



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group adheres determinedly to the fundamental values of providing innovative, quality and reliable medical devices. The Group longs for the pursuit of sustainability, continuously incorporating environmental and social initiatives in our business. In view of the importance of corporate environmental and social responsibilities, the Board is pleased to launch its seventh ESG Report. This report aims to disclose our commitments, practices and performance in all ESG aspects, and takes response to stakeholders' expectations in regards to sustainable development of the Group.

Reporting Period

This report illustrates the overall performance of the Group regarding the ESG aspects from 1 January 2022 to 31 December 2022.

Reporting Scope and Boundary

The relevant environmental key performance indicators (“KPI(s)”) mainly cover the manufacture of medical devices in office and operating sites in the PRC (located at Dongguan and Shenzhen) and Japan, and the head office in Hong Kong, on the ground that these areas are financially significant and operationally important to the Group and its stakeholders. The reporting scope has covered the Group revenue of 100% during the Reporting Period. There was no material change compared with the reporting scope in 2021. If the scopes and boundaries of specific contents vary, they are noted in the relevant section of this report.

Reporting Basis and Principle

This report complies with the requirements as set out in the “Environmental, Social and Governance Reporting Guide” (the “Guide”) in Appendix 27 of the Listing Rules issued by the Stock Exchange. The Company has complied with all “comply or explain” provisions as set out in the Guide and followed the below reporting principles in the preparation of this report: materiality, quantitative, balance and consistency.

- **“Materiality” Principle:**
The Group determines material ESG issues by stakeholders engagement and materiality assessment. Details are explained in the section headed “Materiality Assessment” in this report.
- **“Quantitative” Principle:**
Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- **“Balance” Principle:**
This report identifies the achievements and challenges faced by the Group.
- **“Consistency” Principle:**
Methodologies adopted for preparing this report are consistent with last year, unless otherwise stated.

This report has complied with all “comply or explain” provisions and reported on selected recommended disclosures required in the Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's internal management systems. A complete ESG reporting content index is appended to the last section hereof for quick reference. This report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency between the English version and the Chinese version, the English version shall prevail.



Review and Approval

This report was approved by the Board on 22 March 2023, after review by the ESG Committee. An electronic version of this report is available on the Company's website (www.vincentmedical.com) and the Stock Exchange's website (www.hkexnews.hk).

Feedback

The Group values the opinions and suggestions of stakeholders on this report. We welcome you to share your feedback with the Group by sending email: investors@vincentmedical.com, fax: (852) 2155 8298, or mail: Units 1604-07A, 16/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong (for the attention to the Company Secretary).

BOARD STATEMENT

On behalf of the Group, the Board is pleased to present the 2022 ESG Report to all of our stakeholders and the general community. Primarily engaging in the development, manufacturing and sales of medical devices to our customers around the globe, we became a trusted partner of some of the world's leading medical and healthcare technology companies. Throughout this journey, the Group has also transformed from a humble medical devices manufacturer, to one of the leading providers of respiratory care solutions with extensive know-how and proprietary technologies, along with brands and products that enjoyed numerous clinical and commercial success.

During the Reporting Period, we continued to face a fast-changing market landscape. The rising geopolitical risks, along with the resurgence of COVID-19, have put significant pressure on our operation; the macro uncertainties and disruption to supply chains have also created challenges on raw material supply and delays in product registration and hence market penetration.

Despite all the obstacles, we remain committed to operating our business in an environmentally and socially responsible manner, so that we can create values for our stakeholders. Throughout the years, the Group endeavours to undertake more social responsibilities, and incorporates sustainable development into its operations and business planning, while balancing its business and financial performance. To ensure sustainability, we believe an effective governance structure, as well as comprehensive ESG reporting, are fundamental. Therefore, we have established the ESG Committee and working group (the "**Working Group**"), responsible for assisting and advising the Board on ESG matters. We have also integrated climate-related issues and other important ESG elements into our long-term strategic planning. These actions would not only enhance our corporate image, promote sustainable practices, but also improve our market competitiveness.

The theme for celebrating the 25th anniversary of Vincent Medical, "Stronger Together", highlights the Group's belief that collective efforts across all stakeholders will together create a brighter future. Before marching forward hand-in-hand, it is important for us to engage with our stakeholders. Through our ESG materiality assessment exercise, we identify and understand the needs and concerns of our stakeholders. We also conduct regular evaluations on our direction and metrics, so that our actions can be more effective and relevant as market changes.

Through such systematic approach, we have identified social well-being as one of the key concerns from our community, including emission reduction, and the Group will set specific and quantifiable targets on ongoing emission reduction based on governmental and national requirements. Relevant action plans and corresponding strategies are also established, with such details also being openly shared with our business partners to encourage industry participation. We also periodically review our progress and metrics as we continue to evaluate the effectiveness of our approach and measures.

During the COVID-19 pandemic, we continued our dedication to community investment through charity and volunteer services, and we are proud to serve our customers and patients to the best of our effort, by putting "Patient First". Looking ahead, the Group will continue to take our responsibilities towards ESG seriously, to review and monitor its ESG performance and looking at ways to improve the way we operate our business, especially around issues that affect society as a whole, so that we can together, build an inclusive and sustainable society.



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ESG GOVERNANCE STRUCTURE

ESG Committee and ESG Working Group

The Board has delegated a comprehensive ESG governance structure by overseeing the ESG responsibility of the implementation to the ESG Committee. The ESG Committee comprises the Executive Director and senior management and the purpose of the ESG Committee is to advise and assist the Board in managing matters relating to ESG matters, governance, policies, initiatives, performance and reporting.

Working under the ESG Committee, the Group has established the Working Group. The Working Group is composed of senior management and core members from different departments of the Group, and responsible for exercising ESG plans and collecting data regularly to review performance. The Working Group reports to the ESG Committee on a timely basis.

The Board regularly reviews the Group’s ESG performance, examines and approves the Group’s annual ESG report.

STAKEHOLDERS ENGAGEMENT

Stakeholders’ opinions are the solid foundation for the Group’s sustainable development and success. Stakeholders engagement helps the Group to develop business strategies that meet the needs and expectations of stakeholders, by doing so, it helps us in identifying risks and weaknesses that the Group currently facing. The Group communicates with its stakeholders through various channels on a regular basis, shown as below.

Stakeholder	Communication Channel
Government and regulatory agencies	<ul style="list-style-type: none"> • Annual reports, interim reports, ESG reports and other public information • Supervision and inspection • Notices and circulars • Newsletters and releases
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meetings and other general meetings of shareholders • Disclosure of corporate information in the websites of the Company and the Stock Exchange • Press releases/announcements • Regular dialogue with institutional investors • Annual reports, interim reports, ESG reports and other public information
Employees	<ul style="list-style-type: none"> • Regular trainings • Regular meetings • Internal circulars (notices and intranet) • Performance evaluation • Surveys and opinions collection platforms • Reporting platforms pursuant to the Whistleblowing Policy
Customers	<ul style="list-style-type: none"> • Emails, faxes, and telephones • Customer satisfaction surveys • Customer service hotlines • Regular meetings • Representative offices • Exhibitions
Suppliers	<ul style="list-style-type: none"> • Meetings • Onsite visits • Surveys • Annual performance review • Hotlines and Emails
Community	<ul style="list-style-type: none"> • Participation in community programmes • Annual reports, interim reports, ESG reports and other public information

