

2022 Environmental, Social and Governance Report

Winner Medical Co., Ltd.



About This Report



Introduction

This report is the first environmental, social and governance (ESG) report and the third corporate social responsibility (CSR) report of Winner Medical Co., Ltd. (hereinafter referred to as "Winner Medical", the "Company", or the "Enterprise"). This report truly and objectively describes the efforts of Winner Medical and its subsidiaries to perform its corporate social responsibilities in 2022, and focuses mainly on the disclosure of the Company's performance in environmental protection, society and governance.



Abbreviation

Winner Medical or the Company refers to Winner Medical Co., Ltd., which is the reporting entity
Purcotton refers to Shenzhen Purcotton Technology Co., Ltd., a subsidiary of the Company



Scope of This Report

Reporting Period: January 1, 2022 to December 31, 2022 (hereinafter referred to as the "Reporting Period").
Unless otherwise specified, this report is prepared on an annual basis.



Basis of Preparation

The United Nation *Sustainable Development Goals (SDGs) Compass*
GRI Standards by Global Sustainability Standards Board
Guide to the Preparation of China Corporate Social Responsibility Reports (CASS-ESG 5.0) by China Academy of Social Sciences
Guidance on Social Responsibility Reporting (GB/T 36001-2015)
Guidelines of Shenzhen Stock Exchange on Social Responsibility of Listed Companies
The Guidelines No.2 on Self-Regulation of Companies Listed on Shenzhen Stock Exchange - the Compliant Operation of Listed Companies of the ChiNext Market



Confirmation and Approval

This report has been approved by the Board of Directors on June 7, 2023 after being confirmed by the management.



Access to This Report

The simplified Chinese version of this report is available for readers to reference. The electronic version of this report can be downloaded from our official website (www.winnermedical.cn).



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CONTENTS

About This Report	01
Message from Chairman	04
Company Profile	06
ESG Management	06
Responsibility	08

Future Prospect	98
Index	99
Feedback	103

18

Seeking Governance for Stable and Compliant Operation

Strategic Vision	20
Corporate Governance	21
Compliance and Risk Control	26
Strengthening Party Building	28



32

Striving for Excellence for Steady Business Development

Inclusive Healthcare	34
Excellent Quality	37
R&D Technology	44
Customer Services	49
Data Security	53
Walking Together	57
Growing with Partners	59



66

Promoting Environmental Protection for Stable and Sustainable Development

Environmental Management	68
Energy Saving and Carbon Reduction	71
Use of Resources	74
Waste Management	78



80

Focusing on People for Win-Win Situation with Society

Diverse Workplace	82
Employee Growth	84
Humanistic Care	90
Employee Safety	93
Public Welfare	95
Community Building	97



Message from Chairman

Since its inception thirty-two years ago, Winner Medical has always adhered to the organic unity and dynamic balance of corporate, environmental and social benefits, steadfastly pursuing sustainable development, building a healthcare consumption system and going green.

In 2022, Winner Medical adhered to the core principle of "Quality is superior to profit; Brand is superior to speed; Social responsibility is superior to corporate value", practised the ESG concept and pursued stable development while never forgetting to contribute to society and green development.

We were committed to our core strategy of "Leading Products and Excellent Operation" and continued to press ahead with green transformation and quality development driven by online and offline medical and consumer sectors and internal and external coordination.

We accelerated the digital and intelligent transformation and promoted traditional energy and industrial restructuring, striving to develop green and healthy products for consumers and achieve the mission of "leading the trend of big health and achieving harmony between people and the environment" empowered by Purcotton in the low-carbon field.

Shaping a Brand with Innovation

During the year, we continued to develop medical consumables by increasing product lines in advanced wound dressings, injection and puncture consumables and latex gloves through acquiring Zhejiang Longterm Medical Technology Co., Ltd. ("Longterm Medical"), Winner Medical (Hunan) Co, Ltd. ("Winner Medical Hunan"), Winner (Guilin) Latex Products Co., Ltd. ("Guilin Latex") and Junjian Medical Co., Ltd. ("Junjian Medical"), broadening our channels and improving our industrial layout. Meanwhile, based on consumers' demands for health and hygiene, we promoted industry upgrades and enhanced products' health, safety and environmental performance through innovation in products and production-sales models. On the one hand, we continuously enhanced industrial automation through digital production and operation around the "Excellent Operation" system; further developed new products and technologies to a high standard as a specialized and sophisticated enterprise that produce new and unique products to enhance our corporate strength. On the other hand, we attached importance to the soft power of customer service and responsible marketing, always put customer perception first and won customers by providing them with quality products and services. At the same time, we upheld the principle of responsible marketing. We guided consumers to make sensible purchasing decisions while making every effort to provide consumers with products and services that have both social and environmental benefits. We also incorporated laws and regulations and public order and morality into our marketing practices through diverse activities such as protecting the marine environment, natural cotton products and popularising health protection.

Going Green and Low-carbon

This year, we practised green transformation and protected lucid waters and green mountains. In order to implement the national "Carbon Peak and Carbon Neutrality" strategy, we carried out product carbon footprint certification, and our subsidiary Purcotton passed the product carbon

footprint verification, becoming the first brand in China that has obtained SGS product carbon footprint certification in the same category. We took measures to reduce energy consumption, such as optimising energy consumption structure and improving energy efficiency, and continued to build green plants. Besides, we designed green products from the source, developed and launched 95% biodegradable natural masks and biodegradable paper packaging, and promoted green packaging initiatives such as the Zero Plastic Initiative. We also developed and launched Chinese organic and GOTS organic certified organic cotton sanitary napkins/period brief, introduced carton packaging for disposable underwear/ sanitary napkin products and introduced non-woven/paper bags in shops to reduce the use of plastic bags. In respect of sustainable cotton, we continued to research and develop organic cotton and made innovative efforts to contribute to environmental protection.

Harmonious Development and Giving Back to the Community

Over the past year, we fulfilled our social responsibilities as a good corporate citizen under the guidance of "Social responsibility is superior to corporate value". Taking talents as the core of employee development, Winner Medical focused on employees' development and their physical and mental health, and provided them with various benefits and training activities. We set up four new segments, i.e. "Win Energy", "Win Honour", "Win Care" and "Win Vitality", to empower employee development in all aspects. As for public welfare, we made efforts to build the "Power of Purcotton" IP. We launched the "Parcel Care" donation campaign for rural areas to help rural revitalization, held the "GO GREEN GO LIVE" ocean campaign to protect the blue planet, and filmed the *HEROINE* original brand documentary to deliver the brand concept and show women's power. We advocate sustainability and convey positive energy to society from various dimensions such as environmental protection, equality and inclusiveness, and respect and protection. We also established the Winner Charity Association to carry out donation and assistance activities and fulfil our corporate social responsibility, so as to build a harmonious and loving society jointly with our partners.



Li Jianquan

Chairman and General Manager of Winner Medical

Company Profile

Winner Medical, headquartered in Shenzhen, Guangdong Province, China, is a large-scale health company that realizes the coordinated development of the medical and consumer sectors through its two major brands, including "Winner Medical" and "Purcotton". With innovation and expansion, Winner Medical has extended its business to fields like medical and health care, personal care, home care, maternal and child care, home textiles and apparel. Its products have obtained certification from the CE, FDA, and the Ministry of Health and Welfare of Japan. In 2022, Winner Medical acquired Longterm Medical, Winner Medical Hunan, Guilin Latex and Junjian Medical, and has 30 primary and secondary wholly-owned and holding subsidiaries. After more than 30 years of development, Winner Medical has gained extensive global coverage and influence, and ranked 61st in the Top 100 Global Medical Devices list by Medical Device+Diagnostic Industry (MD+DI), an authoritative website for the medical device industry.

With a professional R&D team that combines theory and practice, Winner Medical has made innovations and breakthroughs through years of painstaking research on the production process and product characteristics of medical consumables, and has established a medical-grade quality management system early in the industry and passed the ISO 13485 medical device quality management system certification. Our medical dressings have been sold in more than 110 countries worldwide. As of December 31, 2022, the Company has obtained 76 invention patents, 662 utility model patents and 349 design patents in China, and 54 invention patents and 8 utility model patents outside China.

"Quality is superior to profit; Brand is superior to speed; Social responsibility is superior to corporate value" is the core principle of Winner Medical's development; "Caring for health and life, making a better world" is Winner Medical's corporate vision. Adhering to the attitude of being practical and healthy, Winner Medical is committed to provide customers and users with the highest quality products and services.

ESG Management

Under the leadership of the Strategy and Social Responsibility Committee, Winner Medical has established an operational management mechanism covering all its departments to make regular information disclosures, and improved and implemented its ESG management rules and regulations, according to environmental, social and corporate governance-related topics.

In accordance with the United Nations Global Sustainable Development Goals (SDGs) and *China's Outline of the 14th Five-Year Plan and Long-range Objectives 2035*, the Company has developed a material topics identification process with reference to the experience and practices of domestic and international industries and taking into account the characteristics of its industry and operations.

Material Topics Identification Process



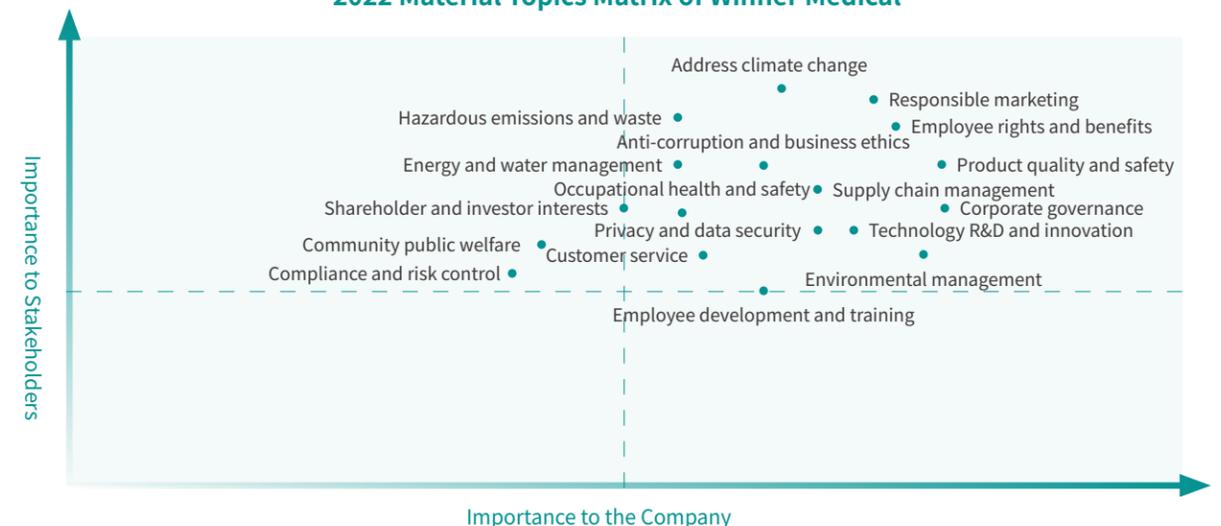
The Company has identified shareholders, customers, employees, government and regulators, partners, communities and the public as its key stakeholders, and made responses to and maintained communication with them through channels and means such as websites, meetings, reports, events and media.

Key Stakeholders and Communication Approach of Winner Medical

Key Stakeholders	Topics of Concern	Communication and Response
Shareholders and senior management	Economic performance, corporate governance, compliance and risk control, business ethics	General meeting of shareholders, board of directors, financial reports, business reports, roadshows and communication with the Company, etc.
Customers	Product quality, customer service, responsible marketing, green packaging	On-site communication, market research, customer satisfaction survey, etc.
Employees	Employee rights and benefits, employee development and training, occupational health and safety	Employees' activities, employees' training, corporate intranet, employee handbook, etc.
Government and regulators	Corporate governance, business ethics, environmental management, waste discharge	Regular communication and reporting, institutional research, policy implementation, information disclosure, etc.
Partners	Supply chain management, technology R&D innovation, product quality	Industry conferences, strategic cooperation, exchange and visits, etc.
Community, public and media, etc.	Eco-environmental protection, community benefit	Community volunteer activities, social welfare projects, social undertaking supportive projects

The Company further identified ESG-related topics based on stakeholder concerns by referring to the *GRI Standards*. In accordance with the above-mentioned topic identification process, the Company, together with professionals, identified ESG topics of high materiality as the focus of our management and reporting in this report.

2022 Material Topics Matrix of Winner Medical



Responsibility

Since its establishment, Winner Medical has always adhered to the development vision of "Caring for health and life, making a better world" and taken into account the impact on society and the environment while pursuing economic benefits, so as to ensure an organic unity and dynamic balance among its economic, social and environmental aspects. In terms of social impact, the Company has conducted its marketing activities in a responsible manner to protect the rights and interests of consumers, and continued to convey the concept of sustainability and create value for society. As for environmental impact, the Company has promoted green products and packaging to carry out its production and operation activities in an environmentally sustainable manner, contributing to the harmonious co-existence and long-term sustainability of the enterprise and the environment.

Passing on the Power of Brand and Fulfilling Responsibilities



In response to national macro policies, Winner Medical has implemented a number of responsible marketing management initiatives to improve the ability to fulfil social responsibility in the marketing process, in strict compliance with relevant laws and regulations, so as to protect the rights and interests of customers and enhance customer satisfaction. In the marketing process, the Company does not engage in false publicity, infringe on consumers' rights and interests, or cause environmental damage. Instead, we select environmentally friendly, healthy and beneficial products and services from the perspective of sustainable development, and communicate these values to consumers.

Through comprehensive management of marketing efforts, Winner Medical has developed a brand marketing strategy with its own characteristics in its marketing development. Through marketing to three groups of customers, medical workers and consumers and addressing their pain points from different dimensions, we have delivered them with high-quality products and services, thus creating social value and achieving sustainable development.

Pharmacies, hospitals and industrial customers

- Help pharmacies improve their image
- Provide hospitals and pharmacies with one-stop solutions to improve purchase efficiency and supply quality
- Jointly develop product technology and visual design to empower industrial customers



Doctors, nurses and medical workers

- Provide reassuring and reliable protection solutions to guard the safety of medical workers
- Offer more quality cotton packs to improve the work efficiency of doctors and nurses and reduce patients' infection risk

Patients, infants and consumers

- Promote industry infection prevention and control awareness and practice to reduce the risk of nosocomial infections in patients
- Carry out free science popularization projects to promote health protection knowledge
- Develop high-quality medical products for children to better protect children's health

Winner Medical has adhered to and implemented the management philosophy and objective of "integrating resources to communicate the brand while empowering the business" into quantitative indicators such as brand awareness and reputation, and marketing efforts. The Company has established a content audit system and process to ensure that all external communication content is audited by legal, quality and branding parties and that the content is legal, compliant and reasonable.

Key Performance 2022

During the Reporting Period, the Company launched a number of marketing campaigns to promote its brand image through various channels, with total brand exposure reaching

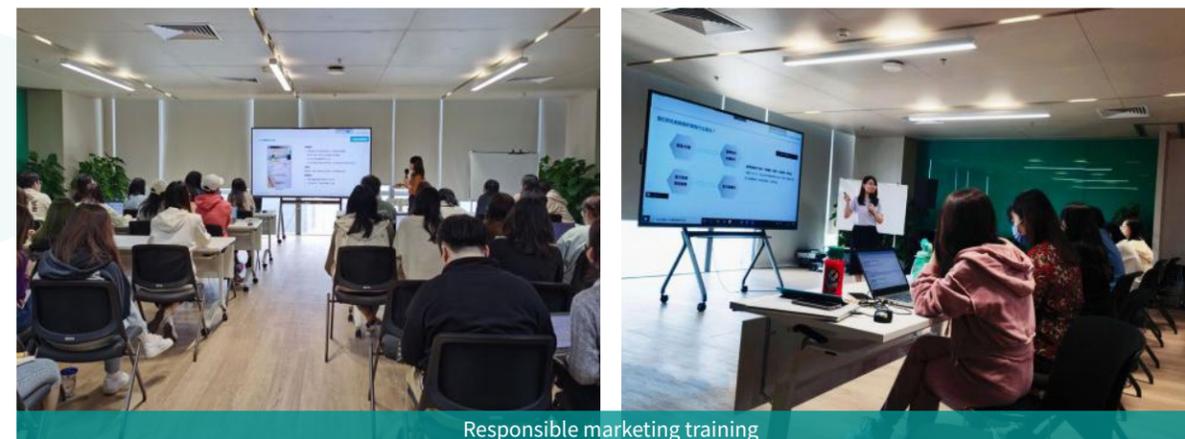
2.117 million

Brand topics readership reached

3.16 billion

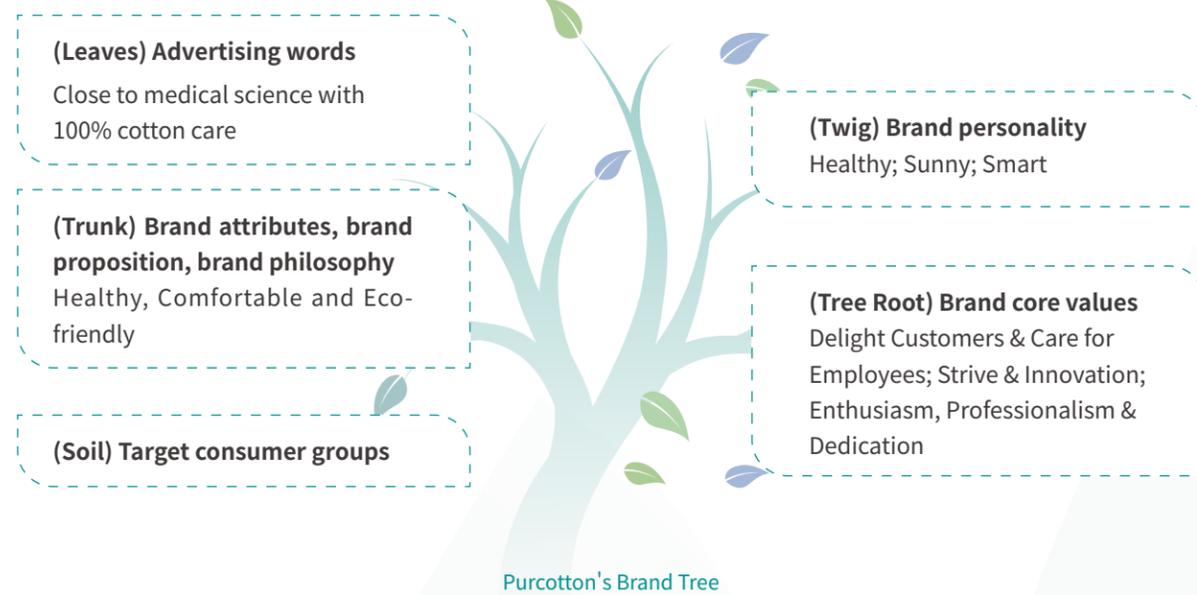
Case: Responsible Marketing Training

In the first and third quarters of 2022, the Company conducted several joint training sessions with branding, legal and quality parties to prevent inappropriate information from the source and clarify standard expressions for glossaries, in order to avoid misleading consumers and protect consumers' rights and interests.



