance with the spirit of helping and supporting each other during the raging pandemic in the Year.

- On January 30, 2020, 300 and 500 masks were collected and sent to Wuhan Central Hospital and Wuhan Asia Heart Hospital, respectively, to alleviate the urgent shortage of supplies.
- On February 23, 2020, Ms. Wu Liping, the chief domestic marketing officer of (peripheral) system, on behalf of LifeTech, donated the masks, face shields, goggles, disinfectant, disposable medical gloves and other materials to the First Affiliated Hospital of Sun Yat-sen University, Wuhan Central Hospital, Shanghai Changzheng Hospital, Shanghai Zhongshan Hospital, Renji Affiliated Hospital of Shanghai Jiaotong University, Zhejiang Provincial People's Hospital, Nanjing Gulou Hospital, Taizhou Conference, and Fujian Provincial Hospital, to assist doctors and nurses in preventing the pandemic.



捐 赠 函

中山大学附属第一医院：

先健科技（深圳）有限公司 拟向贵院捐赠下述资金/物资，支持贵院用于抗击新型冠状病毒感染的肺炎疫情。捐赠方承诺，所有捐赠资金/物资为合法自有，符合国家相关法律、法规和政策，不侵犯他人利益；物资来源规范可溯、质量可靠，标准符合国家及行业等相关标准。请贵院做好接收和对接工作。

1. 交付时间：2020 年 02 月 23 日前一次性交付。

2. 具体捐赠信息如下：

□资金

币（大写）_____元，转入下列指定账户：

单位名称： 中山大学附属第一医院

开户银行： 中国银行中山医支行

银行账户： 7172 5773 8094

✔物资

（名称、型号、批次、价值、交付地点等）

青岛百胜医疗卫生用品有限公司-医用防护面罩、大中小，其他型号（规格根据客户需求）32*22cm，BST200123，12 元/个（不包邮），网购（直接快递到医院：广东省广州市越秀区中山三路 58 号中山一院后勤楼 2 楼医学工程部 罗晓玲 18988903385）

捐赠机构名称：先健科技（深圳）有限公司

捐赠机构代表人：吴海芸

捐赠机构地址：深圳市南山区高新科技园南区南十二路先健大厦 14 楼

捐赠机构联系方式：13636512225

日 期：2020 年 02 月 23 日

第 1 页

Letter of Medical Supplies Donation

The Group will implement the existing community investment management measures to the corporate 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 sectors of the society.

KPI OVERVIEW

ENVIRONMENTAL PERFORMANCE

Environmental KPI	Amount			Unit
	2020	2019	2018	
Air emissions				
Nitrogen oxides	149.0	262.2	12.2	Kilograms
Sulphur oxides	0.3	0.3	2.2	Kilograms
Inhalable suspended particles	14.3	24.4	1.0	Kilograms
GHG emissions				
Scope 1	47.5	50.2	157.0	Tonnes of CO_2-e
Scope 2	6677.2	4688.1	3130.8	Tonnes of CO_2-e
Total GHG emissions	6724.7	4738.3	3287.8	Tonnes of CO_2-e
GHG intensity (Area per square metre)	0.4	0.3	0.2	Tonnes of CO_2-e/m^2
Hazardous waste				
Total amount of hazardous waste	10.2	18.8	13.2	Tonnes
Intensity of hazardous waste (Area per square metre)	0.0006	0.001	0.001	Tonnes/m^2
Non-hazardous waste				
Total amount of non-hazardous waste	49.2	187	118.2	Tonnes
Intensity of non-hazardous waste (Area per square metre)	0.003	0.012	0.009	Tonnes/m^2
Sewage				
Total amount of sewage in plants	13128	1825	1825	Tonnes
Total amount of sewage in new office building	47005	NA	NA	m^3
Energy consumption				
Gasoline	244.8	251	216.2	MWh
Diesel	5.0	11.5	7.5	MWh
Purchased electricity	7,980,407.9	5603.1	5939.8	MWh
Total energy consumption	8230.2	5865.6	6163.5	MWh
Energy intensity (Area per square metre)	0.5	0.4	0.45	MWh/m^2
Note: The increase of the total purchased electricity in the Year is due to the electricity included for new office building.				
Water consumption				
Total water consumption	43309.2	48957	9490	Tonnes
Water consumption intensity (Area per square metre)	2.7	3.2	0.7	Tonnes/m^2
Packaging materials used for finished products				
Total amount of Packaging materials	10.5	10.9	16.8	Tonnes
Intensity of Packaging materials (Area per square metre)	0.0007	0.0007	0.001	Tonnes/m^2
Intensity of Packaging materials (calculated by production capacity)	0.00006	0.0001	0.0001	Tonnes/piece of products

SOCIAL PERFORMANCE

Employee distribution			Distribution and proportion of the number of employees leaving their jobs	Distribution and proportion of the number of new employees
Gender	Male	354	79 (22.3%)	66 (18.6%)
	Female	306	58 (19.0%)	37 (12.1%)
Employment	Chief executive	2	0 (0.0%)	0 (0.0%)
Category	Senior executives	15	4 (26.7%)	0 (0.0%)
	Middle management	126	17 (13.5%)	2(1.59%)
	General staff	517	116 (22.4%)	101 (19.5%)
Age	Under 30	237	64(27.0%)	73 (30.8%)
	30-40	376	64 (17.0%)	27 (7.2%)
	41-50	37	7 (18.9%)	3 (8.1%)
	Over 50	10	2 (20.0%)	0 (0.0%)
Rate by gender (M:F)		1.16:1	1.4:1	1.8:1
Total		660	137 (20.8%)	103 (15.6%)

All employees are hired full-time. The above number of employees only includes that of LifeTech Shenzhen working in the plants and office building in Shenzhen.

Occupational safety and health performance	Total		
	2020	2019	2018
Number and rate of work-related fatalities	0; 0%	0; 0%	0; 0%
Number and proportion of work-related injuries	0; 0%	0; 0%	0; 0%
Number of working days lost due to work injury	0	0	0
Number of absent days	0	0	0

REPORT CONTENT INDEX

A. Environmental

Subject Areas	Content	Chapter index and remarks
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.	Environment Protection
A1.1	The types of emissions and respective emissions data.	Emissions
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
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste
A1.5	Description of emissions target(s); and	No target has been set yet, but it will be disclosed in the future.
	Steps taken to achieve them.	Environment Protection
A1.6	Description of how hazardous and non-hazardous wastes are handled, and steps taken to achieve them; and	Waste
	Description of reduction target(s) set	No target has been set yet, but it will be disclosed in the future.

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.	Use of Resources
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.	Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose,	There was no issue in sourcing water that is fit for purpose.
	Water efficiency target(s) set and	No target has been set yet, but it will be disclosed in the future.
	Steps taken to achieve them.	Waste Water
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	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

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, anti-discrimination, and other benefits and welfare.	Employment System & Welfare and Benefits
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 & Occupational Disease Management and Prevention
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.	Occupational Disease Management and Prevention
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	All employees have received at least one hour of training.
B3.2	The average training hours completed per employee by gender and employee category.	

Subject Areas	Content	Chapter index and remarks
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.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	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.	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.	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
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No product needs to be recalled for safety and health reasons
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
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.	Anti-corruption
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.	No violations of laws or regulations were found relating to corruption.
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Development and Training Anti-corruption
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.	Co-building Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
B8.2	Resources contributed (e.g. money or time) to the focus area.	