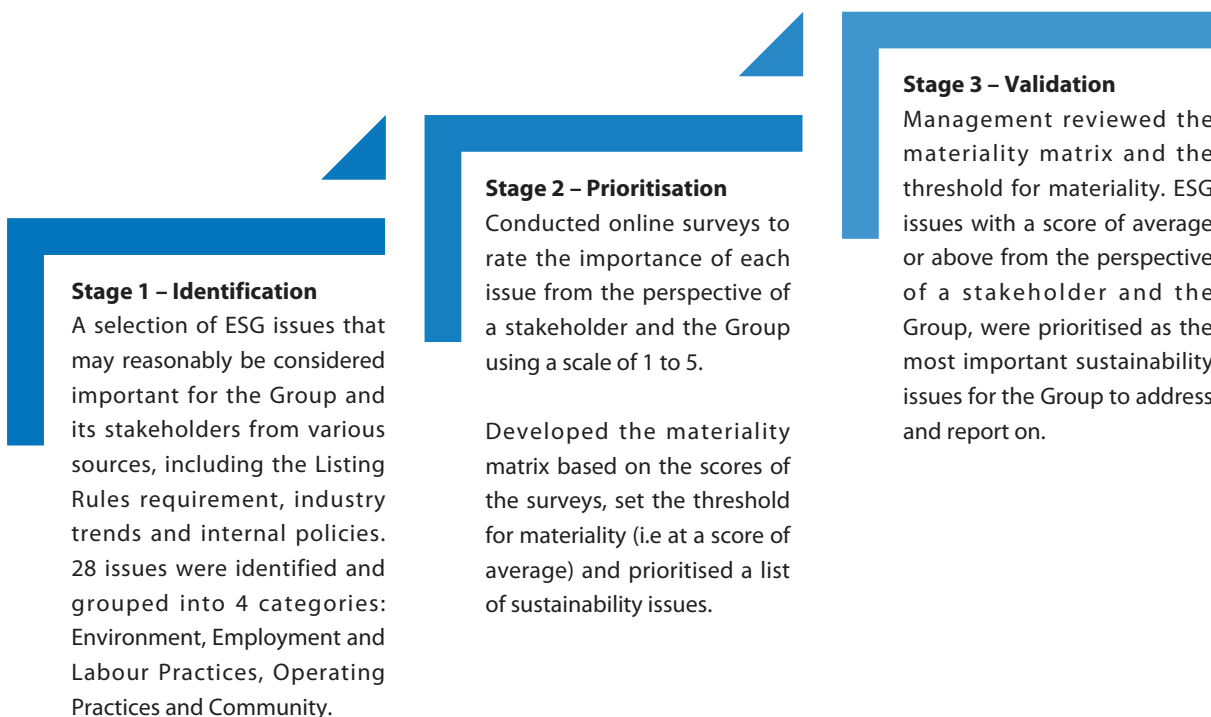


MATERIALITY ASSESSMENT

The Group emphasises the participation of its stakeholders as they have a substantial impact on the success of its business or activities. The Group believes that stakeholders engagement has a significant level of influence in developing sustainable development strategies and fulfilling social responsibilities which is the basis for the Group's strategy formulation and decision-making. A list of sustainability issues, which were potentially material to the Group, was decomposed in the context of its business and daily operation.

Materiality Assessment Process

In preparing this report, the Group directly engaged with the above certain stakeholders as part of the materiality assessment process to identify and prioritise the issues to be included in this report which the Board believes would have significant impact on the Group's business and its stakeholders.



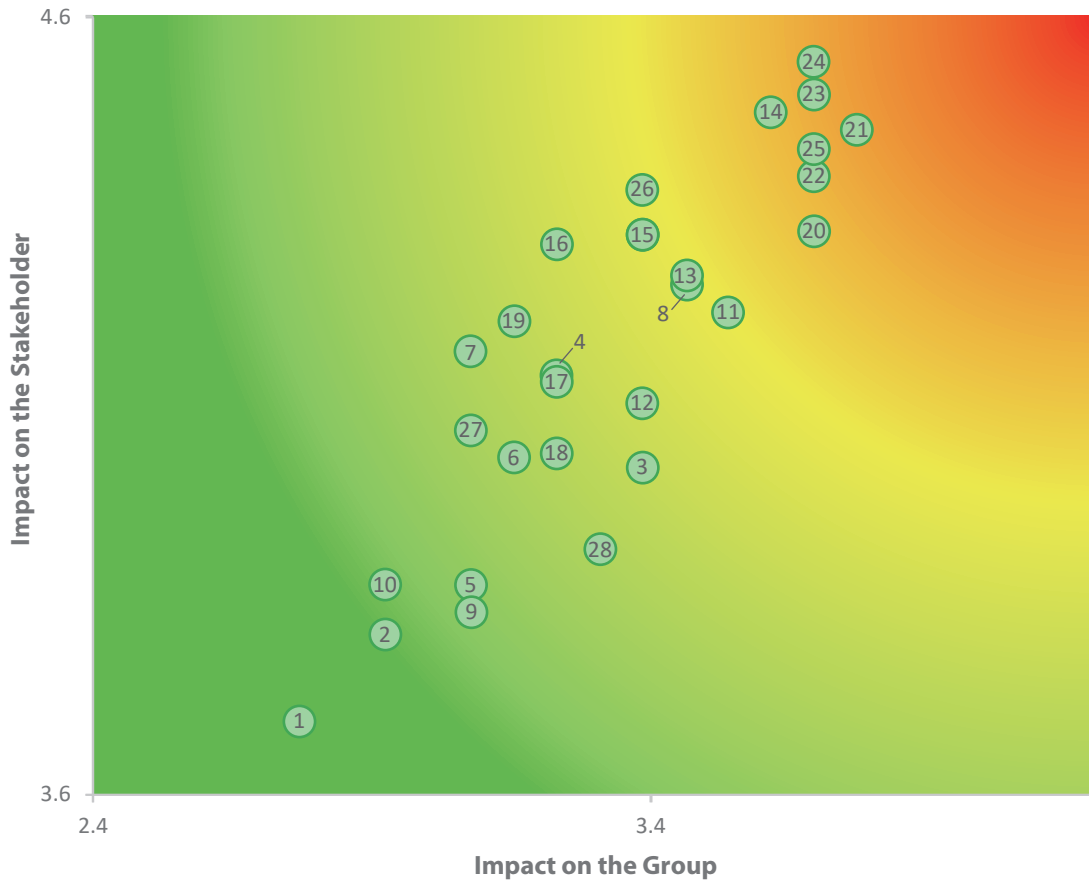
A materiality assessment matrix was developed from the result of stakeholders engagement exercises conducted with internal stakeholders through an online survey. The materiality assessment and prioritisation took two dimensions into account. It included the importance of issues to stakeholders and the business. The issues that fall within the top right-hand corner have relatively higher significance to both stakeholders and the Group's business.

Based on the materiality matrix, we believe the six most pertinent ESG issues include the following:

- Quality of products;
- Safety of products;
- Occupational health and safety;
- Customer satisfaction;
- Business ethics; and
- Intellectual property.



Materiality Matrix



- | | | |
|---------------------------------------|--|--|
| 1 Air Emissions | 11 Employment practices | 21 Customer satisfaction |
| 2 Greenhouse gas (“GHG”) Emissions | 12 Diversity and equal opportunities | 22 Intellectual property |
| 3 Effluents management | 13 Anti-discrimination | 23 Safety of products |
| 4 Waste management | 14 Occupational health and safety | 24 Quality of products |
| 5 Energy efficiency | 15 Development and training | 25 Business ethics |
| 6 Water efficiency | 16 Child labour and forced labour | 26 Anti-corruption training for management and employees |
| 7 Use of materials | 17 Responsible supply chain management | 27 Contributions to the society |
| 8 Environmental compliance | 18 Environmental friendliness on products or service purchased | 28 Communication and connection with local community |
| 9 Land use, pollution and restoration | 19 Compliance with regulations on marketing, product and service labelling | |
| 10 Climate change | 20 Customers’ privacy and confidentiality | |



ENVIRONMENTAL ASPECTS

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business, and attaches great importance to reducing energy consumption and carbon footprint. With the passion of protecting our planet and conserving its natural resources for future generations, the Group is continually improving its business practices and enhancing employee training as such the best practices.