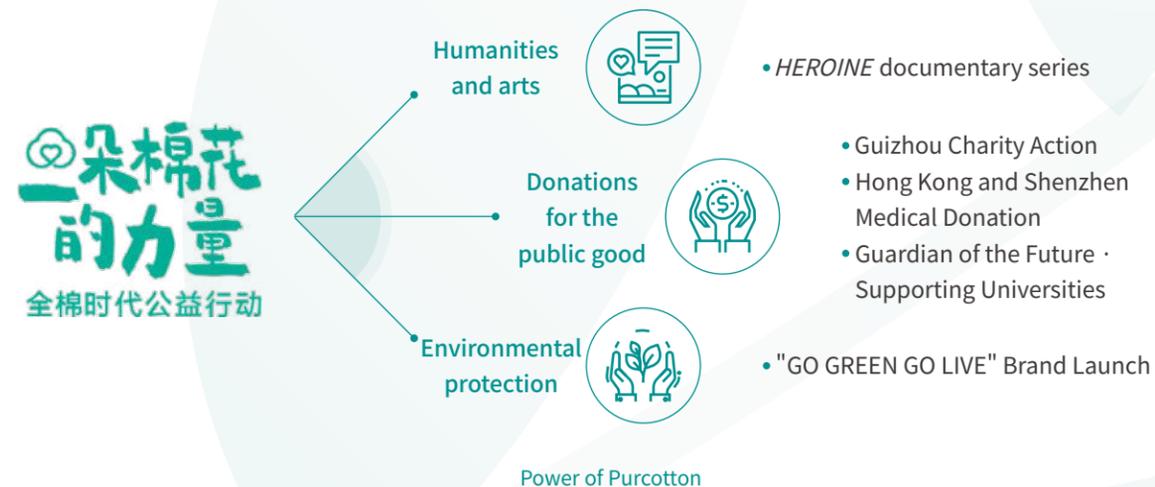
Responsible marketing training

Purcotton has established a brand tree, which clarifies brand values in marketing activities and guides the shape of our overall brand values from the dimensions of brand core values, brand attributes and brand concepts, thus building brand reputation and stickiness. It has also promoted brand culture to target consumer groups in a responsible manner in the marketing process, aiming to shape the brand image and achieve sustainable development.



As a natural fibre, cotton absorbs far more carbon than it emits during its growth cycle and can replace the use of wood pulp and chemical fibre materials, thus reducing tree felling and environmental pollution. With an obsession and love for cotton, Purcotton hopes to pass on the warmth and spirits of cotton to more people through the "Power of Purcotton" public welfare actions, expressing its attitude of contribution to the world and value-creation for society by changing people's lives and improving ecology with cotton and cotton products.

During the Reporting Period, leveraging on the "Power of Purcotton" brand image, Purcotton conveyed the spirit and positive energy of cotton and the sustainability concept in all dimensions through humanities and arts, donations for public good and environmental protection.



Case: Donating "Parcel Care" to Pass on the Power of Cotton



In February 2022, Purcotton joined hands with the China Women's Development Foundation and brand ambassador Guo Jingjing's studio to donate a total of more than RMB1.1 million to women and children in Guiding County, Qi'nan Prefecture, Guizhou Province, where Luo Haixiang is located, delivering "Parcel Care" and providing them with real care and assistance in the cold winter.



Picture of our donation

Case: Conducting "GO GREEN GO LIVE" Ocean Protection Campaign to Promote Co-existence of Human and Nature



In June 2022, on the occasion of the World Oceans Day, Purcotton held a "GO GREEN GO LIVE" brand launch and the launch of 2021 Social Responsibility Report of Winner Medical Co., Ltd., which was broadcast live online to explain the environmental value of cotton and convey the brand's vision of sustainable development to consumers.

Through the theme of "GO GREEN GO LIVE", Purcotton expressed its philosophy of "Coexistence of Human and Nature" and echoed the long-term vision of sustainable development. At the launch, Mr Li Jianquan, founder of Purcotton, gave a speech on the theme of "Purcotton Changes the World", sharing the Company's sustainable vision and brand philosophy; Ms Liao Meizhen, Vice President, told how Purcotton has made the cotton the best it can be, bringing safe, happy and sustainable lives to users with high-quality products.

While promoting the brand, the launch spread the Company's concept of sustainability and the vision of "Purcotton Changes the World", explored the future of sustainability with the cotton and contributed to achieve "carbon peak" by 2030 and "carbon neutrality" by 2060, showing our commitment as a Chinese brand.



"GO GREEN GO LIVE" brand launch

Case: "WE Eco Multi-purpose Cotton Eco Plan"



During the Reporting Period, Purcotton launched the "WE Eco Multi-purpose Cotton" Eco Plan for 103 universities in 19 cities of 17 provinces, with a total exposure of 10 million through activities such as WeChat accounts, official association KOL/KOC circles of friends, university communities, offline roadshows, event titles and environmental protection lectures, reaching out to young people's circles and calling on university students to make a positive impact on the environment through their daily activities. Such plan aims to echo with the Z generation's pursuit of beauty through the "green gene".



"WE Eco Multi-purpose Cotton" Eco Plan

Case: Telling Women's Stories and Demonstrating the Power of Women



In March 2022, Purcotton created the public welfare documentary *HEROINE* together with China Women's News and shixiang.xin, which uses the image of cotton to symbolise and highlight the power of gentle and resilient women by introducing the industry's proven documentary operation methods.

The documentary series documents Luo Haixiang, the most beautiful village doctor, who protects the health of three generations with her own efforts; Shui Qingxia, the women's football coach, who leads the women's football team to a championship; Xu Ying, the female scientist of Beidou, who encourages more youth to pursue their dreams of scientific research; and Bai Xiang'en, the first female navigator to cross the Arctic Ocean in China, who encourages more people to choose their passion.

Through real people and stories representing the spirit of the times, Purcotton communicated with consumers on a deeper emotional level with these high-quality originals, hence establishing links to its spirit and values and forming the brand's own content IP. By doing so, it not only marketed the brand value, but also communicated the cultural value of social responsibility.



Luo Haixiang - The most beautiful village doctor

Shui Qingxia - The women's football coach

Xu Ying - The female scientist of Beidou

Bai Xiang'en - The female navigator

Case: Carrying out Daily Science Popularisation Campaigns and Promoting "Winner" Medical Protection



In December 2022, Winner Medical, in collaboration with China Youth Daily, launched the "Let's Science - Protection Series" project, inviting authoritative experts in the field of infection control to give detailed and patient answers to hot issues such as prevention and control of respiratory diseases and infection treatment.

The event introduced in detail the three major modes of transmission of respiratory diseases, including droplet transmission, aerosol transmission and contact transmission, and proposed scientific initiatives to strengthen the prevention of respiratory diseases by isolating the sources of infection, cutting off the transmission routes and protecting susceptible people as the main response strategies.

At the same time, Li Liuyi, a member of the Hospital Infection Control Standards Committee of the National Health Commission and Director of the Infection Management and Disease Prevention and Control Division of Peking University First Hospital, gave a detailed explanation of the types of masks commonly used and the selection and wearing methods of masks, with the qualities of tightness and cleanliness of masks as important criteria.

The event is an effective attempt and a typical example of combining social medical knowledge popularisation with the Company's branding, taking into account the social benefits to the greatest extent possible while communicating the product value.



Pictures of the "Let's Science - Protection Series" project

Promoting Green Package and Adhering to Green Philosophy



Winner Medical has always pursued green and sustainable operation, promoted green products, pushed forward with green product certification, product carbon footprint verification, biodegradable product research and development, organic cotton breeding and application, green recycling products and other key work, and developed a circular economy for a friendly environment and resource conservation.

Green Product Certification

During the Reporting Period, the Company worked on green product certification, with infants pure (all) cotton soft tissues, gauze bath towels and wet wipes having obtained green product certification.

Our green product certification



Product Carbon Footprint Verification

The Company proactively promoted the product carbon footprint verification. During the Reporting Period, the Company conducted a carbon footprint verification on three products of Purcotton, including 100% cotton soft tissues, baby wipes and baby gowns, from cradle to grave by LCA life cycle stage, and was awarded the ISO 14067 Product Carbon Footprint Verification Statement Certificate in August 2022, becoming the first brand in China that has passed SGS Product Carbon Footprint Certification in these categories.



Products involved in our product carbon footprint verification

Biodegradable Masks

Winner Medical launched biodegradable masks in November 2022. As a new type of natural and eco-friendly masks, biodegradable masks innovatively applied biodegradable nano-filtration film technology. According to actual tests, such technology can achieve a 95% degradation rate in 180 days, with only carbon dioxide and water as its components. In addition to eco-friendly nature, biodegradable masks boast advantages of being naturally clean, odourless, soft, skin-friendly and non-allergenic.

The product was also awarded the "Health Yellow Crane Award" at the "Innovation Product Awards" of the World Health Expo 2022.



Our biodegradable masks



The Yellow Crane Award ceremony of biodegradable masks

Organic Cotton Breeding and Application

Cotton is the most important raw material for Winner Medical's products. As the eco-friendly natural fibre, it is inherently CO2 absorbent and easily degradable. The ecological impact of cotton cultivation cannot be ignored and therefore the development of sustainable cotton is an important part of the Company's green development.

In terms of breeding, the Company started with the breeding of cotton to reduce the consumption and pollution of soil and water resources during the cotton growing stage. With respect to application, the Company has gradually increased the proportion of the use of organic cotton, which has reached 5% in 2022. In addition, the Company worked hard on organic textile certification and has successfully passed the GOTS certification.



The Company passed the GOTS certification



The Company passed the GRS certification

Product Package De-plasticisation

The Company proactively promoted the "de-plasticization" strategy. In the medical business segment, through technology innovation, the Company first adopted dialysis paper film instead of plastic film in the packaging of medical products, taking the lead in the industry to achieve "paper packaging" and realize the de-plasticization of product package. During the Reporting Period, eight products in the medical protective mask category adopted "paper packaging", with cumulative sales reaching 300 million.



Winner Medical's "paper packaging" masks

PurCotton's certain products with "de-plasticised" packages

Green Recycling Products

In order to promote a circular economy, we promoted sustainable production and consumption patterns to reduce waste of resources and environmental pollution. During the Reporting Period, the Company adopted more eco-friendly and sustainable production technologies and processes, which can also promote the development and use of recycled fibre raw materials, improve the recycling rate of materials and help us pass the GRS (Global Recycling Standard) certification.

Besides, Winner Medical is committed to promoting green package and reducing the environmental impact of product life-cycle through the de-plasticisation of product packaging and the circular development of logistics systems.

In the consumer products business segment, 1,458 products in more than 30 categories were de-plasticised and packaged during the Reporting Period, including the main products such as baby super soft cotton tissues, gauze bath towels and sanitary napkins, which were well received by the market with cumulative sales of 10.55 million pieces for the year.

Development of Logistics Cycle System

In its own logistics system and the logistics with its third-party partners, the Company is proactively shifting to a more circular production and consumption model by using environmentally friendly packaging materials, reducing the use of packaging and increasing the recycling of packaging to reduce the environmental impact of packaging.

Seeking Governance

for Stable and Compliant Operation

Strategic Vision	20
Corporate Governance	21
Compliance and Risk Control	26
Strengthening Party Building	28

Contribution to the United Nations Sustainable Development Goals



Strategic Vision

Since its inception 32 years ago, Winner Medical has always kept in mind the vision of "Caring for health and life, making a better world" and upheld the mission of "Leading the trend of big health and achieving harmony between people and the environment". The Company has firmly adhered to the four corporate values of "hard work, innovative, self-criticism, and sustainable development". In terms of medium and long-term strategic development, the Company has developed the strategic guidelines of "product leadership as the direction, innovation and R&D as the core, brand marketing as the driver, digital operation as the foundation, intelligent manufacturing as the weapon, and 'four highs' talents as the guarantee, to build a new chapter of high-quality development of the Company".

In the future, Winner Medical will embrace new changes, meet new opportunities, respond to new environments, challenge new markets, create new technologies, develop new products and embrace new consumers with a more active and open attitude, firmly implement the core strategic idea of "Leading Products and Excellent Operation" and steadily move forward in the direction of high-quality development.

Over the past 13 years, Purcotton has always adhered to the vision of "Purcotton Changes the World", the mission of "Leading a healthy lifestyle with a trusted brand", the core values of "Delight Customers, Care for Employees, Hard Work and Innovative", and the brand management principle of "Quality is superior to profit; Brand is superior to speed; Social responsibility is superior to corporate value". While giving priority to create cotton advantageous categories, Purcotton cultivated large-volume cotton categories, committed to pursue the global development of all categories of cotton.

In the future, Purcotton will adhere to its original aspiration and brand values of "Purcotton Changes the World", focus on changing consumer perception and enable them to understand and recognize its "safe, happy and sustainable" brand philosophy through all-round, multi-channel efforts, and take its three core values of "Medical background/Purcotton philosophy/quality in our DNA" as a basis to shape the brand's soul and establish Purcotton's leading position as the world's first choice.

winner
稳健医疗

Leading Products

We optimised the category structure and product portfolio, gradually upgraded and increased investment in traditional medical products and enhanced the competitiveness of traditional conventional products around the core three features. We created popular products/singles, and provided solutions based on users' pain points in specific scenarios. At the same time, we continued to upgrade and make breakthroughs in basic materials, tackled and resolved product functional defects and other problems, and promoted industry-university-research cooperation and the implementation of national/provincial innovation platform projects.

Excellent Operation

We strengthened branding, self-media operations and other publicity and communication coverage to establish the No.1 image of the professional medical brand and attract the eyes of users; upgraded

Purcotton
全棉时代

the product channel combination strategy by focusing on domestic and overseas key hospitals, pharmacies and large customers and conducting cooperation in land, sea and air transportation, further developed customers and controlled the end-user market for mutual benefits and win-win with all partners.

We summarised our experience and turned our ability to decide, collaborate, respond and execute quickly into daily capabilities. We also improved the integration of multiple categories for new business acquisitions and accelerated the deep integration of products, technology, marketing and operations to promote the convergence of terminals and maximise value for strategic development.

Leading Products

We insisted on the innovative 246 Rule and increased the investment in the research and development of basic materials and fabrics; we focused our investment in pure cotton spunlace non-woven fabric and gauze to establish an absolute advantage and competitive position in the market share of core products and drive the development of all categories.

Excellent Operation

With a focus on improving user traffic, conversion and unit price of key categories in various channels, we carried out work and capacity building in branding, marketing, channels and retail; we won the battle of branding for new customer acquisition and focused on serving Purcotton's consumer groups; we further developed channels by expanding franchisees while strengthening basic management; we accelerated breakthroughs in digital transformation capabilities, completed the digitalisation of commodities, consumers and channels, upgraded the digital system integrating the three major systems, and developed the capacity to build the core business integration process to achieve simplification, visualisation and standardisation.

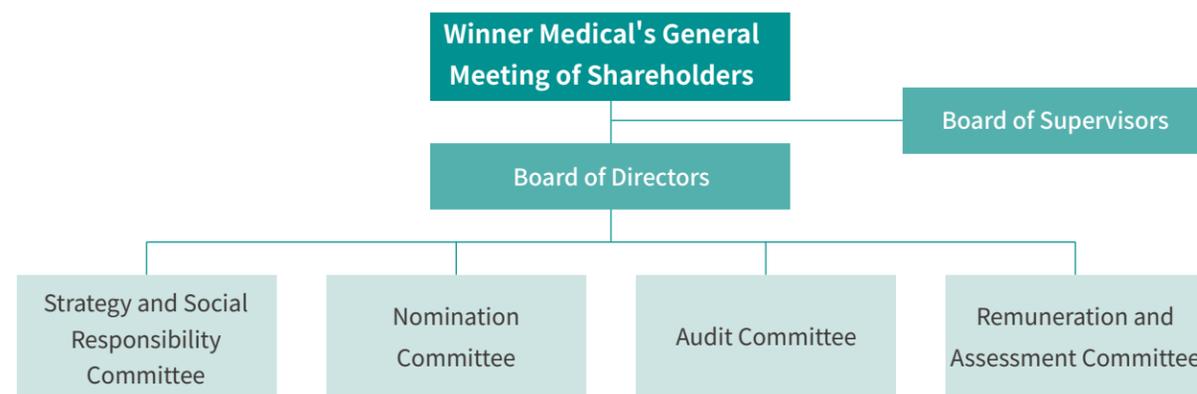
Key elements of leading products and excellent operation of Winner Medical and Purcotton

Corporate Governance

The Company has standardised its operations, fulfilled its information disclosure obligations, strengthened communication with investors and established a modern corporate governance system that is scientific and standardised, with effective checks and balances and efficient operations.

Operation of Three Meetings

In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Shares on the ChiNext of the Shenzhen Stock Exchange* and the *Articles of Association of Winner Medical Co., Ltd.* (the "Articles of Association") and other laws, regulations and regulatory documents, the Company has ensured that the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors can exercise their powers of decision making and supervision, so as to enhance the independent operation of the three meetings, improve the governance mechanism and standardise the operation and management of the Company.



Relationship of three meetings in the Company

General Meeting of Shareholders



The general meeting of shareholders is the highest authority of the Company. The Company convenes and holds general meeting of shareholders in strict accordance with the relevant regulations and requirements such as the *Company Law*, the *Articles of Association* and the *Rules of Procedure for the General Meeting of Shareholders* to ensure that all shareholders, especially small and medium shareholders, enjoy equal status and fully exercise their legitimate rights.

Key Performance 2022

During the Reporting Period, the Company held **1** annual general meeting of shareholders

Board of Directors



The Board of Directors is accountable to the general meeting of shareholders and has four specialized committees that are accountable to the Board of Directors. The membership of these specialized committees is made up entirely of directors. Except for the Strategy and Social Responsibility Committee, the specialized committees are comprised of a majority of independent directors who act as convenors, and the convenor

of the Audit Committee is an accounting specialist. The Board of Directors is in charge of establishing the working procedures and standardising the operation of the specialized committees, which provides strong support to the Board of Directors in making scientific decisions.

Key Performance 2022

As of the end of the Reporting Period, the Company's Board of Directors consisted of a total of **7** directors including **3** independent directors and **2** female directors. During the Reporting Period, the Company held a total of **6** meetings of the Board of Directors

Board of Supervisors



The Board of Supervisors supervises the Company's finances and the legality of the duties performed by the Company's directors and senior management in accordance with the *Company Law of the People's Republic of China* and other laws and regulations as well as the *Articles of Association* of the Company, in order to safeguard the legitimate rights and interests of the Company and its shareholders.

Key Performance 2022

As of the end of the Reporting Period, the Board of Supervisors consisted of **3** supervisors (all of whom were female) including **2** shareholder representative supervisors and **1** employee representative supervisor. During the Reporting Period, the Company held a total of **3** meetings of the Board of Supervisors

Investor Relations

The Company attaches great importance to investor relations management and has formulated the *Investor Relations Management System*, the *System for Reception of Research Visits by Specific Subjects* and other systems and regulations. In addition, from the perspective of protecting the interests of small and medium investors, the Company takes effective and convenient measures to strengthen all-round communication with shareholders and investors in the course of its daily work and implementation of major matters, so as to ensure the rights and interests of small and medium shareholders to obtain information about the Company in a fair and impartial manner.

Based on its confidence in future development and its own value judgment, the Company has contributed RMB500 million to repurchase its own shares in the secondary market and completed the repurchase in April 2022 in order to enhance investors' confidence.