In terms of environmental, the Group is continuously making positive gains through internal control, innovative technology and alignment with global standards and certifications. The Group is classified as a low emission industry by the Dongguan Tangxia Environmental Protection Department (東莞塘廈環保分局) and has upheld the principle of sustainability in operation. The Group's production plant substantially complied with all applicable local and international environmental regulations, and strictly abides by the related laws and regulations, including the "Environmental Protection Law of the PRC 《中華人民共和國環境保護法》", the "Environmental Impact Assessment Law of the PRC 《中華人民共和國環境影響評價法》" and the "Environmental Protection Tax Law of the PRC 《中華人民共和國環境保護稅法》".

The Group has established an environmental management system and adopted the proactive approach of ESG initiatives and activities to enhance the effort in ESG performance.

The Group strives to follow its environmental objectives:

- Compliance with national environmental laws and regulations;
- Pollution prevention;
- Promotion of clean production; and
- Creation of a harmonious environment for sustainable development.

In line with the national policies on energy conservation and emission reduction, we have established our green targets in short-term and utilised action plan to actively manage our environmental footprint and achieve a low-carbon economy. In terms of the medium-term to long-term goal, the Group will gradually review and revise its policy, adopt renewable energy sources and use low-power products.

The Group strives in its environmental objectives and following the pathway in achieving the target setting. Nonetheless, the Group considered that Hong Kong, Shenzhen and Japan administrative offices are insignificant and non-material, the following disclosures on environmental aspect only include the major operation sites in Dongguan.

Looking ahead, the Group will continuously enhance and review the data collection system and consider in expanding the disclosure coverage in environmental aspects. In addition, the Group will continue in reviewing and revising its policy regularly, maintaining a steady pace of progress, and promoting green development.



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Emissions

Air Emissions

Due to the nature of our business, the Group does not emit a significant amount of exhaust gas from its operation. In our daily operations, the main source of exhaust gas emitted are mainly from vehicles fleets. The petrol and diesel oil combustion of vehicle fleet generation pollutant including Nitrogen Oxides, Sulphur Oxides and Particulate Matters. During the Reporting Period, the air emissions¹ were as follows:

Air Emission ²	Unit	Total Emission		Change
		2022	2021 ³	
Nitrogen Oxides (NO _x)	kilograms	51.30	86.80	-41%
Sulphur Oxides (SO _x)	kilograms	2.63	2.55	+3%
Particulate Matters (PM)	kilograms	0.36	0.63	-43%
Total	kilograms	54.29	89.98	-40%

For the year ended 31 December 2022, the total air emission accounted for 54.29 kg (2021: 89.98 kg), representing a decrease of approximately 40% over last year. The decrease in the total air pollutant emissions was attributed to the reduction of vehicle fleet usage and consumption of fossil fuels during the Reporting Period. The Group strives to control the emissions, such as conducting proper engine repair and maintenance in regular basis and promoting eco-driving. Looking ahead, the Group will continue in monitoring the air pollutant emissions and implementing mitigation measures.

¹ The data covers emissions from the Group's vehicles at the Group's business units in Dongguan only.

² The inorganic air pollutant emission is estimated by making reference to "First National Survey of Pollution Sources – Industrial Pollutants Emission Factors Handbook 《第一次全國污染源普查工業污染源產排污係數手冊》" and "Technical Guidelines for the Compilation of Emission Inventories of Air Pollutants from Road Vehicles (Trial) 《道路機動車大氣污染物排放清單編制技術指南(試行)》" by Ministry of Ecology and Environment of the PRC.

³ The inorganic air pollutant emission for 2021 has been restated, estimated by making reference to "First National Survey of Pollution Sources – Industrial Pollutants Emission Factors Handbook 《第一次全國污染源普查工業污染源產排污係數手冊》" and "Technical Guidelines for the Compilation of Emission Inventories of Air Pollutants from Road Vehicles (Trial) 《道路機動車大氣污染物排放清單編制技術指南(試行)》" by Ministry of Ecology and Environment of the PRC.



GHG Emissions

The Group is aware of potential physical and financial consequences of climate change on the business. These could include higher energy costs and more frequent extreme weather events that disrupt product supply chains. To minimise the contribution of GHG emissions, the Group strives to reduce energy use across the business, and the related energy-saving measures are illustrated in the section headed "Use of Resources" of this report. During the Reporting Period, the Group's GHG emissions were as follows:

GHG Emissions ⁴	Unit	Total GHG Emission		
		2022	2021	Change
Scope 1 ⁵	CO ₂ e tonnes	32	41	-22%
Scope 2 ⁶	CO ₂ e tonnes	12,265	12,806	-4%
Scope 3 ⁷	CO ₂ e tonnes	18	8	+125%
Total	CO ₂ e tonnes	12,315	12,855	-4%
Intensity (per building area) ⁸	CO ₂ e tonnes/m ²	0.343	0.358	-4%

For the year ended 31 December 2022, the total GHG emissions were 12,315 tonnes (2021: 12,855 tonnes) and its intensity was 0.343 tonnes CO₂ (2021: 0.358 tonnes CO₂) equivalent per building area, presented a respective decrease of 4% as compared to previous year. Such decrease was mainly attributable to (i) the reduction of Scope 1 emission by 22% due to the lower usage in vehicle fleet and resulted in the decrease in fossil fuel consumption; and (ii) the reduction of Scope 2 emission by 4% due to the lower purchased electricity consumption. In view of the COVID-19 outbreak which is gradually becoming under control, lockdown, travel restriction and social distancing measures are relaxed, and the overseas business travelling including participation of exhibition and customers visit were resumed in 2022. Thus, the increase in business travel has resulted in the increase of Scope 3 emission by 125% to 18 tonnes CO₂ in 2022 (2021: 8 tonnes CO₂).

Looking ahead, the Group will continue in tracing the amount of GHG emissions and implementing relevant measures to mitigate the impacts from its operation activities.

⁴ The data covers direct and indirect GHG emissions from the Group's business units in Dongguan only. The calculation of the corresponding air emission assessment figures and the emission factors used for the calculation are based on the "How to Prepare ESG Report" and its Annex "Appendix 2: Reporting guidance on Environmental KPIs" issued by the Stock Exchange, "Methodology for Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial) 《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》" jointly issued by National Development and Reform Commission and National Center for Climate Change Strategy and International Cooperation, "Emission Reduction Project China Regional Grid Baseline Emission Factor 《減排項目中國區域電網基準線排放因子》" and "IPCC Fifth Assessment Report on Climate Change 《IPCC氣候變遷第五次評估報告》" issued by the Ministry of Ecology and Environment of the PRC.

⁵ Scope 1: The direct emission from the business operations owned or controlled by the Group, including the emission from the Group's vehicle fleet.

⁶ Scope 2: The indirect energy emissions from the internal purchased electricity consumption by the Group.

⁷ Scope 3: Other indirect emissions from business travel by the Group.

⁸ During the Reporting Period and 2021, the Group had a total building area of 35,865.6 m².