Furthermore, after taking into account the reasonable return to investors and the long-term development of the Company, and on the premise of ensuring the normal business development of the Company, the Company proposed the profit distribution plan for the year 2022: all shareholders will be distributed a cash dividend of RMB19.00 (before tax) for every 10 shares for a total cash dividend of RMB797,501,533.10 and every 10 shares in capital reserves will be capitalized for 4 shares in share capital, without bonus shares.

Key Performance 2022

During the Reporting Period, the Company held **5** events for small and medium investors

- held the 2021 Performance Presentation via live broadcast, with 80,000 participants online.
- Participated in the live broadcast of "Shareholders are Coming 2022 - CMS into Listed Companies" organized by CMS and www.quanjing.com.
- held a written communication session on the 2021 Annual Report via a written roadshow on the "Cloud Interview" section of the Shenzhen Stock Exchange (<http://irm.cninfo.com.cn/>).
- Participated in an executive talk show organised by Guosen Securities Co., Ltd.
- held an ESG launch event in June to give regulators, consumers, investors and partners a better understanding of Winner Medical.



Performance presentation



Shareholders are Coming 2022 - CMS into Listed Companies



ESG launch

Investor Communication

The Company conducts multi-channel, multi-format and all-round communication for investors of different professional degrees and types to win investors' trust. It also provides diverse and convenient communication channels, such as performance exchange meetings, roadshows, investor mailboxes, <http://irm.cninfo.com.cn/>, official website and WeChat account, to communicate with investors, with a view to establish and maintain sound investor relations and develop positive interaction with investors.

During the Reporting Period, the Company was awarded the "2022 Best Practice Award for Board Office of Listed Companies" by China Association for Public Companies.

Key Performance 2022

During the Reporting Period, the Company organised and participated in a total of **127** exchange activities through performance presentations, online and offline roadshows, strategy sessions and one-to-many exchanges, including **4** performance presentations and 29 receptions of research visits by specific subjects

Enhancing Information Disclosure

The Company continues to enhance its information disclosure management and perform its information disclosure obligation honestly. It has formulated the *Information Disclosure Management System*, *Internal Reporting System for Material Information* and other relevant systems to disclose information related to the Company's operation and management in a compliant manner, and to ensure that the information is true, accurate, complete, timely and fair.

Key Performance 2022

During the Reporting Period, the Company made a total of **94** announcements of various types, there was no matter that should have been disclosed but were not, and no selective disclosure of information, and it fully fulfilled its information disclosure obligation as a listed company and effectively protected the legitimate rights and interests of investors.

Awards Received by the Company

2021 Annual Report: "Excellent Case Study for the Annual Report of GEM Listed Companies" by the Shenzhen Stock Exchange

2021 ESG Report: "Excellent ESG Case Study of Listed Companies" by China Association for Public Companies

Winner Medical was awarded the highest rating of **A** for companies listed on the Shenzhen Stock Exchange in 2021.

As of the end of the Reporting Period, Winner Medical was rated **AAA** by Guosen Securities and ranked second out of 110 listed companies in the textile, apparel and luxury industry.



Compliance and Risk Control

As the basic principle for its operation, Winner Medical operates in accordance with the law, strictly abides by laws and regulations such as the *Company Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, as well as business ethics, and strives to achieve high-quality development by law-abiding corporate governance.

Risk Management

A sound risk management system is the key to success in ensuring normal and orderly business operations. Winner Medical attaches importance to risk control and strictly complies with relevant laws and regulations, and

has formulated institutional norms such as the *Comprehensive Risk Management System* and the *Mechanism for Emergency Handling of Sudden and Significant Risks*, so as to establish a comprehensive risk management system through these sufficient risk management policies.

During the Reporting Period, the Company, in accordance with the provisions of the *Basic Standard for Enterprise Internal Control* and its supporting guidelines and other internal control regulatory requirements, combined with its internal control system and evaluation methods, and on the basis of routine and special supervision of internal control, adhered to the principle of risk orientation and carried out continuous improvement and optimisation of its internal control system to adapt to changes in the external environment and internal management requirements. The Company operates, analyses and evaluates its internal control system in order to prevent risks in operation and management and to promote the achievement of internal control objectives.



Comprehensive System
<i>Comprehensive Risk Management System</i>
<i>Mechanism for Regular Reporting of Risk Information</i>
<i>Mechanism for Emergency Handling of Sudden and Significant Risks</i>
<i>Definition of Common and Significant Risk Events</i>
<i>Mechanism for Risk Accountability</i>

Intellectual Property Rights

To regulate the management of intellectual property rights of the Company, stimulate the enthusiasm of employees in technology innovation and invention, and promote the application of intellectual property rights, the Company has developed systems and measures including the *Measures for Intellectual Property Management* and the *Measures for Management of Intellectual Property Rights Protection*, and set up the ad hoc Intellectual Property Management Committee which is responsible for researching, formulating, deliberating and promoting intellectual property-related work in accordance with the development of the Company.



During the Reporting Period, Purcotton was included in the list of "Newly Identified National Intellectual Property Advantage Enterprises in 2022" and was awarded the Guangdong Intellectual Property Demonstration Enterprise Certificate.

Combating Corruption and Promoting Integrity

The Company insists on combating corruption and promoting integrity and building a clean and honest corporate culture. We also continue to improve the anti-fraud system and optimise the reporting channels to comprehensively prevent and control corruption risks and implement anti-corruption across the board.

Besides, the Company enhances the supervision of its internal employees through daily education and training on anti-corruption and integrity and provides timely integrity reminders, which provides supervision protection for preventing and resolving major risks and promotes anti-corruption essentially.



Anti-corruption campaign at festivals

Strengthening Party Building

2022 marks the year of the 20th National Congress of the Communist Party of China (CPC) and a key year for the implementation of the 14th Five-Year Plan. Since its establishment in October 2017, the Party Committee of Winner Medical Co., Ltd. has continued to deepen the study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strengthen the Party's leadership and carry out solid learning and education on the history of the Party, contributing to the high-quality development of the Company.

Studying and Implementing the Spirit of the 20th CPC National Congress

In order to study and implement the spirit of the 20th CPC National Congress and improve the political quality of Party members, the Party Committee of the Company organised a concentrated independent study of important documents such as the spirit of the 20th CPC National Congress and the new version of the *Constitution of the Communist Party of China*, and enhanced "Four Consciousnesses", adhered to "Four Confidences" and maintained "Two Upholds" through learning the original text and understanding the principles. The Company also held a series of activities and presentations to welcome the "20th CPC National Congress", which strengthened the Party Committee's confidence in party building and stimulated the enthusiasm of Party members and workers, thus providing strong spiritual momentum and strong political guarantee to promote the high-quality development of the Company.

Case: The Company's Party Committee Organised the Party Members to Study the Report of the 20th CPC National Congress

In October 2022, the Party Committee of Winner Medical organised a concentrated study of Xi Jinping's report at the 20th National Congress of the Communist Party of China, and requested its three branches to make the in-depth study and implementation of the spirit of the 20th CPC National Congress the primary political task and understand the spirit and connotation of the report, so as to firm up the ideals and beliefs of Party members and encourage them to move forward with courage and play a pioneering and exemplary role as Party members.



The Party Committee of the Company organised a concentrated study of the report at the 20th CPC National Congress

Strengthening the Management of Party Members

To standardize the guidance, we worked hard on training and developing Party members. We also promoted our efforts on "two coverage" and "three synchronizations" to fully manage the Party organizations of enterprises in the park, and mobilized and guided mobile, pocket, and invisible Party members to reveal their identities through inspecting enterprises' Party building, mobilizing Party members to transfer organizational relations and other means.

Key Performance 2022

In 2022, the Company successfully received **16** Party members, developed **1** new reserve Party member and regularized **3** Party members as scheduled, and received a total of **8** applications for Party membership, covering **2** applications from middle and senior managers

Enriching the Organization Life

The Company has conscientiously carried out organisational life, strictly implemented the "three meetings and one class" system in accordance with the relevant thematic content guidelines and requirements, and held Party members' meetings and carried out thematic Party day activities and online studies to improve the ideological and political quality of Party members and standardise the political life of the Party, so that the Party organisation has fully played its role as a fighting base.

Case: Party Committee of the Company Held A Party Day Activity to Welcome the 20th CPC National Congress

During the Reporting Period, the Party Committee of the Company listened to the Congress and its report in various ways, which further enhanced employees' spirit of conscientiousness, responsibility and entrepreneurship and contributed to the development of the Company.



The Company held a themed Party day activity

关键绩效 2022

In 2022, the Company conducted **98** study sessions on "first topic" through the "three-step learning method" and held **16** Party committee meetings

In 2022, all branches of the Company held **49** Party conferences, **33** branch committee meetings, **12** Party class studies and **12** themed Party day activities

Contributing to Public Welfare

Key Performance 2022

- In February 2022, the Party Committee of the Company donated **11** boxes of medical masks (18,700 in total) and **11** boxes of thermacare to Longhua Subdistrict;
- In February 2022, the Company donated **30** boxes of masks (6,000 in total), **10** boxes of thermacare and **30** boxes of heating pads to Shenzhen Longhua Charity Association;
- In March 2022, the Company donated **260** boxes of alcohol disinfectant cotton tablets and **18** boxes of hand sanitizer to Shenzhen Municipal Committee of the Communist Youth League and Shenzhen Voluntary Service Foundation.

Caring for Employees

Case: Lighting Up Small Wishes and Caring for Winner Employees

On the occasion of the 20th CPC National Congress, the Party Committee of Winner Medical, together with the Company's Human Resources and Purcotton's Human Resources, held a Light Up Small Wishes event, where a wish can be made online and realised offline, aiming to help every Winner and Purcotton's person realise their positive wishes and send the warmth of the Party Committee and the care of the Company to everyone.



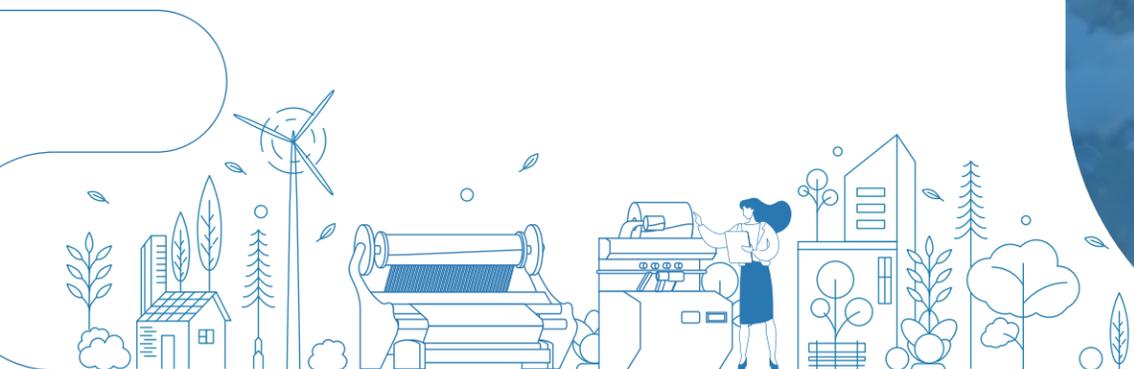
Pictures of the Light Up Small Wishes event

Striving for Excellence

for Steady Business Development

Inclusive Healthcare	34
Excellent Quality	37
R&D Technology	44
Customer Services	49
Data Security	53
Walking Together	57
Growing with Partners	59

Contribution to the United Nations Sustainable Development Goals



Inclusive Healthcare

Adhering to the mission of "Leading the trend of big health and achieving harmony between people and the environment", Winner Medical continues to expand its industrial layout, and is committed to providing one-stop solutions in the field of medical consumables so that more people can have access to quality medical products and services. Low-value medical consumables have the characteristics of immediate need and high frequency in the use of hospital personnel, but the concentration of the industry is low. The Company continues to improve its market share, accelerate the penetration of disposable surgical kits, strengthen the popularity and application of medical consumables, help improve the efficiency of hospital personnel and reduce the risk of infection among medical workers.

During the Reporting Period, the Company strategically acquired four sister companies, namely Longterm Medical, Winner Medical Hunan, Guilin Latex and Junjian Medical, to carry out industrial expansion in the fields of advanced wound dressings, latex products and injection and puncture respectively. Through the industry expansion, the Company expanded its medical products coverage as well as its domestic and international business channels and customers, which further improved its strategic layout for one-stop medical consumables solutions and laid the foundation for future high-speed growth.



Case: Building an advanced Dressing Industry and Accelerating Patients' Recovery

In April 2022, Winner Medical acquired Longterm Medical, consolidating its leading position in the advanced wound dressing segment. We promoted the industry development through the integration of related businesses and made responses to the market demand for medical dressings brought about by the aging of global population and the increase in chronic diseases.

By upgrading advanced wound dressings with features such as better breathability, non-adherence to wounds, non-destruction of new tissue and avoidance of bacterial infection, Winner Medical has facilitated the upgrading

of medical standards in the industry, accelerated the recovery of patients with complex wounds, reduced patients' pain and reduced the risk of serious complications.

With its industrial strengths, Winner Medical further developed advanced wound dressings to promote the high-quality development of the industry, so as to provide better quality products for patients and society, enhance medical conditions and standards, and create greater social value.



Case: Developing New Business of Injection and Puncture and Improving the Medical Consumables Landscape

In May 2022, Winner Medical acquired Winner Medical Hunan, filling its product gap in the field of injection and puncture and promoting the Company as one of the companies in China with the most comprehensive medical consumables product lines.

Winner Medical developed various kits by pairing products such as operating room consumables and wound care products with syringes, infusion sets, indwelling needles and puncture kits of Winner Medical Hunan, and ultimately aims to provide one-stop customized solutions to hospital users, solve their pain points and create value for them.



Case: Developing Medical Latex Gloves to Ensure Surgical Hygiene and Safety



In April 2022, Winner Medical acquired Guilin Latex to make up for its gaps in the medical latex product line, complement with its medical dressings, wound care products and home care product lines, and further strengthen its position as a one-stop solution provider for hospitals' operating rooms.

With its innovative R&D capability, digital operation capability and intelligent manufacturing capability, Winner Medical has empowered the R&D, production and sales of Guilin Latex's plants and upgraded its equipment, which effectively promoted the R&D and production of medical latex gloves, reduced the risk of bacterial infection for medical workers and patients, improved medical safety and hygiene, and contributed to the sustainable development of society.

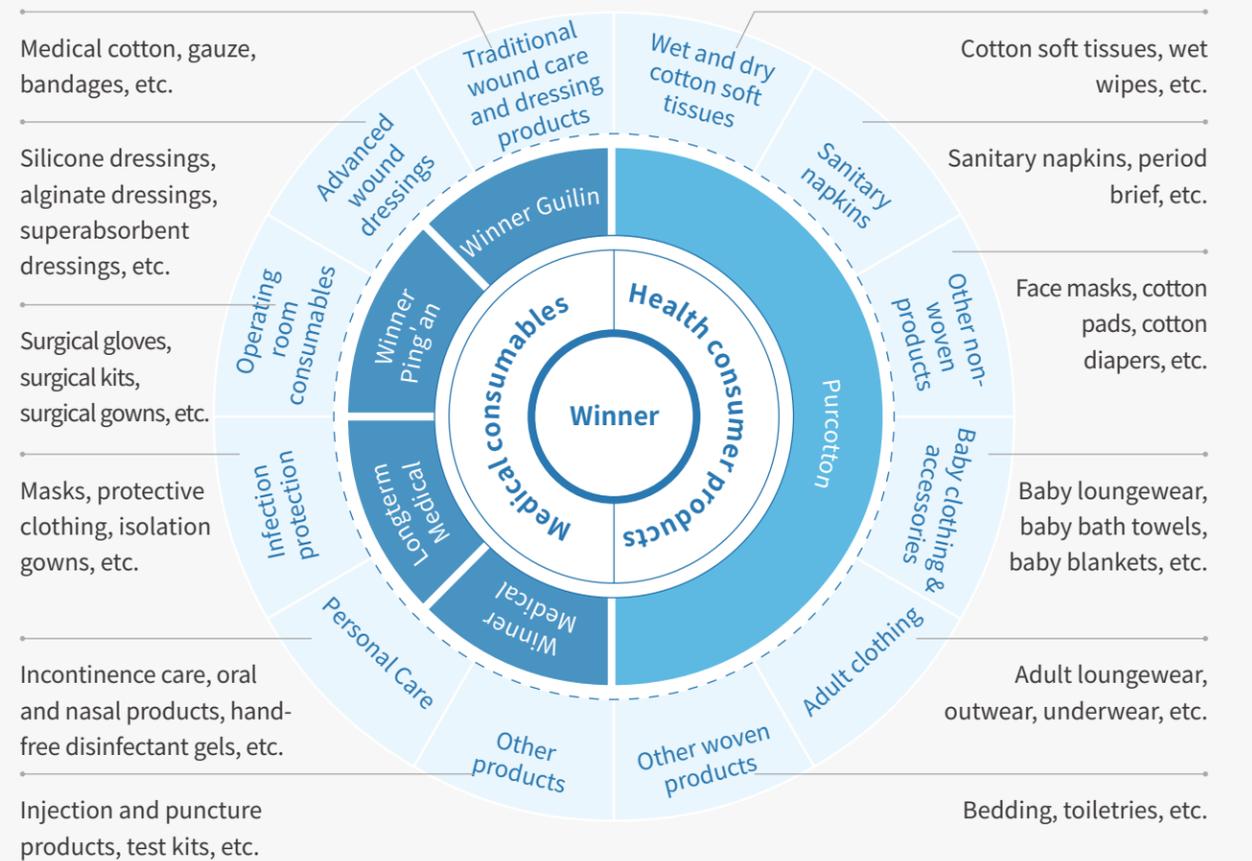


Developing medical latex gloves by acquiring Guilin Latex

Excellent Quality

Product Matrix

The Company is a large-scale health company that realizes the coordinated development of the medical and consumer sectors through its two major brands, including "Winner Medical" and "Purcotton". Specifically, the Company has been adhering to the core business principles of "Quality is superior to profit; Brand is superior to speed; Social responsibility is superior to corporate value", and with innovation and expansion, has developed from a single medical consumables manufacturer to a large-scale health company with business covering fields like wound care, infection protection, personal care, home care, maternal and child care, home textiles and apparel.



Our main product lines

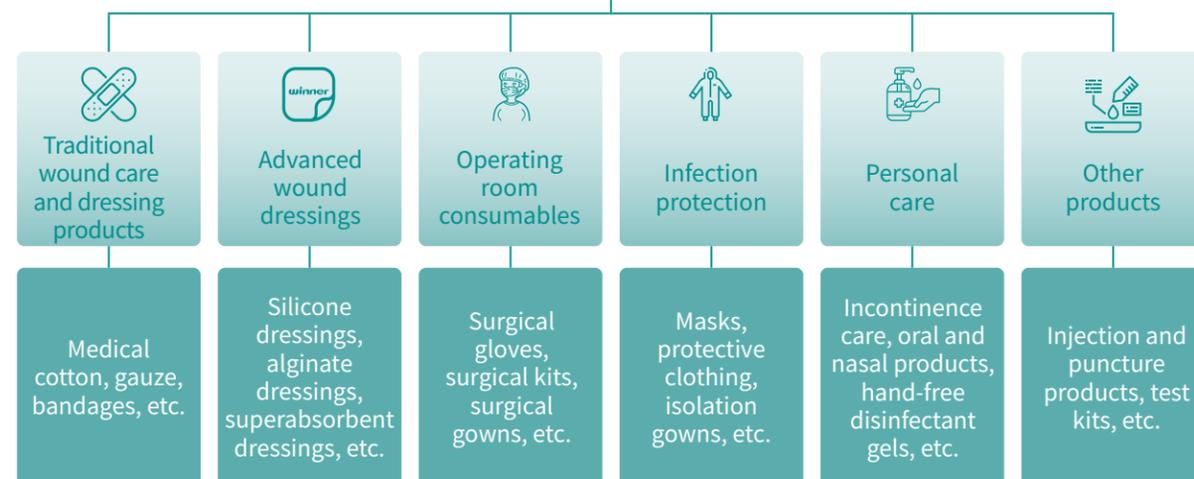


Winner Medical is a benchmark company in the domestic medical consumables industry. The Company's main product lines cover wound care, infection protection and personal care, including advanced wound dressing products, traditional wound care and dressing products, operating room consumables, infection protection products and personal care products.