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Wastewater

Although the Group does not contribute and generate significant wastewater from its operation activities, the Group is aware that potential wastewater could be generated during certain operation activities. In this regard, the Group has installed a system to segregate rainwater and sewage. The Group complied with all applicable local and international environmental regulations, and strictly abides by the "Water Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國水污染防治法》". The Group properly treats all wastewater and manages the treatment plant in accordance with the local regulations namely "Guangdong Local Standards – Emission Limits of Water Pollutants DB44/26-2001 《廣東省地方標準 – 水污染物排放限值DB44/26-2001》". The Group conducts regular monitoring and inspections to ensure that the concentration of wastewater discharge is within the discharge limits set out by the local authority.

Looking ahead, the Group will enhance data collections system in tracing the amount of wastewater, ensure the transparency of disclosure and implement relevant measures to mitigate the impacts from its operation activities.

Wastes

The operation nature of the Group entails the use of resources in wide range of medical devices in development and manufacturing. The Group complied with all applicable local and international environmental regulations, and strictly abides by "Solid Waste Pollution Prevention and Control Law of the People Republic of China 《中華人民共和國固體廢物污染環境防治法》". Hazardous waste includes clinical waste and office stationery. Non-hazardous waste includes domestic wastes, kitchen waste and household waste. The Group strictly follows the applicable guidelines and regulations to handle, manage and discharge hazardous and non-hazardous wastes. The Group has implemented comprehensive emergency procedure protocol to contain and limit its damage to the environment.

Hazardous wastes are collected and handled by the licensed contractors, which are under the National Hazardous Waste List. To minimise the environmental impacts of hazardous wastes, all bins are covered and must be protected against leakage to prevent pollution to the environment. Non-hazardous wastes are collected daily and disposed to landfill.

During the Reporting Period, the hazardous wastes and non-hazardous wastes produced were as follows:

Hazardous Wastes	Unit	Total Hazardous Wastes		
		2022	2021	Change
Clinical Waste ⁹	Tonnes	0.09	0.08	+13%
Other Hazardous Waste ¹⁰	Tonnes	1.00	1.00	–
Total	Tonnes	1.09	1.08	+1%
Intensity of Hazardous Wastes (per building area) ¹¹	Kg/m ²	0.0303	0.0301	+1%

⁹ Clinical waste includes the Limulus Amoebocyte Lysate (LAL) and their test kit.

¹⁰ Other hazardous waste includes chemicals waste such as acetone, silicone oil, mercury and etc.

¹¹ During the Reporting Period and 2021, the Group had a total building area of 35,865.6 m².



Non-hazardous Wastes	Unit	Total Non-hazardous Wastes		
		2022	2021	Change
Domestic Wastes ¹²	Tonnes	180	180	–
Total Non-hazardous Wastes	Tonnes	180	180	–
Intensity of Non-Hazardous Wastes (per building area) ¹³	Kg/m ²	5.01	5.01	–

For the year ended 31 December 2022, the total amount of hazardous wastes was approximately 1.09 tonnes (2021: 1.08 tonnes), representing an increase of approximately 1% compared with last year. The total amount of clinical waste was approximately 0.09 tonnes (2021: 0.08 tonnes), representing an increase of approximately 13% over last year. The increase in total amount of hazardous wastes was mainly due to the efforts taken in the R&D on medical products during the Reporting Period. The total amount of non-hazardous wastes was 180 tonnes, and there was no change over the last year.

Looking ahead, the Group will continuously enhance the R&D development and consider in implementing relevant waste reduction measures to migrate the impacts from its operation activities.

Use of Resources

Energy Consumption

The Group is committed to conserving resources for the purposes of environmental and operating efficiency. To pursue the Group's environmental commitment, it implements multiple measures in enhancing energy efficiency. The Group has formulated energy-saving plan annually and installed energy monitoring system, including:

- Establishment of an energy management centre to analyse and monitor energy usage regularly;
- Installation of a solar-powered water heating system in office and dormitory;
- Replacement of conventional lightings with Light Emitting Diode (LED) lights or T5 fluorescent tube;
- Purchase of two environmental-friendly electric forklifts;
- Limiting unnecessary use of company vehicles;
- Switching off idling engines, including lighting, personal computer, air-conditioners and other electronic equipment;
- Using video conferencing or phone calls for meeting;
- Maintaining indoor room temperature at 24 to 26 degrees Celsius at the office;
- Placing energy-saving reminders at pantry, office and dormitory; and
- Turning off the electricity supply to appliances to reduce their standby power consumption.

¹² Non-hazardous waste represents domestic waste generated in office and household.

¹³ During the Reporting Period and 2021, the Group had a total building area of 35,865.6 m².



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The Group's energy consumption is from vehicle fuels (direct energy consumption), purchased electricity and solar energy consumption (indirect energy consumption). During the Reporting Period, the energy consumption of the Group was as follows:

Energy Consumption Types ¹⁴	Units	Total Energy Consumption		
		2022	2021	Change
Direct energy consumption				
Diesel oil	kWh	42,919	40,371 ¹⁵	+6%
Unleaded petrol	kWh	83,804	123,080 ¹⁶	-32%
Total direct energy consumption	kWh	126,723	163,451 ¹⁷	-22%
Total intensity of direct energy consumption (per building area) ¹⁸	kWh/m ²	3.533	4.557	-22%
Indirect energy consumption				
Purchased electricity	kWh	15,250,839	15,305,061	-0.4%
Solar energy	kWh	3,600	3,600	-
Total indirect energy consumption	kWh	15,254,439	15,308,661	-0.4%
Total intensity of indirect energy consumption (per building area) ¹⁹	kWh/m ²	425.3	426.8	-0.4%

For the year ended 31 December 2022, the total direct energy consumption was 126,723 kWh (2021: 163,451 kWh), and its intensity was 3.533 kWh (2021: 4.557 kWh) per building area. Compared with the previous year, the decrease of 22% was mainly attributable to the drop in fossil fuel consumption for vehicle fleet during the Reporting Period. The total indirect energy consumption was 15,254,439 kWh (2021: 15,308,661 kWh), and its intensity was 425.3 kWh (2021: 426.8 kWh) per building area, it presented a decrease of 0.4%. As the COVID-19 outbreak was gradually becoming under control during 2022, the Group has recovered from the outbreak which has led to an increase in the use of electricity in operation sites, office, and vehicle usage. Looking ahead, the Group will continue in tracing the Group's energy consumption and implementing relevant energy conservation measures.

Water Consumption

The Group is devoted to reducing the use of water and has established a water consumption reduction pathway with a long-term perspective as a directional target. The Group has formulated water-saving measures, including:

- Installation of water flow controllers and water-efficient taps; and
- Placing water-saving reminders at pantries and toilets.

¹⁴ It includes the business units in Dongguan only.

¹⁵ The units of direct energy consumption have been converted from L to kWh, the diesel oil consumption figure of 2021 has been restated.

¹⁶ The units of direct energy consumption have been converted from L to kWh, the unleaded petrol consumption figure of 2021 has been restated.

¹⁷ The units of direct energy consumption have been converted from L to kWh, the total direct energy consumption figure of 2021 has been restated.

¹⁸ During the Reporting Period and 2021, the Group had a total building area of 35,865.6 m².

¹⁹ During the Reporting Period and 2021, the Group had a total building area of 35,865.6 m².