Winner Medical focuses on market demands, gets close to the clinic and the terminal, takes R&D innovation as the driving force, and continuously improves the product layout. Its business scope has expanded from the sales of single wound care products such as gauze to the sales of comprehensive solutions for wound care, infection protection and disinfection and cleaning. Compared with reusable medical products, disposable operating room consumables can reduce nosocomial infections more effectively, and are gradually being accepted by the domestic market as our country and hospitals pay more attention to nosocomial infections and residents pay more attention to their personal hygiene environment.

Winner Medical's dressings product line has been expanded from gauze-based traditional dressing products to advanced wound dressing products, such as silicone foam dressings, hydrocolloid dressings, super absorbent pads, and negative pressure drainage products, which are mainly used in chronic wound healing scenarios such as diabetes, extensive burns, and trauma. The Company's technology in advanced wound dressings has been at the forefront of the industry and advanced wound dressings are expected to become core products to be developed by Winner Medical.

Main Products Under the Medical Consumables Segment



Starting with pure cotton spunlaced non-woven fabric, Purcotton is a healthy lifestyle brand with "safe, happy and sustainable" as the brand concept and "Medical background/Purcotton philosophy/quality in our DNA" as the core competitiveness. Its products include non-woven consumer products such as pure cotton soft towels, pure cotton top sheet sanitary napkins and pure cotton wet wipes and woven consumer products such as baby products, baby clothing and adult clothing. Purcotton advocates a comfortable, healthy, and environmentally friendly concept by replacing chemical fibre with cotton to keep away from chemical irritation and providing total solutions for different life scenarios. With such efforts, Purcotton has harvested a sound reputation among users, developed a fully differentiated brand image in the field of consumer products and built a strong brand appeal.

With excellent quality control and technology R&D capabilities, the Company has further launched medical-grade consumer products. Purcotton's core products mainly adopt cotton of the highest quality from around the world as raw materials so that their quality and safety can be controlled at source. In production, it strictly controls all types of contamination sources according to the high standards of medical consumables. All its underwears such as disposable underwear and newborn baby clothes are sterilised using medical-grade packaging to further ensure product safety and environmental protection. Purcotton's products target various consumer groups such as mother and infants, children and adults, and encompass several product lines including advanced pure cotton soft tissues, feminine care, baby care, adult clothing and home textile products.

Purcotton



Purcotton's main products

Quality Management System

The Company has always met customer demands with excellent quality and adhered to three "core principles", including "Quality is superior to profit; Brand is superior to speed; Social responsibility is superior to corporate value", and summarised and formed the quality policy of "work rigorously, strictly comply with laws and regulations, continuously improve, and win the trust of customers". The Company is the first in the industry to establish and improve the quality management system, and has formulated quality management systems such as *Internal Audit Control Process*, *Management Review Control Procedure*, *Improvement Control Process*, *Incoming Material Quality Control Process*, *Process Quality Control Process*, *Finished Product Quality Control Process* and *Process Confirmation Control Process*.

Quality System Certification and Product Access

Based on its quality policy, Winner Medical has established a process management-based quality management system model based on EN ISO 13485:2016 (ISO13485:2016), *Announcement on Releasing Good Manufacturing Practice for Medical Devices* in China, US 21 CFR Part 820, EU MDD (DIRECTIVE 93/42/EEC), EU MDR (REGULATION (EU) 2017/ 745) and EU PPE (REGULATION (EU) 2016/425). Under this model, Winner Medical has focused on researching product quality standards and regulatory requirements in various countries/regions and has passed the product registration/certification procedures and obtained product approval in China, EU, USA, Japan, UK, Switzerland, Russia, Australia, Malaysia, Thailand, Saudi Arabia and other countries/regions, striving to provide domestic and international customers with quality products and good after-sales service. Besides, Winner Medical has been committed to building a professional, reliable and comprehensive product quality testing capability. Its R&D centre laboratory and Jingmen Winner Laboratory have been accredited by China National Accreditation Service for Conformity Assessment (CNAS), demonstrating its professional and reliable product testing capability, which not only provides a favourable guarantee for product quality control, but also provides a source of data for continuous product improvement.

Case: Supporting Major Events with High-quality Products

As our product quality has been widely recognised by the market, Winner Medical's products have been employed by a number of major national and international events, providing security for athletes to perform at a high level on the playing field.



The Company supported major events with high-quality products

Product Quality Control

The Company strictly controls the quality of its products and manages the whole life cycle of product quality testing. Through quality testing process control and quality issue traceability, the Company can control product quality in a multi-dimensional manner and ensure to serve customers with excellent quality.

Product Quality Testing Process

To reduce the quality problems and safety risks of its products and mitigate the negative impact on the environment and human health, the Company has built a comprehensive quality testing process to fully inspect the quality of raw materials and semi-finished and finished products, production environment, and manufacturing compliance, in a bid to ensure that product quality meets the standards.

Through quality testing of its products, the Company can identify and solve product quality problems in a timely manner to improve the quality and credibility of its products, thereby enhancing its market competitiveness and brand value. In the meantime, the Company can meet market demands precisely through product quality testing and develop products that better meet the needs of the market and consumers, thus promoting its sustainable development.



During the Reporting Period, the Company invested resources to introduce more online monitoring devices for surgical masks. All types of defects that may exist can be automatically captured and identified during the production process, which further enhances the quality of surgical masks and meet the needs of users.



Online monitoring devices for surgical masks ▶

Traceability of Quality Problems

To effectively improve the efficiency of quality management and enhance the traceability of quality problems, the Company has built a sound quality problem traceability system, which can locate the pictures and corresponding materials in detail during the quality management process, and counter-check the raw material batch number, inspection records and production records based on the batch number. Through the traceability system, the Company can quickly identify the root cause and the responsible party of the problem through investigation and analysis after a product quality problem has occurred, and take corresponding measures to solve the problem and prevent its recurrence, effectively enhancing the quality problem control capability and improving the overall product quality.

Case: Quality Management Construction Activities



The Company highly emphasizes the implementation and construction of quality culture, and insists on carrying out activities such as quality culture study seminars, QCC excellent topic publication and excellent quality personnel selection. Through a series of activities, the Company aims to raise the quality awareness of all employees, create a high-quality construction atmosphere, and pursue excellence in quality.

In conjunction with experts from China Association for Quality, the Company held a training course on *Corporate Quality Culture* attended by senior officers such as rotating CEOs, general managers of manufacturing plants and management representatives, which is designed to learn and discuss how to better build and implement a corporate quality culture and promote high-quality corporate development.



The Company held the 6th QCC Selection Activity with a total of 18 topics from 8 manufacturing plants, where 1 first prize, 2 second prizes and 3 third prizes were awarded. The Company held the 6th QCC Selection Activity with a total of 18 topics from 8 manufacturing plants, where 1 first prize, 2 second prizes and 3 third prizes were awarded.



The Company held the 2022 Outstanding Quality Engineer and Outstanding QC Awards to recognize the advanced persons, set an example and select outstanding talents.



Winner Medical's Quality Management Centre held a series of training courses on product design and development and other courses for the Commodity Centre, with the aim of improving its product design and development capabilities and quality.



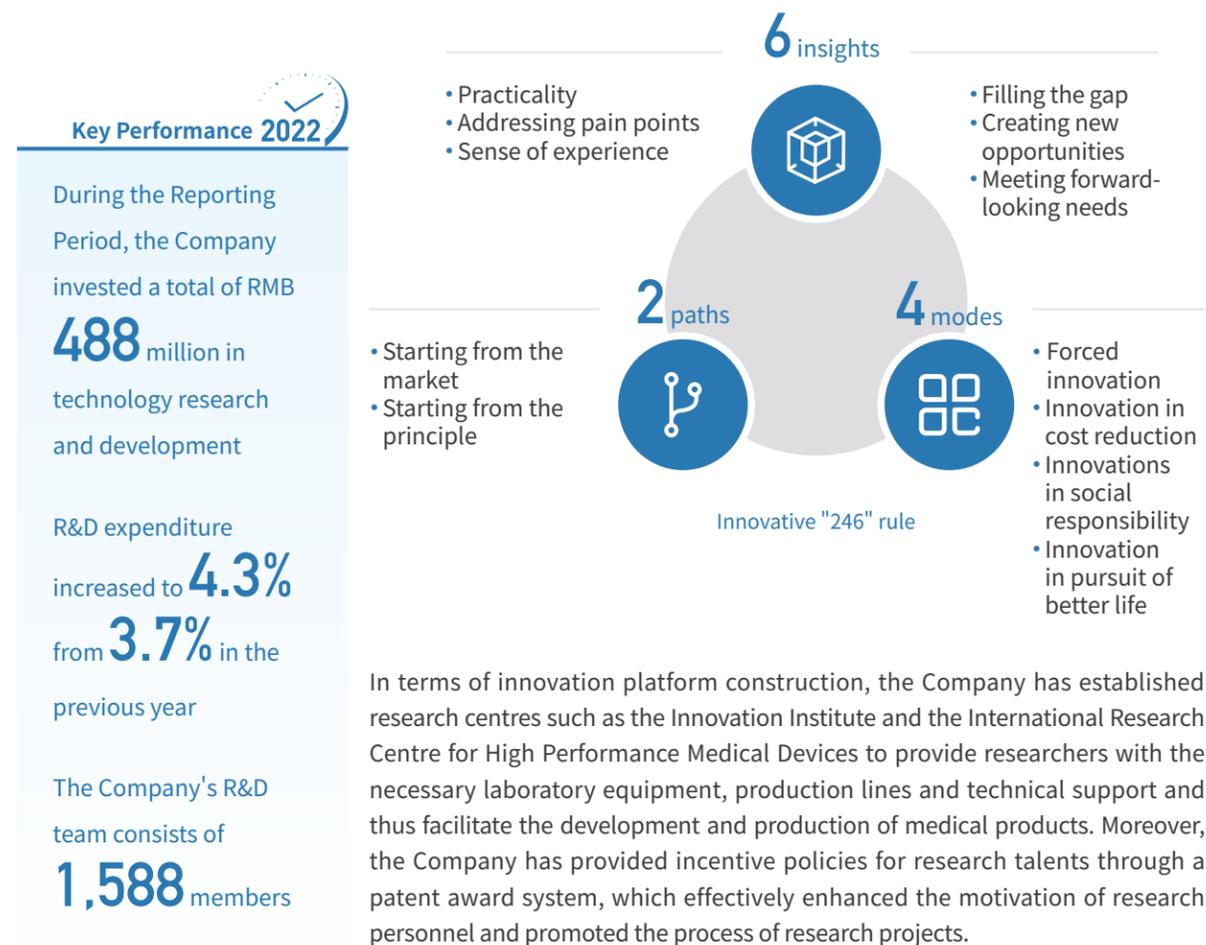
Examples of quality management training courseware

R&D Technology

Technology R&D System

With the philosophy of "leading products, excellent operation, higher quality, higher efficiency and lower cost", Winner Medical has established and improved its technology R&D system, constantly improved its technology R&D quality, and comprehensively promoted its technology innovation from five dimensions, namely refinement, standard, digitalisation, green energy and automation, striving to build a research-based enterprise.

The Company has further developed its "246 Rule", which guides its innovation activities in production, products, equipment, processes and technology, and conducted in-depth research on cotton based on the market and the principle, so as to deeply engaged in the cotton specialty and establish a differentiated competitiveness in technology.



Case: Innovation Conference



The Company holds an innovation conference every year to encourage the innovation of all employees. Through multi-dimensional evaluation from new technology, new materials, new equipment, new processes and new management, the conference will select innovative, valuable projects and provide them with awards and incubation support.

Ethical Risks in Scientific Research

The Company attaches great importance to ethical risks in the research and development process, and conducts R&D projects in strict compliance with national regulations and international standards. The Company strictly observes the Regulations on the *Administration of Laboratory Animals* in the course of research and development, and follows the "3Rs principle" for animal experiments, i.e. Replacement, Reduction and Refinement of laboratory animals. The Company also strictly abides by the *Declaration of Helsinki* and the *Quality Control Standard for Medical Device Clinical Trials* (GCP) promulgated by the National Medical Products Administration to protect the rights and interests of subjects.

Besides, the Company is required to obtain approval from the ethics committee of the relevant medical institution when conducting clinical studies on the relevant product. The investigator must provide the subject with details of the clinical study, and any subject who is capable of giving informed consent must be fully informed of the purpose of the study, the methods, any possible conflict of interest, the investigator's affiliation, the expected benefits and potential risks of the study, any discomfort that may be caused by the study, post-study safeguards and any other study-related aspects, and sign an informed consent form for the patient.

Implementation of Scientific Research Results

During the Reporting Period, the Company advanced a number of scientific research projects, of which three key projects made significant progress, all of which have been launched in mass production.

Project Name	Key Results
Biodegradable Mask Project	<ul style="list-style-type: none"> • Biodegradation rate of mask products $\geq 95\%$ • The performance indicators of masks meet the requirements of <i>YYT0969-2013 Disposable Medical Face Mask</i>
Several In-house Antibacterial Dressing Products	<ul style="list-style-type: none"> • Completed product development and entered registration phase • Antibacterial fibre dressing has registered with US FDA

Key scientific research projects of Winner Medical in 2022

Project Name	Key Results
Research and Development of High-stretch, Sun-protective "Breathable" Pure Cotton Fabrics and Products	<ul style="list-style-type: none"> The first to develop a pure cotton sun-protective product with a UPF of 50+, while the cotton material is sweat-absorbent and breathable, light and stretchy for comfortable wear. Replace chemical fibres with pure cotton to improve the quality of outerwear products and lead the technology upgrade of the cotton products industry.
Development of Natural "Icy" Micro-encapsulated Antibacterial Cotton Products	<ul style="list-style-type: none"> Develop natural cool summer cotton products with antibacterial properties. Develop functional cotton outerwear products using new processes to enhance product performance and improve the competitive edge of the Company's products in the market.
Analysis of Microplastic Release from Textile Materials and Investigation of its Effects	<ul style="list-style-type: none"> Reinforce Purcotton's brand philosophy of promoting sustainability through scientific tests that analyse the production of microfibre and microplastics in the use of pure cotton materials versus similar products made from chemical fibres.
Research on Continuous Roll Dyeing Technology for Non-Aqueous Medium Reactive Dyestuff	<ul style="list-style-type: none"> Optimise the dyeing process of classic pure cotton fabrics and use the energy and water-saving, eco-friendly dyeing process for pure cotton product development, to achieve carbon emission reduction of pure cotton products and provide a viable solution to our carbon peak and carbon neutrality objective. Fit our green, natural and environmentally friendly philosophy; greatly enhance brand credibility and influence.
Development of Functional Cotton Fabrics with Antibacterial Heating Curcumin	<ul style="list-style-type: none"> Develop a range of warm underwear for autumn and winter that keep you warm and are made of pure cotton for greater comfort, health and environmental protection. Enhance the added value of products, increase the range of autumn/winter products and improve the market competitiveness of the autumn/winter category.

Key scientific research projects of Purcotton in 2022

Key Performance  2022

As of December 31, 2022, the Company has obtained **76** invention patents, **662** utility model patents and **349** design patents in China, and **54** invention patents and **8** utility model patents outside China.

The Company was recognized as a "Leading Enterprise of Independent Innovation Industry" by the Shenzhen Municipal People's Government and as a "Shenzhen Intellectual Property Advantage Enterprise" by the Shenzhen Administration for Market Regulation.

During the Reporting Period, the Company received a number of accolades, which increased its soft power, motivated it to create intellectual property rights, and promoted its technology innovation and development of new products and technologies, while increasing the added value of its products and improving its competitive position in the market.

 Key Accolades

In October 2022, Purcotton was awarded the National Intellectual Property Advantage Enterprise.



Certificate for National Intellectual Property Advantage Enterprise

In November 2022, the zero softener eco-gauze bedding set and blanket were awarded Top 10 Innovative Textile Products of 2022.



Certificate and Trophy for Top 10 Innovative Textile Products of 2022

 **Excellent Production Management System**

After continuous construction and improvement, the Company's excellent production management system has been upgraded from 1.0 to 3.0, covering seven excellent production management modules, including standardization, visualization, automation, timeliness, rapid response, value engineering, and organizational system protection, and has gradually established a sound daily management system within the plant.

The Company enhanced efficiency through equipment innovation, such as the soft-ear mask equipment developed by the Company, which truly realized the unmanned production of finished masks with high-speed equipment; cotton soft tissues, wet wipes and other products basically realized the automatic production of the whole line; cotton swabs, cotton balls, cotton sheets, cotton pads, cotton packs, fenestrated sheets and other products initially realized the use of equipment instead of manual labor, which provided strong support for rapid production.

Furthermore, the Company will start exploring and constructing intelligent plants and make bold explorations and practice in intelligent manufacturing and logistics, so as to gradually realize "unmanned production, management processization and process digitalization".

Refinement

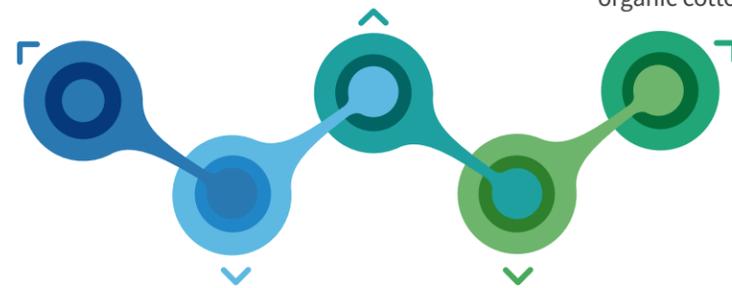
- Inventory turnover: promoted refined manufacturing and reduced inventory turnover days;
- Continuous improvement: made further improvement on site to reduce costs and enhance efficiency

Automation

- Production automation: our in-house automation equipment has been put into operation;
- Logistics automation: our intelligent logistics warehousing center in Wuhan has completed main body construction and automatic three-dimensional warehouse equipment is under installation and commissioning;

Green energy

- Energy conservation: promoted energy conservation and emission reduction;
- Emission reduction: constructed recycled water reuse projects;
- Green products: completed product carbon footprint certification; Developed several green products such as biodegradable masks;
- Green plants: launched the training for green plant certification;
- Green supply chain: procured organic cotton;



Standardization

- Product standardization: promoted "strategic" projects and reduced material consumption and comprehensive costs;
- Process standardization: sorted out manufacturing processes and forms;
- Operation standardization;

Digitization

- PLM R&D digitization project was successfully launched;
- Win+ Intelligent Manufacturing Platform: completed the launch of functions such as planning and scheduling, manufacturing execution, quality management, equipment IOT and energy management;
- WMS/TMS: 3 DC libraries were successfully launched;

Work achievements of the Company in 2022

Case: Digital Transformation with Siemens



In October 2022, Winner Medical signed a PLM cooperation agreement with Siemens Digital Industries Software, pursuant to which they agree to establish a cross-departmental collaborative work platform based on Siemens PLM to enhance product development management capabilities and efficiency with unified business rules and standard specifications; realize product planning and R&D management according to product lines and strictly follow the requirements of DHF/DMR medical device product development system; connect and integrate multiple digital systems to realize end-to-end digital operation of business in a transparent, single, accurate and efficient manner.

This project has become an important step in the digital transformation of Winner Medical. Siemens will help Winner Medical apply digital technologies and tools more deeply in product innovation and jointly promote the achievement of Winner Medical's comprehensive digital operation goals.



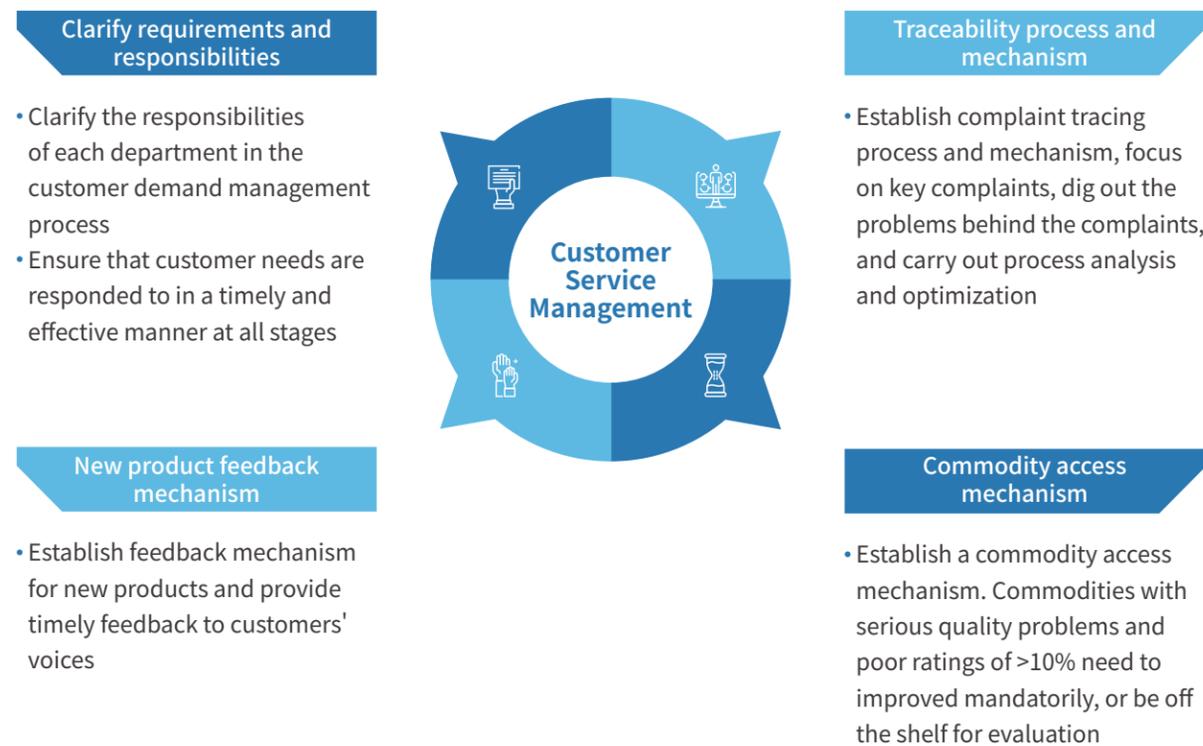
PLM project cooperation

Customer Services

The Company advocates the business principle of quality before profit, and endeavors to delight customers and care for employees. In the process of customer services, we always put user perception first and win customers by providing them with good products and quality. In the event of customer dissatisfaction, the Company dismantles the root cause of dissatisfaction through problem analysis and promotes improvement in all departments.

In order to improve the quality of customer services and implement the corporate service concept and strategic planning, the Company has established a customer service management system, built a hierarchical and graded service management system at the company level, department level and team level for timely collection,

analysis, evaluation and feedback of customer needs, and has developed a perfect closed-loop management mechanism for customer problems. The Company has also developed management system documents such as the *Customer Service Training Docking Process*, *Customer Service Manpower Forecasting Standards and Models*, *Customer Service Reception SOP Process*, *Online Poor Review Processing Process*, *Quality Inspection Process and Standard*, *Customer Service Preparation Process and Standard of Great promotion*, *Customer Voice Notification Mechanism*, *Customer Service Complaint Processing Process* and *Customer Return Processing Process*, which clarify the details of customer services as well as reward and punishment mechanisms, comprehensively control the customer service quality and effectively ensure customer satisfaction.



In terms of the management system and policy for service complaints, the Company records and verifies all complaints from customers truthfully, and clarifies the responsibilities of each department through the *Company Customer Service Center Complaint Management Code* to ensure that complaints are handled timely and effectively. Customer service is standardized internally through the service process to regulate employee actions, and employees who have problems are deducted and punished in accordance with the *Quality Control Rules* and the *Service Red Line*.

In particular, the Company has formulated the *Online Poor Review Processing Process* for poor customer reviews, under which the Company manages poor customer reviews by type by marking them, analyzes problems in five sections: customer service, purchase experience, logistics experience, product experience and quality improvement, and promoted communication among all departments for improvement to ensure customer satisfaction and enhance customer shopping experience.



Case: Handling of Customer Complaints

During the Reporting Period, a customer gave feedback that the underwear packaging was cracked and the logistics packaging was normal. After receiving the feedback, customer service advised the customer to send back the commodity in question. It was verified that the problem was mainly due to the strength of the packaging crimp. After the problem appeared, the commodity department, quality management center and design department jointly confirmed and pushed the packaging supplier to solve the crimped problem to ensure that no such problem occurred subsequently.



Customer Satisfaction Surveys

To better understand the market demand and improve consumer satisfaction, the Company conducted a number of customer satisfaction surveys during the Reporting Period, including "competition insight", "poor review and return rate survey analysis" and "inquiry loss analysis", to analyze and review the overall service and make improvements in real time according to market demand.



In the "competition insight", the Company Customer Service Center refines and summarizes the Company's benchmarking with competitors and analyzes the relative strengths and weaknesses with each competitor; seize the opportunity points to achieve transcendence in response to the strengths and weaknesses, and describe and explain the opportunity points separately to clarify the respective improvement effects and ensure the feasibility of the improvement plan.

In the "poor review and return rate survey analysis", the Company Customer Service Center manages the poor review rate and return rate of customers throughout their life cycle by setting goals, analyzing gaps, formulating strategies, carrying out measures and reviewing progress. In the stage of in-depth analysis of gaps with goals, the Company has formulated the "five analyses" approach, that is to make in-depth analysis of industry customer needs through "trend analysis", "competitor analysis", "customer analysis", "self-analysis" and "opportunity analysis", while taking into account of competitors' strategies and our own strategic advantages, so as to seize potential opportunities and improve customer satisfaction.

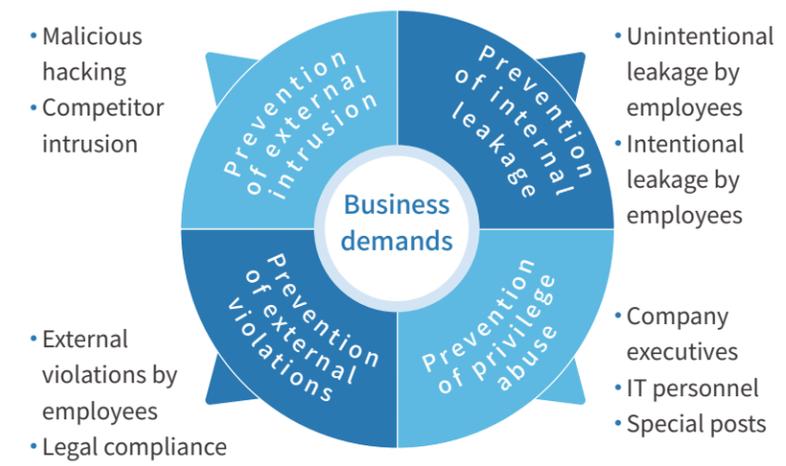
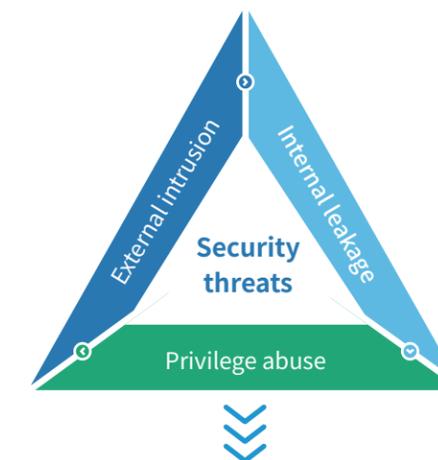


With respect to the protection of customer rights and interests, the Company respects its customers and safeguards their rights and interests. The Company complies with the *Law on the Protection of Consumer Rights and Interests* and provides service protection for customers in accordance with the rules of the e-commerce platform.

Data Security

The Company attaches importance to the information security of customers and has made information encryption settings in all the links that access customers' information to ensure the information security of customers. In accordance with 50 national information security laws and regulations such as the *Data Security Law of the People's Republic of China* and the *Information Security Technology - Personal Information (PI) Security Specification*, the Company has formulated 11 information security management measures such as the *Information Security Reward and Punishment Measures*, the *Information Security Event Management Code* and the *Information Security Organization Management Code*.

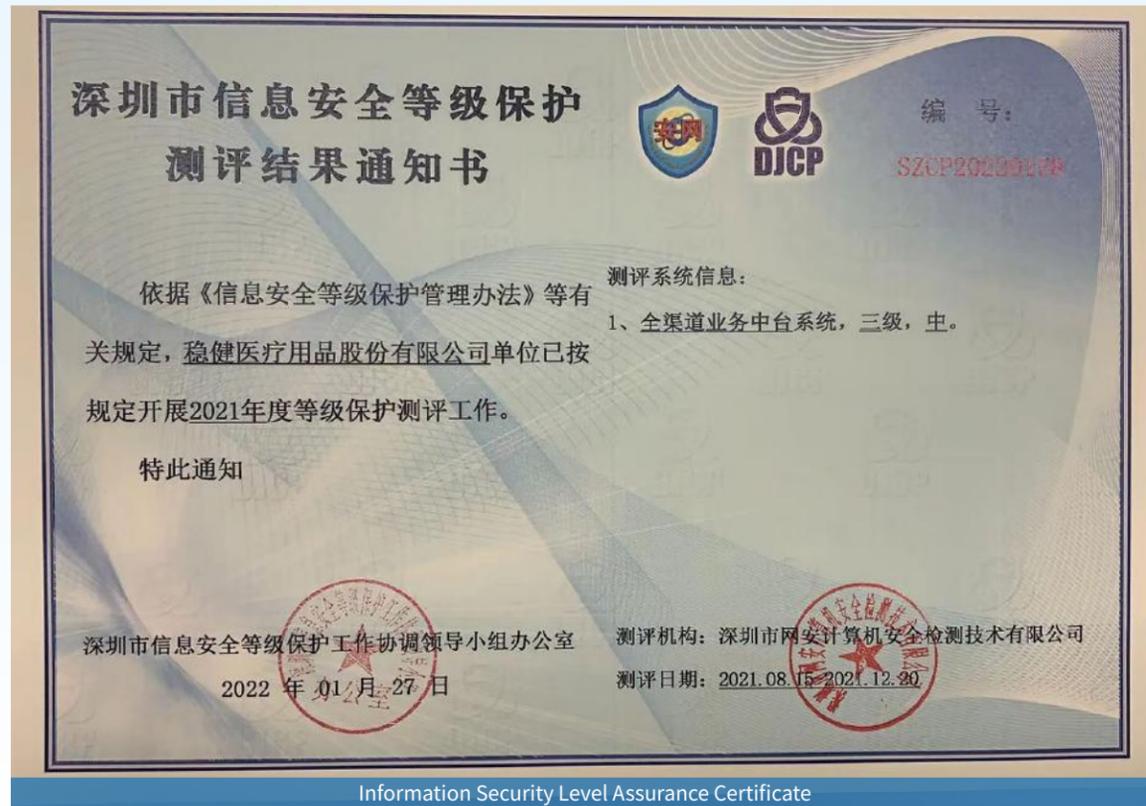
The Company has set objectives for the three major types of security threats on its business demands, mainly including prevention of external intrusion, prevention of internal leakage, prevention of external violations and prevention of privilege abuse, and implemented them through various management specifications and measures.



Basic objectives for information security of the Company

Key Performance 2022

In January 2022, Winner Medical received Shenzhen Information Security Level Assurance Level III Certificate.



Information Security Level Assurance Certificate

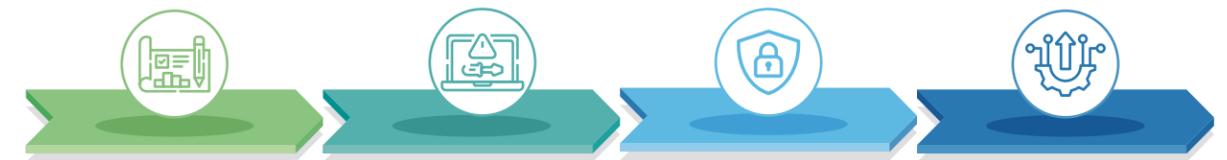
As for management, the Company has clarified the way to respond to data leakage accidents, and strengthened the training and publicity on daily data privacy security for employees, thus penetrating data security management into every employee.



Management of Information Security Incidents

According to the specification for the management of information security incidents, the Company shall monitor and warn, analyze and handle each information security incident to improve its incident response capability and protect the stable operation of business. The relevant person in charge divides the Company's information security incidents into four levels based on their importance, loss and impact, so as to manage information security incidents in a hierarchical manner.

The Company manages incidents in stages through the planning, demining, warning and reinforcement of information security incidents and the status of incidents, hence achieving closed-loop management of the whole process of information security incidents and effectively managing information security risks.



- | <u>Planning</u> | <u>Demining</u> | <u>Reinforcement</u> | <u>Enhancement</u> |
|--|---|--|---|
| <ol style="list-style-type: none"> 1. Disconnect the host in question 2. Disconnect important services temporarily 3. Suspend the shared file service (readable/non-writable) 4. Resume services 5. Trace attacks | <ol style="list-style-type: none"> 1. Temporarily reinforce the border <ul style="list-style-type: none"> • Huawei firewalls temporarily load IPS/AV License so that new threats can't get in and those inside can't get out); • Reinforce Pingshan Server's border 2. Terminal detection: EDR <ul style="list-style-type: none"> • Office PC • Servers • Branches • Security strategy reinforcement 3. Terminal security access | <ol style="list-style-type: none"> 1. Reinforce external border <ul style="list-style-type: none"> • All Huawei firewalls are officially enabled with IPS/AV; • The old firewalls in each branch are gradually replaced and security services such as IPS/AV are enabled. All incoming traffic is protected by IPS/AV; • Traffic going out of the Internet is managed safely by IM / Internet disk / private mailbox services; 2. Reinforce terminals <ul style="list-style-type: none"> • Strengthen access control and security baseline: network access, U-port control, software black-and-white list, patch management; PC anti-leakage for important departments; • Terminal EDR: Improving terminal anti-virus and anti-hacking capabilities 3. Reinforce application system <ul style="list-style-type: none"> • Separate internal business from external business; • Enhance permission and content control for email security • Deploy and control business in a centralized way • Cloud business security protection (Purchase Cloud Security Services) 4. Reinforce internal border <ul style="list-style-type: none"> • Employees in important posts are not allowed to access the Internet (or use a dedicated computer to access the Internet) • Sort out employees->business system access relationship, develop access policy control baseline: identify the appropriate and inappropriate accesses and refine access control policy; • Optimize internal file sharing services; | <ol style="list-style-type: none"> 1. Strengthen the prevention of external attacks <ul style="list-style-type: none"> • Security monitoring 2. Strengthen the prevention of internal leakage <ul style="list-style-type: none"> • Document security, DLP |

Information security management measures

Information Security Training

Over the years, the Company has insisted on carrying out information security training to strengthen employees' awareness of information security. We provided comprehensive and detailed training on network security environment, risks and threats faced by informationization, and co-construction of network security environment to strengthen our overall awareness of information security and improve our ability to resist information security risks. During the Reporting Period, the Company conducted a series of training, such as the security awareness training for the foreign trade department, the security awareness training on prevention of phishing software, and the personal information protection awareness training, to control security information risks in a multi-dimensional manner.

Key Performance 2022

During the Reporting Period, the Company conducted training on information security alerts and awareness at least once a week for all employees of the Company.

Case: Phishing Topic Security Training

In July 2022, the Company conducted training for employees on network phishing, which started from common phishing techniques, described various types of phishing accidents through real cases, and put forward targeted security self-inspection and prevention guidance, with an aim at preventing phishing accidents from details and improving information security.



Case: Information Security Publicity Month

In September 2022, Winner Medical held the Information Security Publicity Month activity with the theme of "Information Security, Everyone's Responsibility". During the activity, the Company publicized information security to all its employees, signed security commitment letters with them and conducted training and appraisal for them, effectively enhancing the information security awareness of all employees. In addition, the Company held a special meeting on the release of information security system for members of information security management organization and relevant key personnel to strengthen the awareness of information security management of relevant personnel.



Walking Together

Industry-University-Research Cooperation

The Company insists on innovation as its core competitiveness, strengthens the connection with national universities, enhances the capacity of industry-university-research-application cooperation, deepens the integration of industry-university-research-application, increases the transformation of scientific research results, and promotes the precise docking of innovation chain and industrial chain, in order to promote its sustainable and high-quality development.

Since its establishment, the Company has been proactively conducting industry-university-research cooperation with universities and research institutes, and has successively cooperated with Hong Kong Polytechnic University, The Hong Kong Research Institute of Textiles and Apparel (HKRITA), Wuhan Textile University and Soochow University. At the same time, the Company and the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences established the "Joint Laboratory for Innovative Technology Research on Wound Dressings" to conduct cutting-edge technology research and new product development on wound dressing products.

At present, the Company is equipped with two provincial R&D platforms, "Guangdong Functional Cotton Products Engineering Technology Research Center" and "Guangdong Wound Repair Materials Engineering Technology Research Center", which are dedicated to the research of functional cotton products and wound repair materials.

Case: Jointly Establishing the Cotton Research Institute with Huazhong Agricultural University

In January 2022, the Company and Huazhong Agricultural University jointly established the Cotton Research Institute and appointed Professor Zhang Xianlong as the chief cotton scientist of Purcotton to carry out R&D project cooperation. Through biological breeding technology, the Institute has developed the cotton exclusive for spunlace nonwovens in addition to the cotton for pure cotton products.



The Company and Huazhong Agricultural University jointly established the Cotton Research Institute

Case: The Company Cooperated with the National Innovation Center for High Performance Medical Devices

In July 2022, the Company signed a contract with the National Innovation Center for High Performance Medical Devices (NIC) in relation to the joint establishment of a joint research center to further strengthen their cooperation in the development of innovative medical devices, key core technology research and clinical application transformation.