The Group operation activities are mainly in production of medical devices, which do not consume a material amount of water. Water consumption of the Group is mainly from office and household use and the Group had no difficulty in sourcing water. During the Reporting Period, the water consumption was as follows:

Water Consumption	Unit	Total Water Consumption		
		2022	2021	Change
Total	m ³	134,002	162,807	-18%
Intensity (per building area) ²⁰	m ³ /m ² ²¹	3.74	4.54	-18%

For the year ended 31 December 2022, the total water consumption was 134,002 m³ (2021: 162,807 m³), and its intensity was 3.74 m³ (2021: 4.54 m³) per building area. Both total water consumption and intensity have decreased by approximately 18% compared to last year. The reason of the lower water consumption was considered the effective adoption of water-saving measures during the Report Period. Looking ahead, the Group will continue in monitoring water usage, reviewing and implementing further water saving practices.

Paper Consumption

The paper consumption was mainly for offices and administrative use from office in Dongguan. During the Reporting Period, the paper consumption was as follows:

Paper Consumption	Unit	Total Paper Consumption		
		2022	2021	Change
Office Paper	Tonnes	7.2	8	-10%

For the year ended 31 December 2022, the paper consumption was decreased by 10% to 7.2 tonnes (2021: 8 tonnes). The Groups has been implementing policies in reduce paper usage, including:

- Implement 3R policy (i.e. reduce, reuse and recycle);
- Implement Office Automation (OA) System and the SAP system;
- Set up default duplex-printing system; and
- Encourage employee's communication via electronic means.

Looking ahead, the Group will continuous in reducing the paper consumption and increasing the recycling rate to reduce the generation of waste paper.

²⁰ During the Reporting Period and 2021, the Group had a total building area of 35,865.6 m².

²¹ The unit of water consumption intensity has been restated to m³/m².



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Packaging Material Management

To ensure the quality of products, the Group has applied packaging material, including carton box, plastic and paper in delivery and transportation process. The Group has optimised the use of packaging materials by reusing all the packaging materials. For the materials cannot be further reused, they are disposed to landfill. During the Reporting Period, the consumption of packaging materials was as follows:

Packaging Materials Consumption	Unit	Total Packaging Materials Consumption		
		2022	2021	Change
Carton box	Tonnes	510	807	-37%
Plastic	Tonnes	88	110	-20%
Total	Tonnes	598	917 ²²	-35%
Intensity of packaging materials (per production volume in million) ²³	Tonnes/production volume (in million)	10.14	12.56 ²⁴	-19%

For the year ended 31 December 2022, the total packaging was 598 tonnes (2021: 917 tonnes), and the intensity of the total packaging material per production volume was 10.14 tonnes (2021: 12.56 tonnes) per production volume in million. The decrease in packaging material consumption is because of the stringent policy in packaging materials inventory control, i.e. keeping 3-day usage and thus resulted in less packaging materials being consumed.

The Environment and Natural Resources

The Group recognised its impacts on the environment, and it evaluates the impact of environmental risks based on the possibilities of the events as well as the degree of severity. The environmental and natural resources are potentially influential to the Group's operations, in this regard, the Group strives to promote sustainable use, management of natural resources and adaptation to climate change.

The Group has established related procedures, referring to the various measures mentioned in the sections "Emission" and "Use of resources" of this report, to mitigate the risks of pollution and commit to reducing the environmental impacts from manufacturing process in daily operation.

Environmental Education

The Group believes employees' dominance is crucial to environmental protection. To reinforce employee's awareness on conserving the environment, the Group provides support to employees, including ESG education and training under regular basis during the Reporting Period. The purpose of environmental education is to enhance employee's knowledge on the environmental standards and encourage them to be proactive and respectful on environmental protection.

During the Reporting Period, there was no incident with significant impacts on the environment and natural resources.

²² The total packaging material consumption for 2021 has restated as office paper are no longer considered as packaging materials.

²³ During the Reporting Period, the Group had a total production of 59,000,000 units.

²⁴ The intensity of packaging materials for 2021 has been restated as office paper are no longer considered as packaging materials. For 2021, the Group had a total production of 73,000,000 units.



Environmental Packaging and Material

The Group is proactive in reducing the use of raw materials in terms of product design, modification and presentation, in which it reduces the material waste and saves the cost of material. To control the demand of packaging material, monitoring system on packaging purchases is conducted to minimise the amount of materials consumption. Furthermore, the Group plans to eliminate plastics packaging in phases as plastic materials contributed a detrimental effect on the environment. Looking ahead, the Group will continuously commit to sourcing environmental friendly materials and adopting alternative packaging materials in its business operation.

Climate Change

The Group deeply acknowledged that climate change is a common challenge for all mankind, while PRC, the biggest developing country in the world, attaches great importance to tackling climate change.

The Group would rearrange manpower, take precautionary measures to ensure staff safety in the event of adverse weather conditions such as typhoon, rainstorm and heatwave. In order to avoid any physical damage to property, the Group would also refer to the guidance of local authority and implement corresponding measures. In addition, the Group recognises the potential impact of the building premises. In regards, the Group ensures our insurance covers fire incidents, third party injuries within our building premises, staff injury during the course of business, and transit loss or damage of shipment of finished goods from manufacturers. The mitigation measures will be reviewed timely to prevent major loss.

Another anticipated climate related risk lies on the potential change in governmental policies and regulations due to the increasing global concern on the climate change issues. Our operational teams will regularly review and monitor our business practices and processes to ensure the compliance of related law and regulations. External consultancy service will be pursued when necessary.

Green Targets

The Group supports the global climate action and aligns with the local governments' emission reduction requirements. As the Group has staidly recovered from the COVID-19 pandemic, we started to resume operations as normal. The Group essentially plans to respond to the local government initiatives and follow local governments' emission reduction requirements on or before 2030, as well as to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in the PRC.

Our ESG Committee acknowledges the imminency of the climate-related action should be applied on the Group's operation. The Group is targeted to continuously reducing GHG emission and improving our use resources, through applying professional knowledge to improve on-site efficiency and maintaining efficient management support. During the Report Period, the Group was proudly presented a significant progress on the overall reduction on air emissions, GHG emissions and use of resources. Considering the effectiveness and comprehensiveness of target setting, the Group will set the clear and specific short-term and long-term sustainable development targets to achieve ongoing emission and resources consumption reduction progress according to the Group's performance after implementing the action plan.



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The Group gradually reviews and revises its policy, adopts renewable energy sources and uses low-power products. To this end, we established our green targets and action plan to actively manage our environmental footprint and achieve a low-carbon economy.

Aspects	Our Targets	Actions
Air emissions and GHG emissions	Reduce air emission and GHG emission	<ul style="list-style-type: none">Reasonable travelling. Private use of vehicles is prohibited and encourage reducing unnecessary travelMinimising long-distance and oversea business travelling by encourage communication via electronic meansAdopting electric vehicles (EVs) as alternative to vehicles fleets
Waste	Reduce waste generation	<ul style="list-style-type: none">Minimising packaging materials required in our productsSourcing environmental friendly materials and adopting alternative packaging materialsRecycling and reusing carton boxes and office paper
Water	Reduce water consumption	<ul style="list-style-type: none">Using water efficient devices in new plumbing works
Energy	Reduce energy consumption	<ul style="list-style-type: none">Replacing traditional lighting with LED lampsUtilising renewable energy (e.g. solar energy) instead of electricity generated from fossil fuelsAdopting electric vehicles (EVs) as alternative to fuel vehiclesReducing unnecessary power consumption of lighting equipment and unoperated equipmentPromoting facilities optimisation with proper maintenance of equipment

SOCIAL ASPECTS

The Group is committed to maintaining a high level of corporate social governance as it is important for the Group in constructing a safe and healthy work environment as well as establishing product quality and social credibility. In the meantime, the Group devotes itself to preserving the sustainable development of its business and community. To promote this business model, the Group exhibits prudence in managing its operations and is cautious in executing decisions made by the management team.

Employment and Labour Practices

Employees are considered as the Group's valuable assets towards continuous success. The Group strives to provide its employees with a decent working environment while providing opportunities for them to develop alongside the Group's growth. The Group has developed a comprehensive human resource management system, 'Employee Handbook' has been introduced as the management approach on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

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The Group is eager to build and maintain a harmonious, fair and safe working environment to employees, and endlessly strives to enhance corporate social responsibility. The Group adopts employment policies that comply with the relevant laws and regulations in the PRC, Hong Kong and Japan, including but not limited to:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Contract Law of the PRC 《中華人民共和國勞動合同法》;
- Social Insurance Law of the PRC 《中華人民共和國社會保險法》;
- Administrative Regulations on Housing Provident Funds 《住房公積金管理條例》; and
- Labour Standards Act of Japan.

During the Reporting Period, there was no case of non-compliance regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Employee Profile and Turnover

As at the end of the Reporting Period, the number of employees figures by gender, age group, employee type, employee category and geographical region are illustrated in the table below.

Employee	2022	2021
By gender		
– Male	522	542
– Female	704	739
By age group		
– Below 30	191	221
– 31 – 40	394	471
– 41 – 50	489	468
– 51 and above	152	121
By employee type		
– Full Time	1,226	1,281
– Part Time	0	0
By employee category		
– Senior Management	13	15
– Middle Management	38	34
– Supervisor	61	53
– General Staff	1,114	1,179
By geographical region		
– Hong Kong	45	47
– Dongguan	1,152	1,202
– Shenzhen	20	25
– Japan	9	7
Total	1,226	1,281



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In the Reporting Period, the employee turnover rate based on gender, age and geographical are illustrated in monthly basis are shown in the table below.

Employee Turnover Rate ²⁵	2022	2021 ²⁶	Change ²⁷
By gender			
– Male	5.0%	5.9%	↓0.9ppts
– Female	3.6%	7.2%	↓3.6ppts
By age group			
– Below 30	8.6%	14.5%	↓5.9ppts
– 31 – 40	5.2%	6.6%	↓1.4ppts
– 41 – 50	2.6%	3.9%	↓1.3ppts
– 51 and above	1.2%	1.2%	–
By employee category			
– Senior Management	1.3%	0%	↑1.3ppts
– Middle Management	0.7%	1.0%	↓0.3ppts
– Supervisor	0.8%	1.3%	↓0.5ppts
– General Staff	4.5%	6.9%	↓2.4ppts
By geographical region			
– Hong Kong	1.7%	0.9%	↑0.8ppts
– Dongguan	4.4%	6.8%	↓2.4ppts
– Shenzhen	1.7%	1.3%	↑0.4ppts
– Japan	0%	1.2%	↓1.2ppts
Overall	4.2%	6.5%	↓2.3ppts

As at the end of Reporting Period, the overall turnover rate was 4.2% (2021: 6.5%), which presented a reduce of 2.3 ppts. The Group values employee satisfaction and provides competitive remuneration package in order to remain talents. To understand employees, the Group conducted exit-interview with employees for exploring the reasons of the resignation and took concern to their opinions whenever applicable.

Recruitment and Remuneration

The recruitment process has strictly followed and abided by local laws and regulations, all illegal means such as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. To ensure no child labour are recruited, identity check is requisite during the recruitment process and child labour check is performed annually. If child labour is found, employment will be terminated immediately. If necessary, the Group will seek assistance from relevant institutions. The Group's dismissal process complied with all relevant laws and regulations, and forcing an employee to resign by coercion or other illegal means is strictly prohibited.

In the Reporting Period, the Group was in compliance with relevant laws and regulations relating to preventing child and forced labour, and as such no rectification was required.

²⁵ Employee turnover rate = (Total number of employees turnover per year/12 months)/ Total number of employees at the end of Reporting Period.

²⁶ Employee turnover rate for 2021 has been restated, calculated by (total number of employees per year/12 months)/total number of employees at the end of Reporting Period.

²⁷ The employee turnover rate change is presented by the differences in ppts.



Equal opportunities

The Group is committed to providing equal opportunities in the process of recruitment, hiring and employment. The fair and equal employment during recruitment procedures is applied to hire new employees. The Group appreciates the cultural diversity in the workplace, as such our recruitment is based on candidates' experiences, education backgrounds, abilities and business needs, regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion and nationality.

Promotion

All talented employees have the potential to be promoted, and evaluation is based on their capabilities, work performance, job-related training and personal career development. Along with work performance, the continuous education, qualification and professional certificates are given priority during the consideration of promotion. The Group adopts a semi-annual and an annual appraisal to review employees' performance and discussion on employee's needs and expectations. During the appraisal, the Group highlights outstanding performers and offers employee promotion package and retain talents. Existing employees are given priority in the list when filling job vacancies if applicable.

Remuneration and Dismissal

The Group strives to attract and train to retain qualified, enthusiastic and committed employees by offering fair and reasonable remuneration package and benefits. The Group respects the right of employees and provides fair remuneration that are linked to the employee performance. The Group benchmarks the employees' salary against industry standards and offers the competitive remuneration package to recruit talented employees.

For dismissal procedures, the "Termination Policy" specifies the conditions for employee resignation and company dismissal, as well as the procedure for employee dismissal. In order to improve the human resources management system, exit interviews are conducted with employees to understand the reasons for resignation.

Working Hours and Rest Period

The Group agrees and values the importance of work-life balance as it links to employee's productivity and well-being. To avoid employee from working overtime, the Group is operated under meticulous production schedule and arranged reasonable production workflow. A multi-shift system is used in our production line to ensure employees have adequate time to rest. The Group's statutory holidays are implemented in accordance with national regulations, including marriage leave, bereavement leave, maternity leave, paternity leave, lactation leave, work-related injury leave and etc.

Benefits and Welfares

According to the applicable laws, the Group contributes in "Five Social Insurances and One Housing Fund" to employees in the PRC; Mandatory Provident Fund (MPF) scheme is offered to employees in Hong Kong; and the retirement allowance is offered to employees in Japan.

The Group values employees' opinion, and the in-house labour union was formed. Monthly meetings through emails, hotlines and WeChat with the Group's representatives were held as the platform for all employees to join and express opinions.



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To cultivate employees' sense of belonging, the Group promotes workplace friendship and cultivates team spirit by organising various recreational activities regularly. During the Reporting Period, sports competitions, staff birthday parties, hiking events and team building activities were held. The Group values employees' well-being, facilities including basketball courts, badminton courts, table tennis and library are provided for all employees.



2022 badminton competition



2022 basketball match



Vincent Medical 2022 'Stronger Together' team building activities



Hiking activities





The Group continued to contribute to the employees' welfare fund during the Reporting Period to help employees who were in need. The fund provides a wide variety of support to all employees who have passed the probationary period. The welfare fund including medical aid, disability assistance, wedding gifts and condolence money. During the Reporting Period, employees were received food and beverages for sharing with their families on a monthly basis.



Mid-Autumn Festival celebration activities



A kick-off ceremony was broadcasted live on 23 May 2022 to mark the launch of the 25th anniversary celebrations and to celebrate this milestone with the Group's employees in Hong Kong, Mainland China, Japan, the US and Europe.