The cooperation between Winner Medical and NIC is based on the principles of innovation-led, resource sharing, pragmatic docking and mutual benefit, which can give full play to the advantages of Winner Medical's industrialization and NIC's national platform and accelerate the technology innovation and results transformation of medical devices. The scope of cooperation includes key technology and product development, cutting-edge technology and information sharing, etc. Both parties will also work together to build a team of talents and a pool of consulting experts to provide strong support for the technology layout, project declaration and talent construction of the joint research center.

Case: Research on Industrialization of Artificial Blood Vessels

In June 2022, the Company, together with Wuhan Textile University and Huazhong University of Science and Technology, declared a major technology project in Hubei Province to promote the industrialization of the currently developed corrugated-structure artificial blood vessels with sustained-release function and polyester large-diameter braided artificial blood vessels, so as to realize the domestic replacement of artificial blood vessels as soon as possible, solve our country's bottleneck project and better serve patients with vascular diseases. At the same time, the Company jointly established the Innovation Institute of Winner Medical and Wuhan Textile University with Wuhan Textile University, to accelerate the transformation of technology achievements. Xu Weilin, the academican of the Chinese Academy of Engineering and deputy secretary of the Party Committee and president of Wuhan Textile University, was appointed as the president of the institute.



Development of Industry Standards

During the Reporting Period, the Company carried out 9 standards development, of which 3 standards have been published and implemented.

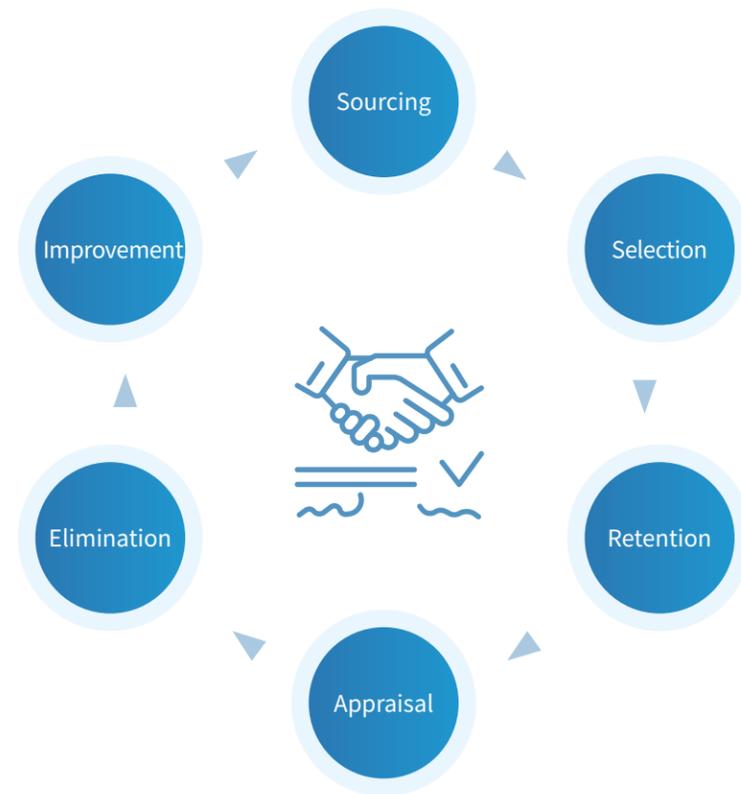
Standard Name	Category	Status
<i>Textiles-Testing and Evaluation for Fabric Touch Feeling</i>	Industry standard	Published
<i>Ingenious Products - Hygiene Products</i>	Group standard	Published
<i>Technical Specification for the Evaluation of High-quality Cotton Products</i>	Group standard	Published
<i>Requirements and Test Methods for Thermal Performance of Home Textiles</i>	National standard	Under revision
<i>Cotton Multi-layer Printing and Dyeing Fabric</i>	Industry standard	To be published
<i>Compressed Facial Mask</i>	Industry standard	Under revision
<i>Cotton Pads (Facial Wipe)</i>	Industry standard	Under revision
<i>Nursing Pad</i>	Industry standard	Under revision
<i>Pure Cotton Gauze Quilt</i>	Group standard	Project established

Growing with Partners

Supplier Life-cycle Management Mechanism

Winner Medical promotes digital platform management and has developed a comprehensive procurement management system, supplier management system and corresponding system control. In order to meet the Company's development, prepare the corresponding supplier resources, and seek win-win cooperation with suppliers, the management department has formulated supplier management processes and rules such as *New Production Material Supplier Development Process Specification*, *Production Material Supplier On-site Audit Specification* and *Production Supplier Performance Appraisal Management Specification*, while establishing a pool of supplier resources and developing a Qualified Supplier List to meet demands. All these efforts are made to satisfy the supply demand, optimize the supplier structure, improve the digitalization, and create a sustainable supply chain management system.

The Company has established a life cycle process management mechanism through the closed-loop management of the sourcing, selection, retention, appraisal, elimination and improvement of suppliers.



New supplier selection process of the Company

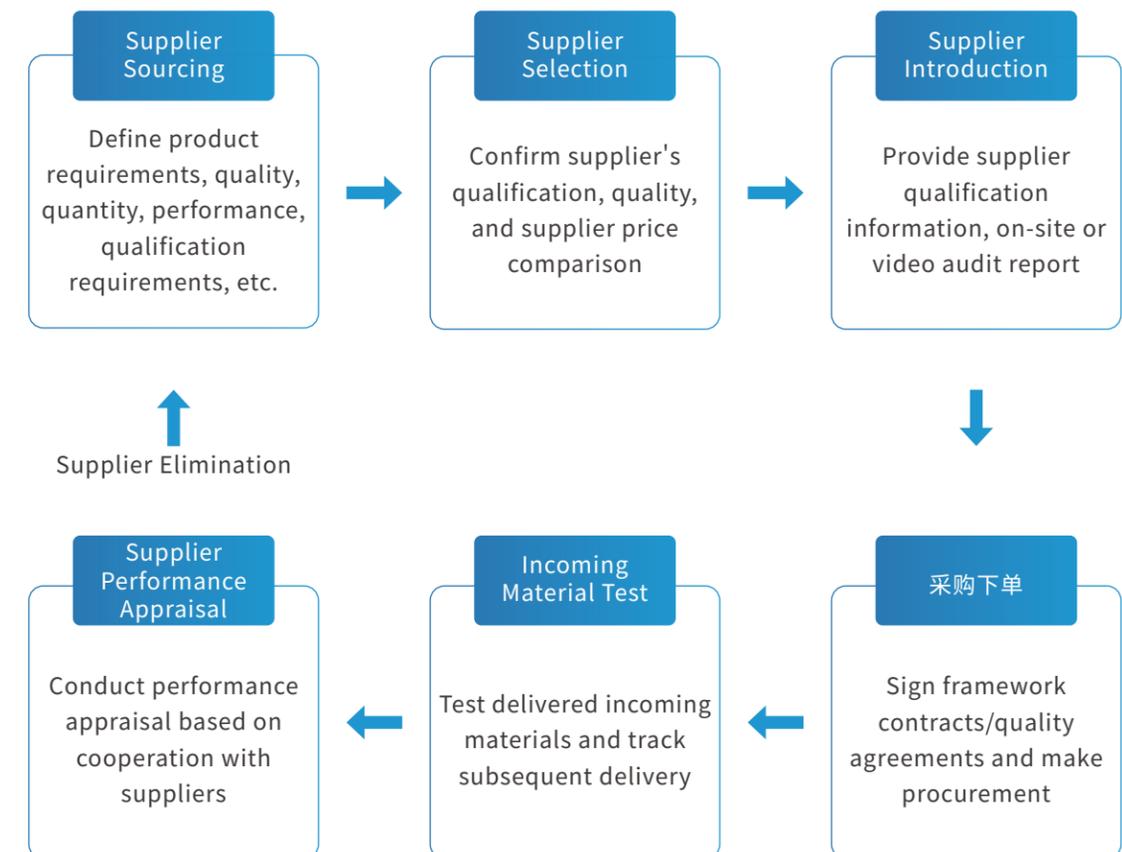
The key elements of our supplier system include

- Supplier evaluation management process: mainly refers to the timing of new supplier development and access criteria
- Supplier audit guidance: mainly refers to qualification review and on-site review requirements, division of responsibilities and process review and determining whether the production requirements are met
- Supplier performance appraisal system: mainly refers to KPI appraisal for suppliers of production materials, which is divided into scores for quality, delivery, cost and service; and providing the basis for supplier order allocation or whether to withdraw
- Supplier management system: mainly refers to restraining daily management of suppliers and enhancing suppliers' capacity



New Supplier Selection

For newly developed suppliers, the Company has established strict selection criteria and corresponding management system for supplier development and evaluation process, including supplier qualification review (such as medical production license, medical production registration certificate, ISO13485, TUV or CE certification, etc.), field audits, etc. For poorly performing or unqualified suppliers, the Company will put them on the key watch list or eliminate them.



Supplier life-cycle process

Supplier Review and Appraisal Management

To further reduce the supply chain risk, the Company has developed and improved the *Supplier On-site Audit Specification* to strengthen the on-site review of suppliers and ensure that the suppliers we cooperate with meet the requirements of production quality and relevant regulations. Our on-site audits are mainly divided into new supplier audits, daily inspection audits and annual supplier audits, which are scored for on-site audits; new suppliers are audited according to the admission criteria, and the review includes human resources and organisational structure, professional ethics, environmental protection and sustainable development, fire safety, production environment, equipment, storage

conditions, production process control and quality control processes, and digital construction capabilities, etc. The purpose of the daily audits is mainly to control the production process, including the first batch and the first order production coaching, as well as the quality monitoring of the normal cooperation process, etc. The annual review is mainly for the core suppliers of each category, as well as suppliers with significant changes in production premises, equipment and organisational structure, through which the future direction of cooperation is redefined and planned.

Supplier Development and Support

The Company has been adhering to the concept of honesty, fairness, justice, treating suppliers as customers, and working with suppliers for win-win cooperation and common development. When the market fluctuates, it will provide corresponding support strategies according to the situation of suppliers, and tide over the difficulties together with suppliers. At the same time, the Company focuses on improving procurement quality and efficiency, strengthening support for suppliers and the construction of a sustainable supply chain, conducting regular quarterly summary activities for key suppliers, and coaching, following up and reviewing the improvement of supplier performance according to the results of the supplier KPI assessment until the problem is closed. Besides, the Company regularly conducts supplier training and on-site supplier coaching, which covers about 30% of its suppliers.

Supplier On-site Audit Management

- Adopt hierarchal, classified management for supplier audits
- Relevant departments audit and score based on the *Supplier On-site Audit Checklist*
- For the cooperative suppliers, give a certain period for rectification for those required to be rectified according to the audit results, or eliminate them if they fail or refuse to make rectification
- If major quality complaints that cause significant losses occur with the cooperative suppliers for two consecutive times, re-audit them, or eliminate them if they fail or refuse to make rectification
- New suppliers with audit scores below 60 will not be introduced directly until they make improvement to meet the requirements

At the same time, the Company's supplier performance appraisal is regularly reviewed on a quarterly basis according to the *Supplier Performance Appraisal Management Specification*. Suppliers are scored based on the four dimensions of quality, delivery, cost and service, and corresponding management measures are taken according to the score results.

Grade	Countermeasures
A	Give priority to allocate orders
B	Coach and supervise the suppliers to make further improvement
C	Issue a <i>Supplier Improvement Notice</i> asking suppliers to make improvement, in response to scores
D	Issue a <i>Supplier Warning</i> and set a 3-month deadline for rectification



Supplier summary meeting



On-site supplier coaching

Responsible Procurement

While improving its own sustainable development, the Company has also worked with the upstream and downstream of the supply chain to further promote green development. The Company attaches great importance to the performance of suppliers in the environmental and social aspects, and has deeply integrated the concept of responsible procurement into its supply chain management by carrying out reviews and training for suppliers in the areas of social responsibility management, ethics, labor and environment to empower the upstream and downstream of the industry chain and realise sustainable development.

The Company requires suppliers to comply with the *Supplier Management System* and sign the *Social Responsibility Commitment*. The Company sets the scoring dimensions of social responsibility management, business ethics, environmental protection and labor for the review of new suppliers, and carries out annual review for key suppliers.

Key Performance 2022

During the Reporting Period, the Company

- signed integrity agreements with **99%** suppliers
- signed the *Social Responsibility Commitment* with **97%** suppliers
- conducted environmental and social impact assessments for approximately **78%** suppliers
- conducted environmental and social impact assessments for **81%** new suppliers
- has **80%** purchasers passing the internal sustainable procurement training



Concerns	Requirements for Suppliers
Social responsibility management	<ul style="list-style-type: none"> • Suppliers must establish a social responsibility management system that ensures compliance with applicable legal and regulatory requirements, customer requirements, and international or industry social responsibility management standards, and effectively implement and properly maintain it to identify and mitigate relevant social responsibility risks for continuous improvement. • Suppliers must communicate with internal and external related parties, and conduct regular internal audits or self-assessments, and need to correct deficiencies or violations when they are identified.

Concerns	Requirements for Suppliers
Business ethics	<ul style="list-style-type: none"> • Suppliers are required to sign the <i>Integrity Commitment</i>. • Suppliers shall comply with applicable business ethics regulations and business practices and strive to meet the highest standards of ethical conduct in all types of relationships, business practices, procurement and operations. • In terms of anonymous complaints and whistle-blower protection, suppliers shall establish and improve the procedures for complaints, whistle-blowing and appeals, and allow anonymous complaints; they shall undertake to keep whistle-blowers and reporting information confidential and prohibit any retaliation. • Suppliers shall also regulate its legal compliance in the areas of fair trade, information disclosure and intellectual property protection.
Environmental protection	<ul style="list-style-type: none"> • Suppliers shall comply with local environmental regulations and is committed to reducing the environmental impact of its design, manufacturing processes and waste emissions by making pollution prevention, energy conservation and consumption reduction an integral part of its daily business practices. • Suppliers shall obtain, renew and maintain all required environmental permits, approvals and registration documents. • Suppliers has set up specifications for "three wastes" and noise control, energy saving and emission reduction, and greenhouse gas emission management, emphasizing comprehensive environmental benefits on the basis of compliance.
Labor	<ul style="list-style-type: none"> • Suppliers shall respect internationally recognized human rights standards and shall not engage in or support any human rights violations. They shall also respect the human dignity, personal privacy and fundamental rights of each individual. • Suppliers shall address issues on child labor, forced labor, anti-discrimination and anti-abuse, working hours, pay and benefits, free association and collective bargaining, and occupational health and safety, in accordance with the rules of the International Labour Organization (ILO).

Highlights of the *Social Responsibility Commitment*

Promoting Environmental Protection

for Stable and Sustainable Development

Environmental Management	68
Energy Saving and Carbon Reduction	71
Use of Resources	74
Waste Management	78

Contribution to the United Nations Sustainable Development Goals



Environmental Management

Environmental Management System

Winner Medical has established the integrated environmental, health and safety management policy of "protecting the environment, preventing diseases and strictly complying with laws and regulations" and "safe production, green and low-carbon, and the continuous pursuit of social trust", implemented the green development strategy and carried out the environmental protection policy of green, low-carbon and ecological development. We have formulated and improved the *Environmental Management Standards, Rewards and Punishments, Environmental Work Supervision Standards, Energy Saving and Consumption Reduction Management Regulations* and other documents to strengthen our comprehensive environmental management capabilities, taking into account national ecological and environmental protection laws and regulations and related requirements. During the Reporting Period, neither Winner Medical nor any of its branches (subsidiaries) were subject to administrative penalties for environmental protection.

In terms of the organisational structure of environmental protection, the Company has set up a leading group on environmental protection headed by the vice president, which is the supervisory body for the Company's environmental protection work. The general manager of each subsidiary (branch) or the person in charge of the unit is the first person in charge of the Company's (unit's) environmental protection work, with a full-time environmental protection agency and full-time personnel.

In addition, Winner Medical promoted ISO 14001 environmental management system certification and organised regular internal audits, management reviews and third-party audits to conduct comprehensive checks and diagnoses of its environmental management system operational effectiveness, compliance, completion of environmental protection objectives and targets, control of important environmental risks and other environmental operations, so as to improve environmental performance.

Emergency Management of Environmental Risks

To further improve the emergency management system for environmental pollution accidents, enhance the Company's ability to deal with major environmental pollution accidents and ensure the safety of production and operation, improve the employees' ability to deal with unexpected accidents, standardize the Company's emergency management and emergency response procedures, timely and effectively implement emergency rescue, and maximize the prevention and reduction of unexpected accidents, Winner Medical and its subsidiaries have established emergency leading groups for environmental accidents, developed the *Environmental Accident Emergency Plan*, which has been filed with the local environmental protection authorities, and regularly conducted environmental accident emergency drills.



Emergency drill for environmental emergencies at the Company's subsidiary in Chongyang in 2022

Environmental Practices

To implement the concept of "Lucid waters and lush mountains are invaluable assets" and realize ecological protection and green development, Winner Medical has formulated environmental work supervision norms for the environmental assessment of new projects and carried out the "three simultaneous" management for construction projects. Meanwhile, the Company will put forward prevention and control requirements for construction projects in the section of environmental impact and protection measures under the environmental impact evaluation documents, and conduct feasibility analysis of prevention and control measures. The Company has implemented pollution prevention and control facilities and related management requirements in accordance with the requirements of the environmental impact assessment documents and the approval.

In addition, the Company has carried out various forms of publicity, training and volunteer activities to raise the awareness of the general public and workers on ecological and environmental protection.

The Company's Certificate of 2022 ISO14001:2015 Environmental Management System Certification

In 2022, Winner Medical proactively carried out the ISO 14001: 2015 environmental management system certification for its units. During the Reporting Period, its subsidiaries (branches) were certified for their environmental management systems, including Winner Medical Co., Ltd., Winner Medical (Chongyang) Co., Ltd. and Winner Medical (Jiayu) Co., Ltd.

The Company's Certificate of 2022 ISO14001:2015 Environmental Management System Certification

Case: Environmental Protection Publicity



In June 2022, the Company launched an environmental publicity campaign on the theme of building a clean and beautiful world. During the campaign, we carried out a variety of publicity activities such as healthy run, waste separation and a one-day car stop for all employees. At the same time, as the official partner of the 2022 Shenzhen Marathon, the Company successfully assisted in organising the Shenzhen Marathon and incorporated the carbon reduction and environmental protection Frisbee challenge into the event to promote the concept of environmental protection and health.



The Company became an official partner of the 2022 Shenzhen Marathon



The Company carried out various environmental publicity activities

Key Performance 2022

During the Reporting Period, the Company invested a total of over RMB **20** million in ecological and environmental protection, mainly for the wastewater and water reuse project at the Company's Jiayu Industrial Park and Phase II of the sewage station equipment project at the Wuhan Winner.

Case: Environmental Protection Training



In March 2022, the Company carried out environmental protection training activities with themes such as introduction to carbon emission and building a clean and beautiful world, aiming to provide assurance for the implementation of environmental management and strengthen employees' awareness of low-carbon development and environmental protection concepts.



The Company carried out various environmental protection training activities

Energy Saving and Carbon Reduction

In response to global climate change and to implement the national "carbon peak and carbon neutrality" strategy, Winner Medical has set a clear target of achieving peak carbon and carbon neutrality three and ten years ahead of the national timeline, respectively, and is firmly committed to a sustainable development path. To this end, the Company is progressively planning to establish a greenhouse gas management system, carry out product carbon footprint certification and strengthen the management of its carbon assets. In the meantime, the Company has taken measures to reduce energy consumption by optimising the structure of energy consumption and improving energy efficiency, and has continued to build green plants to gradually advance its "green transformation" development path.

Product Carbon Footprint Certification

In August 2022, Purcotton was awarded the ISO 14067 Product Carbon Footprint Verification Declaration Certificate for its 100% cotton soft tissues, baby wipes and baby gowns, making it the first brand in China receiving SGS Product Carbon Footprint Certification in the above categories. This means that Purcotton has taken a solid step forward in the quantification and management of greenhouse gas emissions. It proactively understood its own emissions baseline, continuously improved its corporate carbon management capabilities and set a baseline for the industry to assess the future status of emission reductions, thus creating a model for green and low-carbon development in the industry.



Carbon Asset Management

To implement the green development strategy, Winner Medical has introduced the *Carbon Asset Management Measures*, established a leading group for carbon asset management, formulated a carbon asset management plan and carried out carbon emission inventories, while actively laying out carbon trading in accordance with the *Measures for the Administration of Carbon Emissions Trading (for Trial Implementation)* and other relevant documents.

Carbon Asset Trading of Huanggang Branch

Huanggang Branch, a subsidiary of the Company in Hubei Province, has been included in the scope of carbon trading. Huanggang Branch proactively cooperates with carbon verification and timely compliance every year. During the Reporting Period, when a third-party institution verified its carbon emission data for 2021, it found a carbon surplus of 8,398 tonnes and a gain of RMB358,346.42 from the sale of carbon assets. The Company urged the relevant branches to trade carbon assets in accordance with the prescribed timeline.



Organizational structure

The Carbon Asset Management Leading Group is responsible for building the Company's carbon emission and carbon asset management system, clarifying the responsibilities of the carbon emission and carbon asset management departments, and promoting the Company's energy saving, carbon reduction and carbon asset optimization and upgrading. Each branch (subsidiary) will implement the relevant targets and plans as scheduled.



Carbon emissions inventory

Prepare annual nucleic acid reports on carbon emissions in accordance with the relevant regulations and factors, and make regular disclosure of carbon emissions information



Carbon trading

Branches (subsidiaries) that are included in the scope of government transactions and those that are not included in the scope of government transactions will be managed separately.



Carbon asset management plan

Develop an annual plan to account for carbon emissions on a monthly basis, form a ledger and submit a monthly carbon emissions statement.



Rewards and penalties

Each branch (subsidiary) shall establish and improve its internal assessment mechanism to supervise, inspect and assess the energy saving and carbon reduction work of the unit, and give recognition and rewards to the collective and individual who make outstanding contributions in low carbon efforts. Accordingly, the Company will impose penalties for those that fail to pass the assessment.

Carbon asset trading system of the Company

Energy Saving and Carbon Reduction Measures

The Company has taken a series of measures to implement energy saving and consumption reduction, including the establishment of incentive mechanisms, expansion of the use of clean energy such as photovoltaic, equipment renovation to enhance energy efficiency and resource recycling, etc. While establishing institutional safeguards, the Company continues to explore cleaner and more efficient paths to energy saving and carbon reduction.



Institutional rewards

- According to the Company's energy saving and consumption reduction regulations, a 1% bonus will be given for energy savings. Branches have set up regulations on energy saving and consumption reduction to strengthen the management of water, electricity, gas, air conditioning and consumable products



Clean energy

- The Company encourages the use of clean energy and has introduced the carbon asset management measures that provide a 10% bonus on the carbon price for the introduction of clean energy.
- The Company increased PV loads for all new buildings and considered purchasing green electricity



Equipment renovation

- The Company carried out energy saving and carbon reduction work in a comprehensive and scientific manner, built energy monitoring platforms and applied energy saving technologies.
- The Company saved approximately 1.19 million KWH of electricity and 840 tonnes of carbon emissions by replacing high-efficiency motors to improve efficiency.
- Through the renovation of the waste heat utilization project, the steam consumption was reduced by more than 2,800 tonnes and the CO2 emissions by more than 850 tonnes.



High-efficiency motors



Waste heat utilization projects

Greenhouse Gas Emissions Performance

In recent years, the Company has been promoting greenhouse gas emission reduction from both management and practice aspects, and has achieved certain results.

Type of greenhouse gas	Unit	In 2020	In 2021	In 2022 (including acquired companies)
Greenhouse gas emissions (Scope 1)	t CO2e	35,090.2	33,592.0	76,275.8
Greenhouse gas emissions (Scope 2)	t CO2e	81,706.2	82,781.2	104,415.0
Total greenhouse gas emissions	t CO2e	116,796.4	116,373.2	180,690.8
Greenhouse gas emissions per unit of income	t CO2e/RMB 10,000	0.2173	0.3432	0.2951

Use of Resources

Use of Energy Resources

The direct energy used by the Company is natural gas and the indirect energy is electricity, steam, diesel and gasoline. In terms of energy and water resources management, in accordance with the *Law of the People's Republic of China on Energy Conservation* and other relevant laws and regulations, the Company has formulated relevant documents such as the *Management Regulations on Energy Conservation and Consumption Reduction*, and has established the EMS integrated energy consumption management system, including the *Energy Management Manual*, the *Energy Conservation Operation Control Procedures*, the *Energy Data Collection Plan*, the *Annual Energy Conservation Measures Plan List* and the *Management Review Plan*.

The Company has established a special group for energy cost reduction and efficiency improvement, with the director of the Intelligent Manufacturing Centre as the group leader and the equipment managers of each subsidiary as group members, to promote energy saving and consumption reduction. The 1% bonus has been given for the amount of savings.

The Company's branches have regulations on the management of energy saving and consumption reduction of water, electricity, gas, air conditioning and consumable products. They held extensive and varied publicity and education activities to enhance people's awareness of energy saving, and set strict rules and regulations to eliminate the use of unreasonable energy-using equipment.

The Company stops energy wastage through on-site inspections. All departments and workshops are encouraged to respond to the management regulations on energy saving and consumption reduction, and to make continuous improvements through technology innovations in their production activities to reduce energy consumption.

Key points for improving the Company's energy management

Energy Saving and Consumption Reduction Measures

- Optimizing energy structure: enhance the use of clean energy such as photovoltaic. The Company is actively deploying the use of new energy sources, and all new buildings have been reserved for photovoltaic loads, which can be deployed for photovoltaic power generation in the future.
- Equipment upgrades: During the Reporting Period, more than 30 equipment renovation projects were carried out to improve efficiency by replacing high-efficiency motors, saving electricity by approximately 1.19 million kWh.
- Implementing waste heat utilization renovation, reducing steam usage by over 2,800 tonnes for the year.

Water Resources Management Measures

- Strengthening the management of the "running, bubbling, dripping and leaking" of water resources.
- Promoting water reuse projects to reduce water pollution, with the water reuse rate reaching over 50%.

Green Office Rules

Electricity Management

- Energy efficient power supplies should be used where possible and selective lighting switches shall be installed in large areas.
- The lights shall be switched on as required in all production areas of the workshop and shall be strictly "off when people leave".
- No lights shall be turned on when there is sufficient natural light and no "ever-night light" is allowed.
- Electricity-consuming equipment, facilities and appliances that are not in use shall be disconnected in time to reduce the power consumption of the equipment.
- For areas with individual air conditioning, the air conditioning shall be set at 18-23 degrees as appropriate and switched off earlier when the temperature is suitable.

"Paperless" Office

- Promoted "paperless" office by developing digitalisation projects such as the OA system, SRM procurement management and Win+ Intelligent Manufacturing Platform. The Win+ Intelligent Manufacturing Platform, which was launched in three plants during the Reporting Period, has achieved over 85% coverage of the main manufacturing process and over 50% replacement of paper documents, saving over 13 million sheets of paper annually.

Energy and Water Use Performance

In recent years, the Company's comprehensive energy consumption per unit of income has been on a downward trend.

Type of energy	Unit	In 2020	In 2021	In 2022 (including acquired companies)
Purchased electricity	MWh	143,760.00	139,580.81	168,700.00
Gasoline	L	12,797.87	12,343.60	10,857.41
Diesel	L	18,475.99	44,123.93	25,813.95
Natural gas	0,000 m3	1715.28	1543.00	1,474.63
Purchased steam	TJ	86.74	134.02	440.84
Comprehensive energy consumption	Tce	41,737.00	40,176.00	55,431.56
Comprehensive energy consumption per unit of income	Tce/RMB 10,000	0.0776	0.1143	0.0905

Green Plants

Winner Medical continues to build green plants with full strength. During the Reporting Period, Winner Medical's plant in Wuhan specifically established a leading group on the construction of green plants, which defined the responsibilities of each department in accordance with the relevant requirements of GB/T 36132-2018 *General Rules for the Evaluation of Green Plants*, decomposed the assessment and construction tasks to each unit, completed the self-assessment report of the green plant in 2022 and strived to obtain the national green plant certification for the textile industry in 2023.

In the future, the Company will carry out intelligent and green planning and design for the new expanded plant through refined, standardised, automated, digital and green planning, and firmly follow the path of green development.



Waste Management

Winner Medical strictly follows the relevant national laws and regulations and has formulated relevant environmental management norms to supervise and manage its pollutant discharge management facilities and environmental pollution discharge. The Company applies for discharge in accordance with the *Measures for the Administration of Emission Permits (for Trial Implementation)* and the *Regulations for the Administration of Emission Permits*. Each branch has an emission permit and registration form, discharges and monitors emissions in accordance with the emission permits, and submits emission permit implementation reports as required. During the Reporting Period, the Company revised its *Waste Management Measures*, focusing on optimising the relevant specifications for waste generation, transfer requirements and record-keeping, and all licensed emission units have complied with the emission standards for major pollutants such as exhaust gas and wastewater.

Principles of waste management

- Adhere to the principle of "prevention-oriented, prevention and control-combined, and comprehensive treatment" and the clean production
- Implement the principles of entire-process pollution control as well as pollutant discharge under certain standard and pollutant cap control



Waste management measures of Winner Medical

Strengthening system building

- Insist on taking environmental protection as a necessary condition for selection of advanced persons and promotion, and implement the veto system



In order to prevent environmental pollution and regenerative pollution, Winner Medical classifies hazardous waste and general industrial waste in accordance with the *Directory of National Hazardous Wastes*, and sets relevant specifications for the control and disposal of hazardous waste generated in the production process and general industrial solid waste generated in the production process. During the Reporting Period, the disposal rate of general industrial waste and hazardous waste of the Company was nearly 100%.

General industrial solid waste

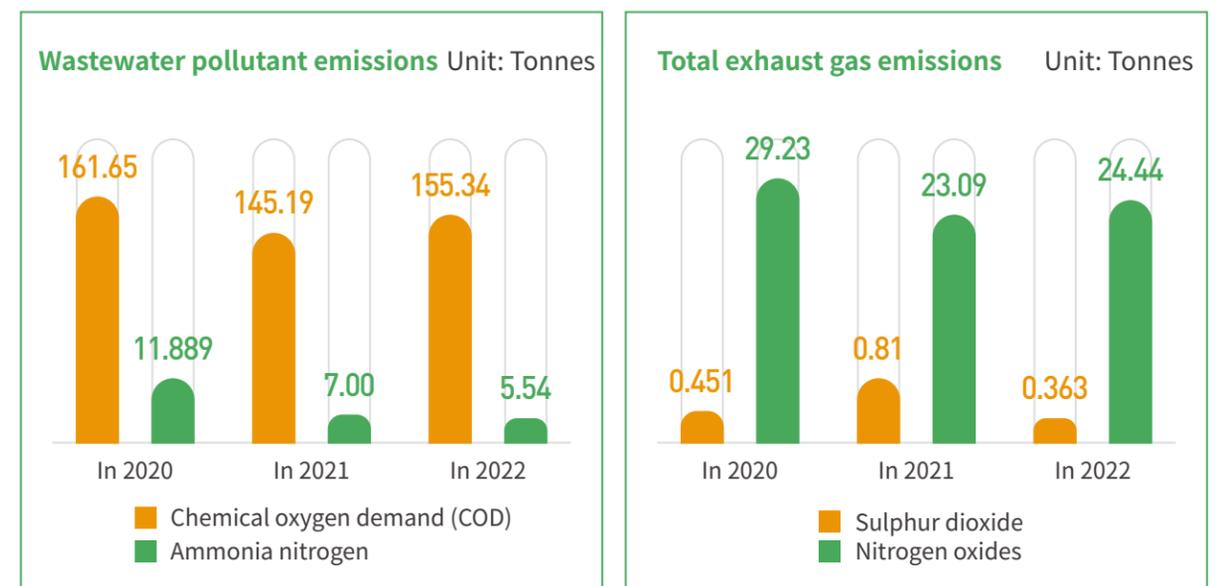
- General industrial solid waste is temporarily stored in the temporary storage room and regularly handed over to material recycling units for recycling or to the sanitation department for disposal.
- General waste is separated and disposed of according to recyclable and non-recyclable types.



Hazardous waste

- Hazardous waste is collected separately in the temporary storage room which is leak-proof, impermeable and anti-corrosive in accordance with the relevant provisions of the *Standard for Pollution Control on Hazardous Waste Storage (GB18597-2023)* and other regulations, and is regularly entrusted to qualified third-party units for disposal.

- A special management system and a special emergency plan are formulated for hazardous waste to control risks such as leakage of hazardous waste. Hazardous waste is stored in the hazardous waste transfer room according to regulations, with a ledger drawn up and hazardous waste labels affixed. We will sign the Hazardous Waste Transfer Agreement with third-party companies which will be entrusted to transfer the waste regularly every year.



Key performance table for the Company's wastewater/ exhaust gas emissions for 2020-2022

Focusing on People

for Win-Win Situation with Society

Diverse Workplace	82
Employee Growth	84
Humanistic Care	90
Employee Safety	93
Public Welfare	95
Community Building	97

Contribution to the United Nations Sustainable Development Goals



Diverse Workplace

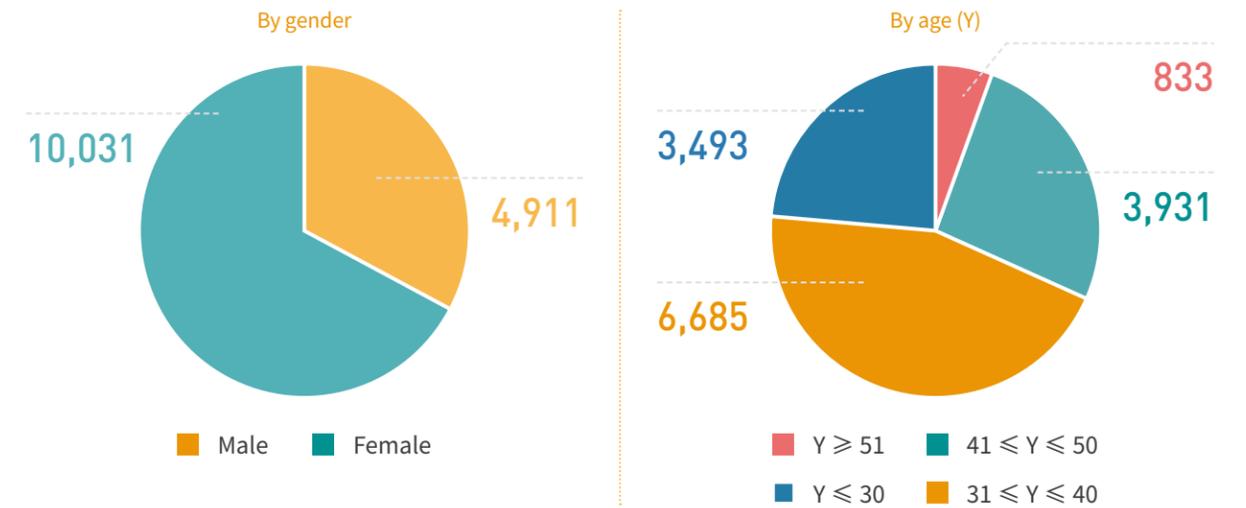
The Company upholds the fair and just recruitment principle of "high quality, high efficiency, high salary and high performance" to protect the basic rights and interests of each employee. We are committed to creating a diverse work environment, and resist discrimination for nationality, gender, disability, race, age, etc. to ensure equal employment.

Compliant Employment

The Company strictly abides by national laws and regulations such as the *Labour Law* and the *Labour Contract Law*, respects and protects human rights, regulates employment procedures, improves and revises the *Anti-Discrimination Action Guidelines*, formulates the *Employee Handbook*, the *Recruitment Management System* and other institutional provisions to effectively safeguards the legitimate rights and interests of employees. We also sign labour contracts with employees in accordance with the law, firmly prohibit the employment and use of child labour, resist all forms of forced labour, and provide equal employment opportunities to all candidates and employees.

Fair employment	Diversification	Against forced labour and harassment abuse
<ul style="list-style-type: none"> Establish a comprehensive employee recruitment management system, adhering to the principles of openness, fairness and merit-based recruitment. Except for official and collective transfers, we adopt open recruitment in all cases and adhere to the criteria of integrity&ability, fair competition and merit-based selection 	<ul style="list-style-type: none"> Give full play to the role of market mechanisms and broaden talent sources through scientific talent assessment and selection methods Achieve employment marketization by adopting open recruitment and merit-based competition, implement market-oriented access, management and exit, and fully support diversification of employee recruitment 	<ul style="list-style-type: none"> The Company clearly stipulates in the labour contract that the Company guarantees employees' rights to rest and leave in accordance with national regulations and the Company's system. If the Company violates regulations in command and forces risky operations that endanger the personal safety of employees, employees have the right to refuse and are entitled to make suggestions, criticize, prosecute or accuse

Compliant employment regulations of Winner Medical



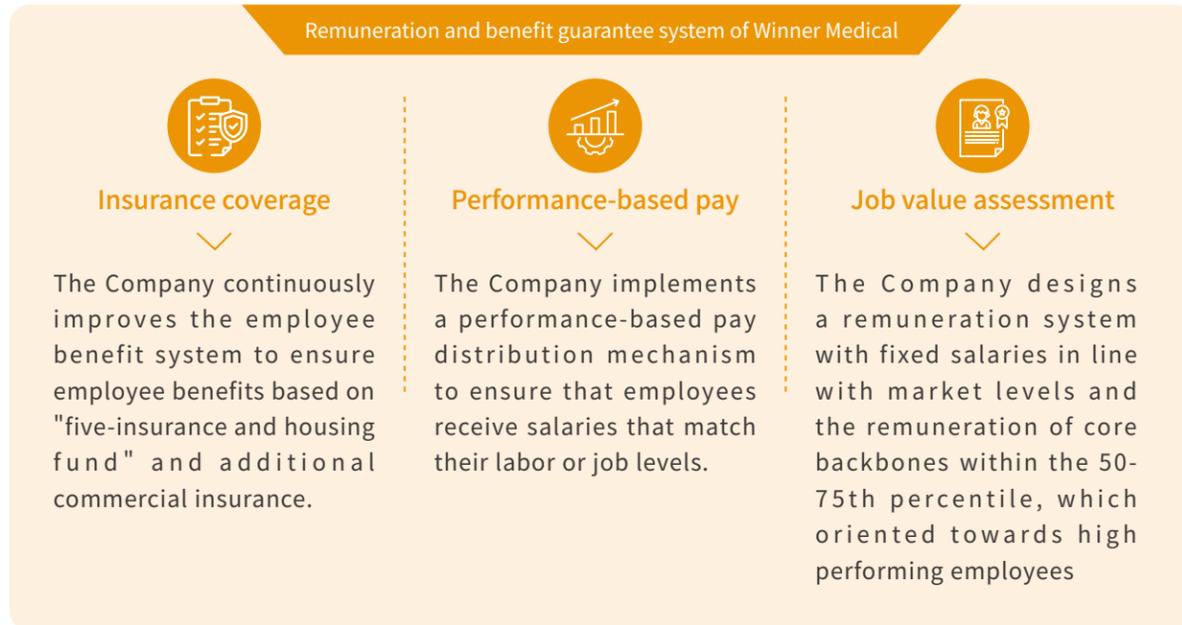
Key Performance 2022

During the Reporting Period, the Company have signed labour contracts with its **100%** employees and **0** labour discrimination incident occurred

Remuneration Incentive

The Company constantly optimises its employee remuneration system and has formulated policies such as the *Remuneration Management System*, *Management System for Employee Performance* and *Remuneration Management System for Sales* based on its development status quo. We adhere to the principle of "fixing the grade by post, fixing the salary by grade, rewarding by performance and changing the salary by post", and evaluate and distribute remuneration according to the final contribution. To match our strategic intent and BP upgrade strategy, we adjusted the target bonus system to a performance sharing system to encourage employees and enhance our competitiveness in a timely and effective manner. We also place emphasis on integrated team rather than individual contribution, and have established a closed-loop management mechanism for performance from strategy to organisation to individual, which adopts a balanced scorecard for organisational performance, with individual performance following organisational performance KPIs and correlating with organisational performance, and applies performance results to bonus allocation.