Cake cutting ceremony at Vincent Medical's headquarters in Hong Kong



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Training and Development

The Group has been cultivating a continuous professional development culture. To improve the overall quality of employees, the Group encourages employees to replenish their knowledge and acquire new skills to perform jobs and overcome challenges under the modern competitive market environment. The Human Resources Department stipulates training schedules to employees. During the Reporting Period, training topics including but not limited to:

- Technical training;
- Product training;
- Information security training;
- Soft skill development training;
- Occupational health and safety training;
- Environmental protection training; and
- ESG training.

With the aim to increase convenience and flexibility in response to the pandemic, the Group has provided more online trainings to employees. During the Reporting Period, all employees received a total of 19,015 training hours, which has achieved 100% training rate, with an average of 16 training hours per staff.

During the Reporting Period, the percentage of trained employees was presented in gender and employee category were shown below:

Percentage of trained employees²⁸

By gender	
– Male	45%
– Female	55%
By employee category	
– Senior Management	1%
– Middle Management	2%
– Supervisor	4%
– General Staff	93%
Total	100%

²⁸ Percentage of trained employee = Number of employees (in each category) received training during the Reporting Period / Total number of employees at the end of Reporting Period.



During the Reporting Period, the average of training hours was presented in gender and employee category are shown below:

Average training hours ²⁹	
By gender	
– Male	14 hours
– Female	17 hours
By employee category	
– Senior Management	19 hours
– Middle Management	9 hours
– Supervisor	11 hours
– General Staff	16 hours
Overall	16 hours

Occupational Health and Safety

The Group strives to create a safe and healthy working environment to employees as the workers' health and safety are one of the Group's core values. The Group has complied with all relevant laws and regulations, including but not limited to, the "Work Safety Law of the PRC 《中華人民共和國安全生產法》" and the "Regulations on Work-Related Injury Insurance 《工傷保險條例》". In regards to the needs in identifying and mitigating potential hazards and dangers at the workplace, the safety committee and safety managers were established and took responsibility in conducting and monitoring workplace safety strategies and procedures.

The Group provided regular health and body check for employees to ensure they are physically fit were well equipped for work. Special job arrangement is available for workers who are under health concerns. In workplace, warning signs and notices are placed at the prominent area to raise awareness in occupational health and safety. Personal protective equipment (PPE), medical check-up, regular safety checks and fire drills practice, and machinery inspections are provided for workers.

Health and safety education and training are conducted as it is the effective way of preventing accidents. All newcomers must attend the occupational health and safety training, contents including emergency handling, cardiopulmonary resuscitation (CPR) training, and disease prevention trainings. These measures are proposed to ensure all employees take fully awareness on health and safety matters in workplace.

In-house communication platform and an anonymous system, including email and hotline are available for employees to complain and express concerns. By implementing measures as mentioned the Group can fully take up the advices on employee's health and safety concerns.

During the Reporting Period, there were no work-related fatalities in the Group over the past three years.

Number of Work-related Fatality		
2022	2021	2020
0	0	0

²⁹ Average Training Hours = Total training hours during the Reporting Period / Total number of employees at the end of Reporting Period.



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During the Reporting Period, the Group had minor injuries occurred in the operating sites, which accounted for a total of 133.5 lost days (2021: 113 lost days). The Group has complied with all relevant laws and regulations, provided prompt and appropriate assistance to the injured employees, and the Group has carried out an intensive investigation to examine the root cause of the accidents. Looking ahead, the Group will continuously enhance the health and safety measures and enforced workers' safety awareness in workplace.

Precautionary measures against COVID-19

To protect our employees from the threat of the COVID-19 pandemic, the Group strictly implemented the anti-infection prevention measures and took the Health Advice on Prevention of COVID-19 in Workplace provided by the Centre for Health Protection. Preventive measures are as follows:

- Perform hand hygiene properly and frequently;
- Maintenance of workplace hygiene;
- Check body temperature regularly;
- All employees are required to wear masks in workplaces;
- Keep appropriate social distance with others in common facilities; and
- Employees are encouraged to complete the vaccination course to help building good body immunity.

To minimise cross-contaminations, the Group has limited personnel movement across areas and enforced social distancing policy. All unnecessary visits and travels were strongly prohibited, and ribonucleic acid (RNA) test was required for employees after visiting high risk regions. Employees must take daily temperature checks and obey with mask-on policy. In addition, work-from-home policy for administrative and managerial employees may come into effect depending on the circumstance. The Group reduced the number of face-to-face meeting and social events with ongoing COVID-19 outbreaks.

The Group encourages employees to make use of video conferencing platform, social media tools and electronic communication tools to maintain efficient communications with internal and external parties. Moreover, frequent cleaning and regular disinfection were in workplace, and additional cleanings and disinfections were arranged upon request. The Group encouraged employees actively perceive COVID-19 vaccination is the self-protection as well as help in preventing transmission of the virus.

Operating Practices

Supply Chain Management

The Group believes its success is largely driven by reliable and honest supply chain, and the source of high-quality medicals material from reputable suppliers are attributed to providing extensive products for customers. The Group has established the supply chain management policy, including the "Evaluation & Approval of Supplier Procedure", "Incoming Inspection Procedure or Monitoring" and "Measuring for Product Procedure" to manage the supply chain. As the quality of the medical products will have significant impact on patients' safety and experience, suppliers are selected in accordance with quality control requirements. In the supplier selection procedures, price, quality, on-time delivery and flexibility are the key performance indicators. Suppliers are required to submit quality management system certificates, and certification documents for qualified products are required for verification when necessary. Priority is given to the suppliers with quality management system certification. The supplier evaluation team from the Quality and Engineering Department conducts an onsite audit to assess the potential suppliers' quality standards.



The Group believes that positive influence throughout the supply chain is also the components in social responsibility. Aligned with the Group’s value, the Supplier Corporate Social Responsibility Code of Conduct is established in supplier selection. In terms of social responsibility, all of our suppliers and contractors are governed by the Code of Conducts. In which, it is formed by five primary social responsibilities, including:

- Environmental Protection;
- Health and Safety;
- Intellectual Property;
- Conflict of Interest; and
- Human Rights.

The Group sources materials and services globally, and qualified suppliers are registered in “Approved Vendor List” once approved. To ensure the stability and safeguarding of suppliers, an annual supplier evaluation is conducted to ensure that their performance is consistent in fulfilling tender requirements. For those unqualified in the annual evaluation, they will be removed from the vendor list. As at 31 December 2022, the distribution of suppliers by geographical region was illustrated below:

Region	Number of suppliers
The PRC	516
Hong Kong	22
The US	46
Other countries	139
Total	723

Product Responsibility

The Group has complied with the “Product Quality Law of the PRC 《中華人民共和國產品質量法》” and is committed to emerging and advancing innovative development and manufacturing in medical technology, including ventilator humidification control, high-flow nasal cannula therapy and post-stroke EMG biofeedback rehabilitation. While the rapid developments of COVID-19 continued to test the Group’s resilience, Vincent Medical continued with its value proposition of putting “Patients First” by developing and providing its device and disposables to those in need. Our collaborations with global medical technology groups continued to gain steady progress.

The Group focuses on product localisation through revising all aspects of the devices in order to meet the cultural, regulatory and usage standards, which support our products, fulfill the markets needs as well as comply with the standards and requirements.

Looking ahead, the Group will continuously support the production process that provides technological excellence and high-quality of products and solution, and generate sustainable product demand, allowing the Group to capture greater market share through co-developed solutions with our partners.



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Customer Health and Safety

Medical devices form an essential part of the treatment procedure for almost all health conditions and it is essential to ensure products are effectiveness and safe to handle. All products are sold under non-defected and complied with specifications. The Group takes comprehensive Quality System Procedure and inspection in each production process to ensure customer health and safety.