To further improve the long-term incentive mechanism of the Company, attract and retain outstanding talents and fully motivate employees, the Company has implemented the Restricted Share Incentive Scheme, which effectively combines the interests of shareholders, the Company and employees to facilitate the long-term development of the Company.



Employee Growth

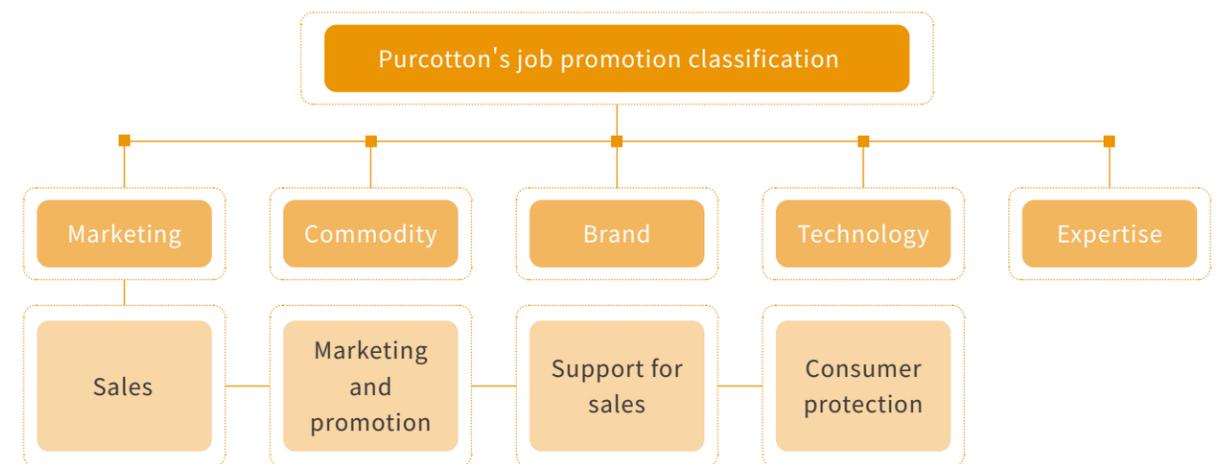
The Company values talent training, continues to optimize the allocation of talent resources, and is committed to providing employees with a good platform for career development, building a scientific talent management system and taking talent as the key resource of the Company. The Company has developed the *Promotion Management System*, the *Store Promotion System*, the *Implementation Rules for Channel Promotion* and Demotion and other systems and regulations to stimulate the potential, creativity and enthusiasm of employees, so as to achieve the growth and development of the Company and employees together.

Career Development

Regarding employees' career development, Winner Medical adheres to the principle of "transparency, fairness and development" and has carefully formulated the "three systems" of career development for its employees, guiding them to strive to enhance their self-worth. We also continue to build and improve the talent promotion mechanism, develop a scientific career development system, build dual development channels for management and technology sequences, develop promotion paths for different sequences and improve the job sequence management model.



"Three systems" for career development of Winner Medical



Job promotion pathway of Purcotton

Employee Training

Winner Medical focuses on identifying outstanding talents from its employees and continuously optimises its training system. We have developed "Win Series" talent training plan according to our strategic planning and development goals. According to the plan, we launched training projects such as spring seedling training camps, newcomer development and professional advancement, aiming to improve theoretical and business skills and performance of our employees, so that they have the quality and business ability to match the development of the Company.



"Win Series" talent development programme of Winner Medical

Case: "Follow Your Dream and Create A Bright Future" New Employees Induction Training

In June 2022, the Company conducted an induction training for new employees to deepen their understanding of Winner Medical. Courses such as *Introduction to Winner Medical* and *Winner Medical's Corporate Culture* were also conducted to help new employees quickly adapt to the work environment, enhance mutual trust, apply what they learned in the induction training and integrate into the Winner's family.



Case: Winner Spring Seedling Training Camp

In July 2022, the Company paid great attention to the professionalism of new graduates, and carried out the first phase of the spring seedling growth training. The trainees were given a mix of online and offline teaching, including 6 teaching modes and 9 practical courses in the workplace, such as mindset training, course lectures and sandbox exercises. At the same time, the completion assessment rate of all participants reached 100%. The training camp laid a solid foundation for new graduates to integrate into the Company and transform into workplace professionals quickly.



Case: "Give It Your All" Training Camp



In July 2022, in order to better empower the business, the Company's Human Resources Centre, together with the Hospital Division, launched the "Give It Your All" training camp for the Hospital Division in 2022. With the support of an external professional consulting firm, the project-based learning has systematically improved the Division's sales and teamwork skills, thus enabling mutual growth of the Company and individuals.



"Give It Your All" training camp

Case: "Master" Training Camp



In October 2022, the Company carried out a training programme on the theme of *Refined Management of OTC Business* to help employees analyse and dissect problems in response to events and fine tune customer management through the use of four core knowledge points of the courses on regional management, customer management, opportunity management and customer visits.



The Company carried out the "Master" training camp

Case: "E-commerce" Special Training



In August 2022, to facilitate the fast growth of new employees of the Company's e-commerce team, clarify the role of trainees in the team and enhance their self-awareness, the Company conducted training on *Workplace Magic - Practice Period* and *Belbin Team Role* respectively. Through the modules of learning knowledge, accumulating experience, reasonable performance and assessment exercises, the trainees were able to grasp the rapid development period of the workplace, refine their professional skills and give full play to their strengths.



"E-commerce" special training

Key Performance 2022

During the Reporting Period, the Company invested RMB **1.6** million in training

with a total of **5,392** employees trained

a total of **73,678.9** training hours

and an average of **13.7** training hours



Employee Communication

Winner Medical proactively listens to the requests and feedback from its employees and has established a smooth communication channel for them. In the meantime, employees can reflect their demands and provide relevant opinions through the EMT meeting mechanism, rota talks, colleague bars and Winner Culture Talk.

In addition, the Company conducts regular satisfaction surveys, such as the PureH2B Restaurant Dining Satisfaction Survey and the New Employees Induction Satisfaction Survey, and also conducts occasional satisfaction surveys for certain activities to collect public opinion, listen to people's voices, and apply such results to improve the work service in practice.



Employee communication meeting ways of Winner medical

Humanistic Care

The Company cares for employees and constantly improves the employee benefit system while ensuring their statutory benefits. The Company has set up four benefit sections, namely "Win Energy", "Win Honor", "Win Care" and "Win Vitality". Through such diverse multi-level employee care system, the Company has been able to enhance employees' sense of well-being, their sense of belonging and their identification with the Company.

Win Honor

Case: Learning From Exemplary Workers and Exercising the Power of Role Models



In order to recognise advanced employees and set an example for the Company, Winner Medical held its 14th Model Worker Recognition Ceremony during the Reporting Period to thank the outstanding employees for their hard work and dedication.

The conference was broadcasted live in 7 places, and a total of 46 model workers, 10 heroes of the fight against epidemics and 30 people in 30 years were selected to share the moment of glory with the Company's employees.



Winner Medical's 14th Model Worker Recognition Ceremony

Win Vitality

Case: Recycling Books, Passing on and Sharing Knowledge



In April 2022, on the occasion of the 27th World Book Day, Winner Medical set up the Winner Book Corner to encourage employees to swap and share their unused books, tap into the value of retained items and develop a passion for daily learning.



Winner book corner

Win Care

Case: Caring for Employees with Diverse Holiday Benefits



Winner Medical June 1 tea party



The Company sends care on Women's Day



The Company sends care on Mother's Day

The Company's holiday benefits

Win Energy

Case: Documenting Winner Employees' Hard Work



The Company has launched a project known as "Win Energy", which regularly reports on our internal exemplary deeds to affirm employees' dedication and inspire their morale, so that the deeds with positive energy within the Company can be seen, known and promoted by more employees.



Our "Win Energy" activities

Employee Safety

The safety and health of our employees is a primary consideration in all that we do. To this end, the Company has taken measures on safety education, accident prevention, injury prevention and employee health. Adhering to the "safety first, prevention oriented" policy, we have also clarified the safety management personnel and the division of responsibilities with reference to the *Safety Production Normalization Standards* according to the laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, so as to ensure a comprehensive safety protection. We implemented Winner's corporate safety culture - (safe production and healthy development) as we believe that only through safe production can Winner Medical go further and create greater value for society, as well as for its shareholders, customers and employees.

Safety Management System

According to the *National Emergency Plan for Work Safety Accidents and Disasters* and the *Administrative Measures on Emergency Plan for Production Safety Accidents*, the Company has developed such systems as the *Safety Production Normalization Standards*, the *Management System for Emergency Plan* and the *Development of Emergency Personnel Training Plan* and established the safety production responsibility system, the emergency plan system and the safety normalization evaluation rules to enhance its overall safety management capability and emergency handling capability.



Winner Medical's emergency plan system

Publicity of Safety Awareness

During the Reporting Period, the Company carried out the "Safety Production Month" activity where all employees can extensively participate in various activities such as publicity boards, banners, special training on production safety, safety hazard inspection and emergency drills. This activity has effectively raised our employees' awareness of safety precautions.

Occupational Health Protection

The Company implements occupational health protection measures for all employees, including occupational health education, occupational health inspections and regular testing of workplaces. We develop and implement a management system for occupational disease prevention and control to strictly control daily production, equipment operation and employee work processes. We regularly monitor occupational hazards in workplaces, and issue labour protection products to employees exposed to occupational hazards and supervise their correct daily wear. The Company regularly conducts environmental tests for monitoring occupational health hazards within the scope and publishes occupational health management work; and regularly organises health checks for our employees in various positions who are exposed to the use of hazardous chemicals.

Public Welfare

Winner Medical has long been involved in social welfare activities, insisting on giving back to the community and remembering its responsibility as a corporate citizen. Through the brand IP "Power of Purcotton", Purcotton is strict with itself internally by defining the quality standard of good cotton in making products to provide safe and reliable cotton products for consumers, and strives to benefit others externally by defining industry standards and new environmental consumption in brand practice to facilitate the green, eco-friendly and sustainable development of the entire industry chain. Through these efforts, Purcotton has created a legend in the contemporary Chinese consumer industry. In addition, the Company has assumed its social responsibilities by donating materials to Hong Kong and Shenzhen and universities and holding activities such as "WE Eco Multi-purpose Cotton Eco Plan" and rural revitalisation projects.

Key Performance 2022

The Company carried out a number of public welfare donations amounting to over

RMB **18.6** million throughout the year

Case: Donating Winter Clothing and Showing Humanistic Care

Following the earthquake in Luding, Sichuan in September 2022, One Foundation and Purcotton immediately responded by donating hundreds of cotton garments and warm clothes to some of the local kindergartens and children affected by the earthquake in Shimian County, bringing warmth to the children in winter.



Case: Responding to the Government's Call for Assistance to Hong Kong and Demonstrating Our Love for the Nation



In response to the Party Central Committee's important directive to support Hong Kong's fight against the pandemic and ensure the supply of supplies, Winner Medical has been sending N95 masks to Hong Kong since February 2022 to build confidence in Hong Kong's fight against the pandemic.

Over 3 million masks, which was one of the first batch of Mainland aid supplies to Hong Kong from the Central Government, were transferred during this assistance. As the anti-pandemic materials that meet international standards certification and registration-free access to the market, our donated products have been widely recognised by Hong Kong citizens.



The Company donated anti-pandemic materials to Hong Kong citizens

Case: Supporting Universities' Efforts in Preventing the Pandemic to Ensure the Health and Safety of Students and Teachers



To respond to the call from the China Women's Development Foundation, Winner Medical and its subsidiary Purcotton have donated materials to universities across China since January 2022, including Shanghai Jiao Tong University, Shanghai Fudan University and Shanghai International Studies University.

The materials include masks, cotton wipes, disinfectant pads, sanitary napkins and other important living and anti-pandemic supplies, which effectively meet the daily needs of teachers and students while ensuring the smooth and orderly implementation of teaching and learning on campus.



The Company donated anti-pandemic materials to students and teachers of Fudan University

Community Building

In the course of its global business development, Winner Medical has always been committed to sharing the fruits of corporate development with society. We contribute to the development of regional economies and the improvement of people's living standards through a variety of channels, including leading the development of local industries, providing local employment opportunities and building harmonious labour relations.

Case: Setting up the Winner Charity Association to Ignite Hope with Love



In May 2022, in order to further implement its principle of "Social responsibility is superior to corporate value" and accelerate the realisation of the corporate vision of "Caring for health and life, making a better world", Winner Medical established the Winner Charity Association to provide support to its employees who are in urgent need of financial and other assistance, thus spreading love and warmth to all corners of the Company.



Winner Charity Association

Future Prospect

Our journey ahead will be a long and arduous one. But as long as we press ahead with a sense of perseverance, a bright future will beckon.

Looking ahead to 2023, Winner Medical will open a new chapter of development under the strategic guidance of the "medical + consumption" dual-driven, comprehensive layout of the medical healthcare industry. We will insist on doing the right thing and the hard thing, be down-to-earth and innovative, so that the world can enjoy the healthy cotton, and jointly practice the concept of environmental protection.

In regards to excellent operation, we will take digital transformation as our grip, focus on the development direction of "six insights", strengthen investment in scientific research and innovation, enhance management and operational efficiency, and continuously strengthen our internal strength in corporate development.

With respect to environmental protection, we will implement the national "carbon peak and carbon neutrality" strategy, scientifically and systematically promote the construction of our carbon management system, and strive to achieve low carbon and environmental protection at all stages of product design, research and development and production, starting from raw materials.

In terms of social welfare, we will continue to bring into play the energy of the "Power of Purcotton" IP to combat the anxiety and impatience of the times with a positive, inclusive and benevolent spirit, further focus on the socially disadvantaged and build a harmonious and loving society.

Although the road ahead will be long, Winner Medical will lose no time in forging ahead no matter what ups and downs. We believe that we will create a new situation of high-quality development in the future and realize long-term, sustainable and healthy development of our Company.



Index

GRI Standards	Disclosure	Reference
GRI 2: General Disclosures 2021		
2-1	Organizational details	About This Report
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-6	Activities, value chain and other business relationships	About This Report
2-7	Employees	Diverse Workplace
2-9	Governance structure and composition	Corporate Governance
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-11	Chair of the highest governance body	Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13	Delegation of responsibility for managing impacts	Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	ESG Management
2-16	Communication of critical concerns	ESG Management
2-22	Statement on sustainable development strategy	ESG Management
2-29	Approach to stakeholder engagement	ESG Management
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Public Welfare Community Building
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Combating Corruption and Promoting Integrity

GRI Standards	Disclosure	Reference
GRI 301: Materials 2016		
301-2	Recycled input materials used	Promoting Green Package and Adhering to Green Philosophy
301-3	Reclaimed products and their packaging materials	Promoting Green Package and Adhering to Green Philosophy
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Use of Energy Resources
302-2	Energy consumption outside of the organization	Use of Energy Resources
302-3	Energy intensity	Use of Energy Resources
302-5	Reductions in energy requirements of products and services	Energy Saving and Carbon Reduction Measures Use of Energy Resources
GRI 303: Water and Effluents 2018		
303-2	Management of water discharge-related impacts	Water Resources Management Measures
303-4	Water discharge	Waste Management
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions Performance
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions Performance
305-4	GHG emissions intensity	Greenhouse Gas Emissions Performance
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Waste Management
GRI 306: Waste 2020		
306-2	Management of significant waste-related impacts	Waste Management
306-3	Waste generated	Waste Management
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Responsible Procurement

GRI Standards	Disclosure	Reference
GRI 401: Employment 2016		
401-2	Benefits provided to full-time employees	Humanistic Care
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Safety Management System
403-2	Hazard identification, risk assessment, and incident investigation	Safety Management System
403-3	Occupational health services	Occupational Health Protection
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health Protection
403-5	Worker training on occupational health and safety	Publicity of Safety Awareness
403-6	Promotion of worker health	Employee Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Safety
403-8	Workers covered by an occupational health and safety management system	Safety Management System
403-9	Work-related injuries	Employee Safety
403-10	Work-related ill health	Publicity of Safety Awareness
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Employee Training
404-2	Programs for upgrading employee skills and transition assistance	Remuneration Incentive Employee Growth
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Diverse Workplace
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Supplier Life-cycle Management Mechanism

GRI Standards	Disclosure	Reference
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Excellent Quality Customer Services
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Responsible Procurement

Feedback

Dear readers,

Thank you for reading the 2022 Environmental, Social and Governance Report of Winner Medical Co., Ltd. In order to provide you and other stakeholders with more professional and valuable CSR information, please assist us in completing the questions in the feedback form so that we can further improve our social responsibility and sustainable development management.

Please rate the following questions on a scale of 1 to 5 (1 being the lowest and 5 being the highest).

1. What's your overall evaluation of this report?

1 2 3 4 5

2. Does this report reflect the significant impact of Winner Medical on the economy?

1 2 3 4 5

3. Does this report reflect the significant impact of Winner Medical on the environment?

1 2 3 4 5

4. Does this report reflect the significant economic impact of Winner Medical on the society?

1 2 3 4 5

5. Does this report reflect the corporate governance of Winner Medical?

1 2 3 4 5

6. What's your overall evaluation of the extent of information disclosure in this report?

1 2 3 4 5

7. What's your overall evaluation of the quality of the written presentation in this report?

1 2 3 4 5

8. What's your overall evaluation of the design style of this report?

1 2 3 4 5

9. Which topics in this report have attracted your attention the most?

10. Do you have any other comments or suggestions about this report?

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