Quality Assurance and Management

Quality is highly important in medical products as the defective products obtained may cause irreversible and detrimental consequences to patients. The Group has fully complied with the related laws and regulations, and successfully attained Certifications on ISO 13485:2016 Medical Device Quality Management System. The Group is committed to adopting a proactive and structural approach in quality risk management from the conceptual stage to after-sales services. Production staff and Quality control staff is responsible in performing self-quality checking and aligning with the Group's stringent quality standards.

Quality assurance of the medical devices is required, and the Group was meticulous in raw materials selection, manufacturing, and exporting. Quality System Procedure is adopted to guide employees to properly perform quality assurance.

Products must be manufactured under a high sanitary environment. The Group maintains a standard level of hygiene, and the Production Environmental Control Procedure follows the guide under the National Medical Products Administration of the PRC and ISO 14644 standard requirement. Medical devices, including the heated humidifier and heated humidifier respiratory unit were granted an Emergency Use Authorisation from the FDA of the US. Following the new European Union regulation on the medical device industry (EU MDR), the Group is committed and completed the transition of the class I products in the MDR. For the class IIa and class IIb products, completion in the MDR transition is working in progress.

Product Recall and Complaint Handling

The Group strives to provide quality products and exceptional customer service and has stipulated a procedure to standardise the handling of customer complaint. During the Reporting Period, the Group manufactured more than 59 million units of products. The Group is pleased to note that there was no significant product recalls and reportable events on safety or malfunction of devices issues during the Reporting Period.

Feedbacks from the customers on the products supplied by the Group help us improve the services and product quality. The Group has established provide guidelines on handling customer complaints and opinions with care. During the Reporting Period, there were 132 complaints, among those, 123 of complaints have already been addressed according to internal complaint handling procedures. The remaining 9 cases is about the electricity connections' issues of the medical machinery. Looking ahead, the Group will take efforts continuously in improving its products, as well as service, in order to provide satisfactory medical device and customers service.

Advertising and Product Labelling

To maintain ethical standards in product labelling, the Group has established Products Labelling Policy. Warning or caution and information of medical devices products are affixed to Vincent Medicals' products or packaging.

Intellectual Property Rights

The Group is innovative in developing and manufacturing wide range of electronic medical devices, therefore, intellectual properties are important to the Group's business expansion and commercial success. As at 31 December 2022, the Group owned 102 intellectual property rights, and registered 105 trademarks. We have established an "Intellectual Property Management System" to ensure that the interests of the Group and its customers are protected. The Group strives to protect its intellectual property rights and respect third party intellectual property rights, and has strictly abided by relevant laws and regulations, including the Patent Law, the Copyright Law, the Trademark Law and the Anti-Unfair Competition Law. We engaged intellectual property counsels and consultants to review on timely basis to ensure new and existing rights are adequately preserved.



Customer Data Protection and Privacy

The Group attaches significance and importance to the confidential information of the customers. Employees are required to signed the “Non-Competition Restriction Agreement”, which stipulates that the trade secrets and technologies obtained by the employees shall not be disclosed to the third party and must not be used to make profits for themselves or others.

For cybersecurity, IT department encrypts the data under regular basis, and has adopted the updated and authorised software system to prevent leakage of customers and personal information. To enhance employees’ privacy awareness, the Information Security Training and Cybersecurity Training was provided on a timely basis.

In order to protect the interests of customers and the Group and to satisfy with the customers’ requirements, without customers’ consent, it is strictly prohibited to disclosure any personal data and confidential information to the third parties and public.

Anti-corruption Policy

The Group is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business practices. We adopted a zero-tolerance approach to bribery and formulated the Anti-Corruption Policy. The Group strictly abides by the local laws and regulations, including but not limited to the “Criminal Law of the PRC 《中華人民共和國刑法》”, the “Anti-Money Laundering Law of the PRC 《中華人民共和國反洗錢法》”, the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong and the Unfair Competition Prevention Action in Japan. Any form of bribery, extortion, fraud, and money laundering are prohibited, and anti-corruption policies are applicable to all employees with no exception.

Under the Anti-Corruption Policy, the Group and its employees are:

- Prohibited from commercial offering, soliciting, accepting or receiving a bribe of any kind, including kickbacks, directly or indirectly;
- Prohibited from taking advantage and seeking personal advantages from personal conflict of interest;
- Prohibited from unauthorised or illegal use or occupation of company resources for improper benefit;
- Prohibited from making facilitation payments, records and statements; and
- Prohibited from fraud and causing damage to the interests of the Group and Shareholders.

The Group has arranged anti-corruption training for directors and employees to remind them to maintain a high level of ethical conduct and enhance their business integrity. During the Reporting Period, 92 anti-corruption training hours, including Anti-Fraud training on laws, regulations and ethics of integrity. The Group continuously organises anti-corruption trainings to all levels of staff in order to raise their awareness.



Anti-corruption training



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During the Reporting Period, the Group was not involved in any significant non-compliance cases or concluded legal cases regarding bribery and corruption practices brought against the Group or our employees.

Whistleblowing Policy

During the Reporting Period, the Group has established the “Whistleblowing Policy” to ensure that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner. The Whistleblowing Policy outlines the reporting process for employees to report any concerns including but not limited to criminal offence, fraud, breach of local laws and regulations or the Group’s policies and any other improper, unethical or inappropriate behaviour. Employees can raise their concerns on an anonymous basis by email. Once reported, investigation will be conducted by the CEO or an appropriate senior manager as nominated by the CEO as the alternative investigating officer (as the case may be) in accordance with all relevant laws and regulations. The Whistleblowing Policy ensures the whistleblowers are reported in good faith and would be protected from being victimised or subjected to any detriment, all matters will be kept in high confidentiality and sensitivity manner.

To ensure the effectiveness of the Whistleblowing Policy, the Board will review it from time to time (not less than once per year).

Community Investment

The Group believes that community contribution is important for sustainable development as it helps to establish a harmonious society. The Group strives to make contributions to various non-governmental organisations and encourage its employees to participate in volunteering services organised by local charities. During the Reporting Period, the Group’s corporate volunteer team contributed 152 volunteer hours in delivering volunteer services to the local communities. Furthermore, the Group also encouraged employees to participate in blood donation campaign.



Employees participate in blood donation campaign



The Group continuously contributed in supporting the underprivileged communities. During the COVID-19 pandemic, the Group has provided urgent support to elderly and people in need and donated 20,000 pieces of COVID-19 self-testing kits (approximately HK\$200,000 in value).



COVID-19 self test kits donation

The Group are most proud of the continuous achievement to our core value of 'Patient First' and following the contribution to the society through quality healthcare, especially during the 2003 SARS outbreak and the recent COVID-19 pandemic.



Letter of appreciation from the Ministry of Industry and Information Technology for the Group's contributions to COVID-19 fight

The Group had donated RMB10,000 to Tangxia Charity Fund and RMB100,000 to Sichuan government to help earthquake victims in Luding.

The Group believes that supporting today's aspirational young leaders is a great investment in the future. In the academic year 2022-23, "Vincent Medical Enrichment Scholarship for Medical Student" granted the scholarship to an MBBS Year 3 student of the University of Hong Kong for her research at Royal Brompton Hospital of the National Heart and Lung Institute in London, the United Kingdom. Looking ahead, the Group aims to develop long-term relations with stakeholders based on mutual trust, respect and integrity, and hence to make continuous contribution to the community.



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ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
A: Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI 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



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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labour Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI 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
KPI 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
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility



Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect 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 bribery, extortion, fraud and money laundering.	Anti-corruption Policy
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption Policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption Policy
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment