

2023

Environmental, Social and Governance Report

Winner Medical Co., Ltd.

Deserts and Cotton Fields



About This Report

Overview

This is the second environmental, social and governance (ESG) report and also the fourth corporate social responsibility (CSR) report of Winner Medical Co., Ltd. This report truly and objectively discloses the efforts of Winner Medical and its subsidiaries to perform its corporate social responsibilities in 2023, and focuses mainly on the disclosure of the Company's ESG performance.

Abbreviations

Abbreviation	Full Name
Winner Medical, the Company, or "we"	Winner Medical Co., Ltd. (reporting entity)
Purcotton	Shenzhen Purcotton Technology Co., Ltd.
Longterm Medical	Zhejiang Longterm Medical Technology Co., Ltd.
Winner Medical (Huanggang)	Winner Medical (Huanggang) Co. Ltd.
Winner Medical (Jingmen)	Jingmen Winner Medical Textile Co., Ltd.
Winner Medical (Jiayu)	Winner Medical (Jiayu) Co. Ltd.
Winner Medical (Wuhan)	Winner Medical (Wuhan) Co. Ltd.
Winner Medical (Chongyang)	Winner Medical (Chongyang) Co. Ltd.
Winner Medical (Tianmen)	Winner Medical (Tianmen) Co. Ltd.
Winner Medical (Shenzhen)	Winner Medical (Shenzhen) Co. Ltd.
Winner Guilin	Winner (Guilin) Latex Products Co., Ltd.
Winner Pingan	Winner Pingan Medical (Hunan) Co., Ltd.

Reporting Scope

Reporting Period: January 1, 2023 to December 31, 2023 (hereinafter referred to as the "Reporting Period"). Unless otherwise specified, this report is prepared on an annual basis.

Basis of Preparation

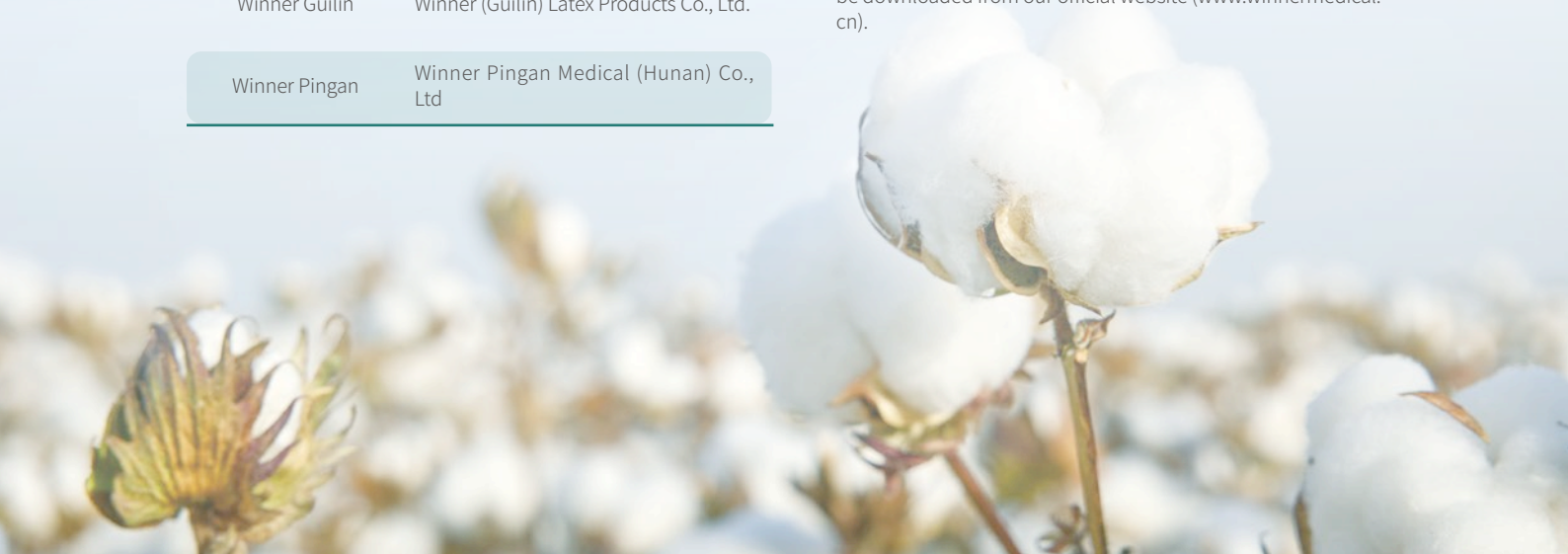
- The *Sustainable Development Goals (SDGs) Compass*
- *GRI Sustainability Reporting Standards (GRI Standards)* by Global Sustainability Standards Board
- *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* by China Academy of Social Sciences
- *Guidance on 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 - Standardized Operation of Listed Companies of the ChiNext Market*

Confirmation and Approval

This report has been approved by the Board of Directors on April 23, 2024 after being confirmed by the management.

Report Access

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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Message from Chairman

Over thirty-three years for Winner Medical and fifteen for Purcotton, we have gone through four economic cycles, and thrived in challenging times, beginning with a small piece of gauze and evolving into a national high-tech enterprise that integrates research, development, production, and sales. Our success stems from steadfast adherence to our core principle that "quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value," coupled with a strong commitment to sustainable development.

Committed to the six pillars of a "century-old enterprise," we uphold our culture and values, adhere to leadership driven by products, and pursue excellence in operations. In line with the principle of integrated operations, we fulfil our responsibilities and inspire utmost resilience. At Winner Medical, social responsibility fulfilment is not just a long-term commitment but the inevitable path towards sustainable development.

We believe that a symbiotic and mutually prosperous relationship between corporate and social values, the commitment to innovation in social responsibility and the creation of environmentally friendly products, will unlock wider and more diverse opportunities for innovation, further paving our way towards sustainable development.

Consolidating the Operating Foundation with Responsibility to Pursue Sustainable Success

We hold that strategic direction sets our course, brand building energizes our development, integrity wins us trust, corporate culture unites us all, and a commitment to responsibility builds our foundation for future growth. In 2023, we steadfastly pursued our core strategy: leading products and excellent operation. In product development, we expanded our product portfolio through innovation and quality enhancement. Centring around our core technology, pure cotton spunlaced non-woven fabric, we have developed various new products made from cotton, such as cotton soft tissues developed through special processing, all-cotton core sanitary napkins, cotton diapers, surgical gowns, surgical kits, and fenestrated sheets, ensuring the health and well-being of consumers. Our innovative foam dressing product was included in the Shenzhen standard catalogue for certified medical devices, marking a significant milestone. Our Purcotton gauze bath towel, the industry's first certified towel without softener, set a new standard in product excellence. Operational advances were marked by extensive digital transformation and intelligent upgrades, significantly enhancing the automation and efficiency of our production equipment. Our Model Plant for Intelligent Medical Textile Manufacturing of Winner Medical (Wuhan) Co., Ltd. distinguished itself as a leading case of intelligent manufacturing in 2023, earning high praise from the Ministry of Industry and Information Technology.

Safeguarding the Ecology and Innovating to Lead Low-carbon Development

We are committed to developing green products and advocating for the value of sustainability and environmental protection, aiming to mobilize the entire industrial chain to embrace environmental stewardship. Over the past year, we embraced a multifaceted approach. From research and development to production, we conserved significant water resources and reduced emissions using innovative technologies and processing techniques like anhydrous processing, gauze washing with atomized water, and plant-based dyeing. Moreover, we actively promoted the construction of green plants. Notably, Winner Medical (Wuhan) earned the "Green Plant" accolade, a testament to its exemplary contributions to energy conservation, emission reduction, recycling, and environmental protection. Our green packaging initiative, the Zero Plastic Initiative, replaced plastic bags with 48.05 million non-woven reusable shopping bags, significantly furthering our commitment to a better environment.

Keeping Society in Mind and Continuously Showing the Strength of Cotton

We firmly believe that shouldering social responsibility and giving back to our employees and the society are foundational to sustainable development. In 2023, we actively engaged with the "Power of Purcotton" initiative. Collaborating with our partners across the industrial chain, we worked to overcome challenges, helping to address issues of excess raw material inventory and unsold products. To give back to the society, in December 2023, in response to a 6.2-magnitude earthquake in Jishishan County, Gansu Province, we rapidly dispatched rescue supplies worth nearly RMB 3 million to aid those affected by the disaster. Additionally, our concern for vulnerable groups, including children and the elderly, led us to organize healthcare knowledge sessions at institutions such as Luoba Middle School and Baishida Primary School in Shixing County, Shaoguan City, and to provide nursing supplies to nursing homes. The total value of our contributions over the year amounted to approximately RMB 7 million, demonstrating our dedication to fostering a healthier and more comfortable life enriched by the compassionate spirit of Purcotton.

Having navigated beyond countless challenges, we are now advancing swiftly and unfettered. The year 2024 unfolds, brimming with both promise and obstacles. As we face faster market shifts, environmental changes, and technological advances, we remain committed to progressing with the times and staying ahead of the curve. We aim to convert ideas into opportunities, dreams into plans, and plans into actions. United by a shared vision, we will forge ahead, collectively uphold our responsibilities, and strive for high-quality and sustainable development.

Li Jianquan
Chairman and General
Manager of Winner Medical

About Us

Company Profile

Winner Medical, headquartered in Shenzhen, Guangdong Province, China, is a healthcare 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. The Company has 30 primary and secondary wholly-owned and holding subsidiaries.

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, 2023, the Company has obtained a total of 1,375 patents, including 140 invention patents, 810 utility model patents, and 425 design patents.

Starting with pure cotton spunlaced non-woven fabric, Purcotton is a healthy lifestyle brand with "Close to medical science with 100% cotton care" 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 home textiles. 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.

Corporate Culture



Strategic Vision

Since its inception, no matter how the external environment changes, the three core principles of "quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value" have always been rooted in our hearts. From the present to the medium to long term, China and even the world are facing enormous challenges and changes. In 2023, Winner Medical focused on three core principles, embraced new changes, met new opportunities, and responded to new environments with a more active and open attitude. We also challenged new markets, created new technologies, and developed new products to embrace new consumption trend. Firmly delivering the core strategic idea of "Leading Products and Excellent Operation", we steadily moved forward the high-quality development.



Purcotton

Leading Products

Purcotton is dedicated to material innovation and committed to the research and development of basic materials and cotton cultivation. By utilizing cotton/genetic modification and technological application, we unlock the full potential of cotton, empowering pure cotton products with technology so as to bring safe, happy and sustainable lives to users. We also clearly focus on five strategic products to establish an absolute advantage in the market. Through the promotion of popular products and scene-specific market penetration, we have gradually shaped the brand soul of "All Categories of Cotton". Additionally, we concentrate on our popular products and simplifying our operations, thus increasing the overall efficiency of our company and maintaining our product leadership.

Excellent Operation

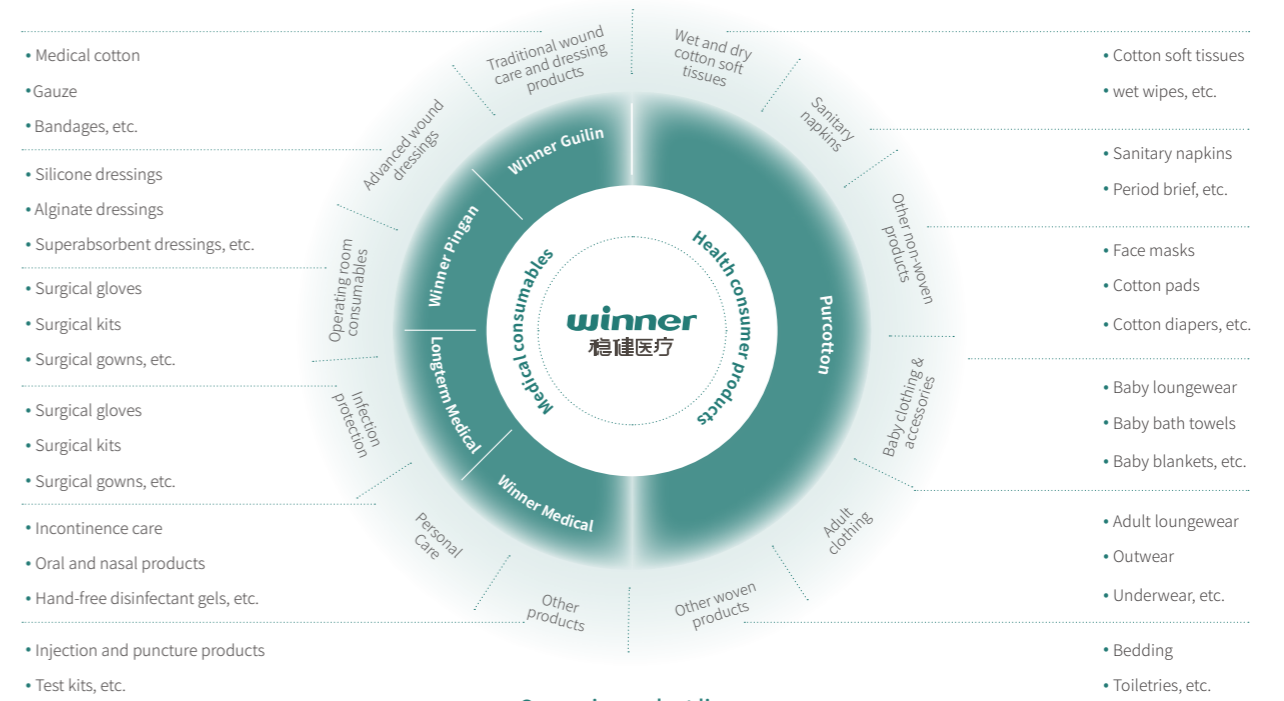
With a focus on improving user traffic, conversion and unit price of key categories in various channels, we carried out work and capacity building in branding, marketing, channels and retail; we won the battle of branding for new customer acquisition and focused on serving Purcotton's consumer groups; we further developed channels by expanding franchisees while strengthening basic management; we accelerated breakthroughs in digital transformation capabilities, completed the digitalization 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, visualization and standardization.

The "Ten Adherences" of Winner Medical



Product Matrix

For over three decades, Winner Medical has embarked on its journey with cotton as a starting point, continuously innovating and growing into a pioneering enterprise that seamlessly integrates research and development, production, and sales. Today, the Company boasts a robust framework where medical dressings and consumer goods are developed in tandem, with both the "Winner Medical" and "Purcotton" brands flourishing side by side.



Our main product lines

Winner Medical was listed on the "Top 100 China Listed Company Health Index in 2022"

Winner Medical and Purcotton won CSR award at China Corporate Social Responsibility Forum for two consecutive years

During the Reporting Period, Winner Medical's WIND ESG rating improved from BBB to A, and its Guosen Securities ESG rating achieved AAA, ranking the top of the textile, apparel, and luxury industry

Rated as "Excellent ESG Case Study of Listed Companies" by China Association for Public Companies for three consecutive years

Rated as "Best Practice Award for Board Office of Listed Companies" by China Association for Public Companies for two consecutive years



Winner Medical was recognized in the "List of Health Industry Brands in 2023" at the 16th CPEO, winning "CPEO Gold Award" for the third year in a row

The "Biodegradable Nano Mask" project by Winner Medical was awarded the Sustainability and Innovation Award (2023) by the International Textile Manufacturers Federation

Thanks to our Model Plant for Intelligent Medical Textile Manufacturing of Winner Medical (Wuhan), Winner Medical was honoured as the "leading unit of 2023 Intelligent Manufacturing Model Plants" selected by the Ministry of Industry and Information Technology

Winner Medical (Wuhan) received the "Green Plant" honorary title from the Ministry of Industry and Information Technology







Purcotton was bestowed with the "Pioneering Award of Talent Management Reform in China in 2023"

ESG Management

Under the leadership of the Strategy and Social Responsibility Committee, Winner Medical focuses on environmental, social and governance topics and 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.

Stakeholder Communication

The Company attaches great importance to corporate social responsibility work, fully considers the demands of stakeholders, and makes responses through channels and means such as websites, meetings, reports, events and media. We also maintain communication with them via those channels.

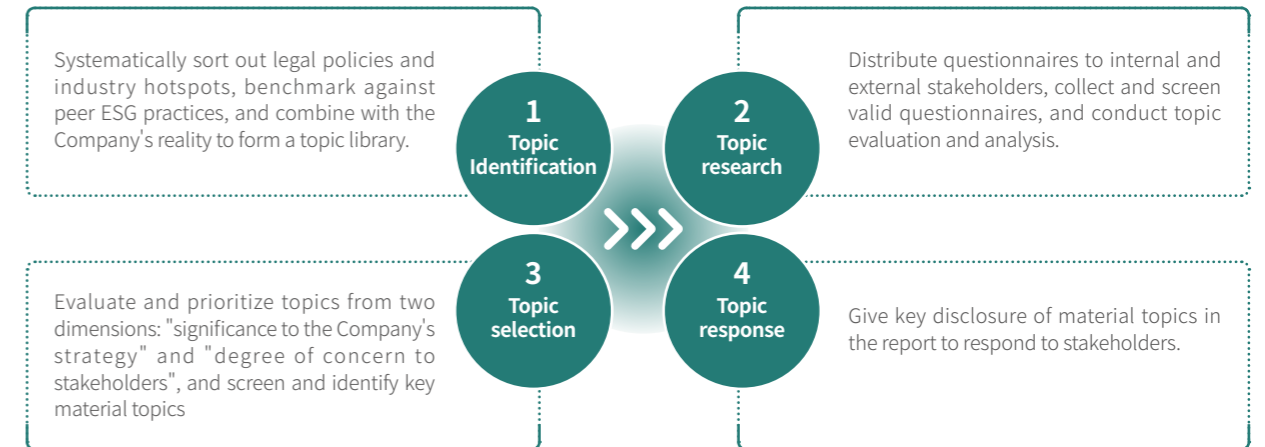
Key stakeholders	Topics of concern	Communication and response
 Shareholders and senior management	<ul style="list-style-type: none"> Economic performance Corporate governance Compliance and risk control Business ethics 	<ul style="list-style-type: none"> General meeting of shareholders Board of directors Financial reports Business reports Roadshows and communication with the Company
 Customers	<ul style="list-style-type: none"> Product quality Customerservice Responsible marketing Green packaging 	<ul style="list-style-type: none"> On-site communication Market research Customer satisfaction survey
 Employees	<ul style="list-style-type: none"> Employee rights and benefits Employee development and training Occupational health and safety 	<ul style="list-style-type: none"> Employee activities Employee training Corporate intranet Employee handbook
 Government and regulators	<ul style="list-style-type: none"> Corporate governance Business ethics Environmental management Waste discharge 	<ul style="list-style-type: none"> Regular communication and reporting Institutional research Policy implementation Information disclosure
 Partners	<ul style="list-style-type: none"> Supply chain management Technology R&D innovation Product quality 	<ul style="list-style-type: none"> Industry conferences Strategic Cooperation Exchange and visits
 Community, the public and media	<ul style="list-style-type: none"> Eco-environmental protection Community benefit 	<ul style="list-style-type: none"> Community volunteer activities Social welfare projects Social undertaking supportive projects

3
议题筛选

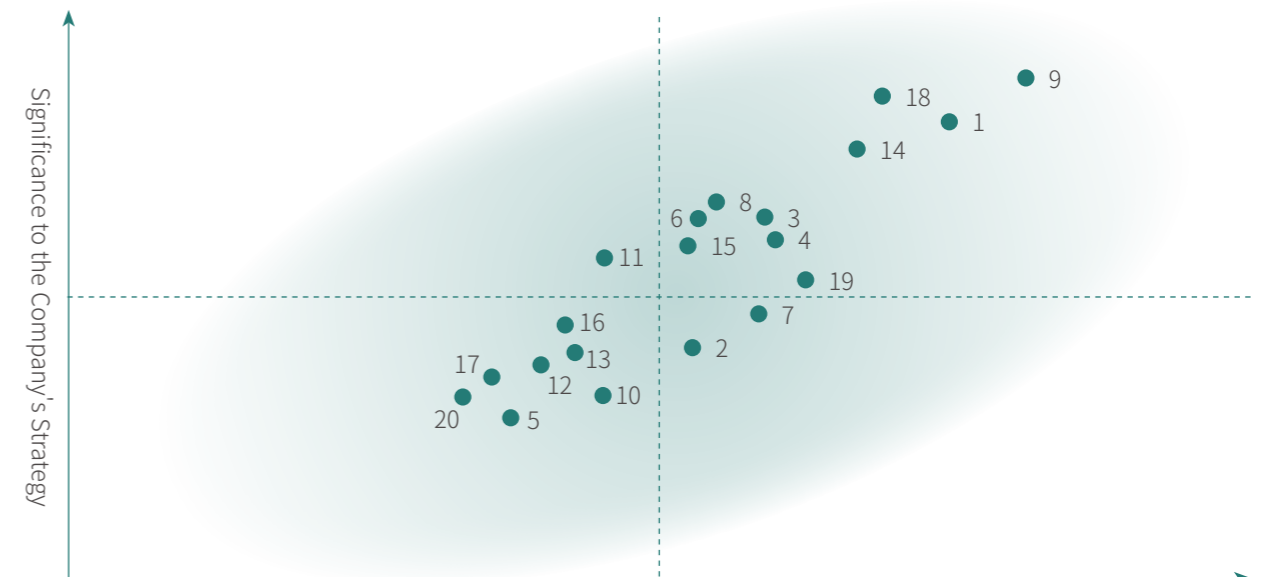
Material Topics Identification

The Company follows the path of "topic identification, topic research, topic selection, and topic response" to identify key material topics from the dimensions of "significance to the Company's strategy" and "degree of concern to stakeholders", and disclose them in the report.

Steps for identification



Materiality matrix



- | | | | | |
|---|---|---|--|--|
| Governance
<ul style="list-style-type: none"> 1 Corporate governance 2 Shareholder and investor interests 3 Compliance and risk control 4 Business ethics and anti-corruption | Environmental protection
<ul style="list-style-type: none"> 5 Addressing climate change 6 Environmental management 7 Energy and water management 8 Hazardous emissions and wastes | Products and services
<ul style="list-style-type: none"> 9 Product quality and safety 11 Responsible marketing 11 Customer service 12 Privacy and data security | Staff development
<ul style="list-style-type: none"> 13 Talent introduction 12 Employee rights and benefits 15 Occupational health and safety 16 Employee development and training | Community development and cooperation
<ul style="list-style-type: none"> 17 Community public welfare 18 Technology R&D and innovation 19 Supply chain management 20 Promoting industry exchanges |
|---|---|---|--|--|

CSR
Spotlight

Fostering a Sustainable Business Model for Sound Industry Growth

Since its inception, Winner Medical has consistently upheld its core principle, "quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value". We strive for the organic unity and dynamic balance among business, environmental, and social benefits, integrating sustainability into our corporate strategy. This approach promotes benign development across the value chain and helps build our sustainable business model in both our operations and throughout the industrial chain. Our commitment to green development parallels our pursuit of business advancement.

Responding to the UN SDGs

 <ul style="list-style-type: none"> Enhancing farmers' employment opportunities Donating essential living supplies 	 <ul style="list-style-type: none"> Actively deploying renewable energy 	 <ul style="list-style-type: none"> Reducing greenhouse gas emissions Transforming desert ecology and regulating regional microclimates
 <ul style="list-style-type: none"> Supporting agricultural advancements 	 <ul style="list-style-type: none"> Optimizing a diverse and inclusive workplace Enhancing the performance evaluation system 	 <ul style="list-style-type: none"> Reducing water pollution and protecting the water environment as aquatic habitats Supporting ocean plastic reduction
 <ul style="list-style-type: none"> Developing healthcare products and everyday essentials Donating healthcare supplies to vulnerable groups Regularly monitoring and assessing safety factors in workshops 	 <ul style="list-style-type: none"> Constructing green, smart plants Prioritizing technological innovation in sustainable production 	 <ul style="list-style-type: none"> Avoiding land use conversion that harms biodiversity Advocating for the protection of endangered species
 <ul style="list-style-type: none"> Making donations to support the establishment of rural schools Launching joint talent training with colleges and universities Implementing differentiated talent training programs 	 <ul style="list-style-type: none"> Supporting cross-regional procurement for balanced regional development Caring for girls in remote mountainous areas 	 <ul style="list-style-type: none"> Abiding by national and international legislation Improving modern, transparent, and sustainable corporate governance
 <ul style="list-style-type: none"> Upholding gender equality in employment Supporting the Shenzhen Women and Children's Development Foundation Launching public welfare projects for women Increasing the proportion of female management continuously 	 <ul style="list-style-type: none"> Supporting desert cotton planting Participating in community governance Enhancing community life quality 	 <ul style="list-style-type: none"> Forming a "community of shared interests" with the government, financial institutions, social organizations, community residents, and various partners across the industrial chain Incorporating environmental, social, and regional development goals into corporate strategies
 <ul style="list-style-type: none"> Utilizing water-saving production technologies Implementing smart water-saving systems 	 <ul style="list-style-type: none"> Conducting supplier management training Achieving low-carbon product certification 	

Embracing a Long-Term Philosophy and Promoting Sustainability

"Winner" (steadiness) underpins our company's ethos, symbolizing both our commitment to stable growth and our drive towards constant innovation and development. Winner Medical steadfastly responds to national policies, weaving sustainability into our development strategy. We continually refine our product mix and category structure, and enhance our internal management systems. We have evolved into a conglomerate that encompasses branding, research and development, production, sales, and service, dedicated to bolstering operational stability and advancing towards high-quality development.

Sustainable brand philosophy

Commitment to social responsibility

The Company champions a development vision of "caring for health and life, making a better world", grounding the brand with sustainable business model. We embrace altruism and a long-term philosophy, proactively fulfilling our social responsibilities. Starting from raw materials, the Company is committed to providing the highest quality products and services, allowing more consumers to understand the sustainable value of cotton and fully integrate themselves into social and environmental sustainability.

Awards



At the 2023 Wuzhen Health Conference and the Second China Over the Counter (OTC) Conference, the initiative "chi Forest Refreshment: 'Win' the College Entrance Exam" of Winner Medical was lauded with the "West Lake Award Innovative Marketing Case."



Winner Medical was recognized in the "List of Health Industry Brands in 2023" at the 16th CPEO, winning "CPEO Gold Award" for the third year in a row.

Awards



Through steadfast commitment and innovative contributions to social responsibility, Winner Medical and Purcotton were honoured with the "2023 CSR Award" at the 19th China Corporate Social Responsibility Forum.

83.17million+

Pieces of cotton garments and bedding sold, mitigating the environmental impact typically associated with the production of equivalent synthetic fiber products

Case

"Hello Cotton Color" Exhibition highlights cotton's sustainable beauty and ecological value

In August 2023, Purcotton's "Hello Cotton Color" flash exhibition was unveiled at Chengdu's Vientiane City. Drawing inspiration from the hues of cotton, the exhibition invited visitors into an expansive space where science, humanities, and art converge. Here, attendees experienced the vibrant essence of cotton, engaging with the brand's message that "everything, from raw materials to colors, is derived from nature." This event effectively communicated cotton's sustainable and ecological significance.



"Hello Cotton Color" Exhibition

Case

Witnessing women's power in choices and changes

With the continuous development of society, more and more outstanding women are breaking through the barrier of bias, demonstrating their remarkable growth and contributions. Women are not only participants in society, but also important driving forces in the field of technological innovation. In 2023, Purcotton teamed up with China Women's News and Shixiang Xin to launch the fourth episode of the original documentary series "What She has Changed". The story is about the first female navigator in China to cross the Arctic Ocean - Bai Xiang'en, which aims to inspire more women to bravely pursue their dreams and believe that their power can change the world like Bai Xiang'en.



Original Documentary Series "What She had Changed"

Sustainable product philosophy

Championing environmental protection

The Company leads in creating green products with cutting-edge design concepts. Our commitment to standardization, recyclability, reduction, and harmless steers our transmission of green and sustainable models through products. Meanwhile, we have actively promoted the "Zero Plastic Initiative" sustainable packaging solutions, and have formulated a green development plan for products such as the deplasticization of pure cotton packaging materials and the manufacturing of shopping bags with noil fibres. We pursue the organic unity and dynamic balance of product models in terms of economy, society, and environment. This approach exemplifies our dedication to seamlessly blending economic, social, and environmental considerations for holistic and balanced progress.

48.05million

Non-woven reusable shopping bags distributed

36

Products certified as "China Green Products"



"China Green Product" Certification Certificate

Case

Purcotton implements "Zero Plastic Initiative"

Purcotton has committed to extensive "plastic reduction" efforts, including standardizing packing box dimensions, replacing disposable packaging, and enhancing packaging recyclability. In 2023, we achieved a significant milestone by removing plastic from 2,040 products across over 40 categories within our consumer goods portfolio. This included essential items such as baby super soft cotton tissues, gauze bath towels, and sanitary napkins, with an annual sale of 16.48 million pieces. The initiative extended to a wide array of products, including cotton soft tissues, disposable underwear, tampons, sanitary napkins, period briefs, gauze quilts, bedding sets, duvets, sleeping bags, bedspreads, and gauze square towels, further reducing the environmental impact of our product packaging.



Purcotton's plastic-free packaging

Case

Launch of the ECOLOGY series to support endangered animals

In a bid to promote environmental consciousness, Purcotton introduced the ECOLOGY series, a line of clothing inspired by endangered animals. This series uses natural cotton as a medium to reflect the true essence of ocean, forest, land, and cotton. The ECOLOGY series underscores our dedication to protecting endangered species and maintaining ecological balance, conveying a powerful message of sustainable philosophy.



2023 Summer ECOLOGY Series

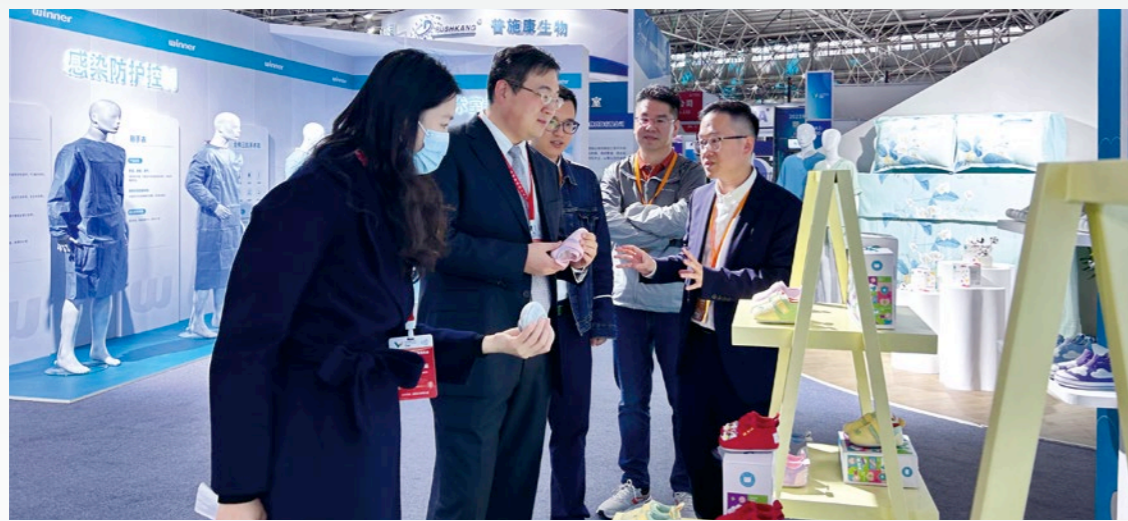
Prioritizing Quality and Innovating in Sustainable Layout

Since our founding, Winner Medical has been dedicated to the mission of "leading the trend of big health and achieving harmony between people and the environment," steadfastly following our core strategy of "Leading Products and Excellent Operation" to empower users with our medical expertise. Through our brands, Winner Medical and Purcotton, we achieve a synergistic development of medical and consumer sectors. This dual approach ensures comprehensive health protection for our users across all scenarios.

Case

Showcasing our product matrix at the 2023 World Health Expo

In April 2023, Winner Medical and Purcotton showcased at the 2023 World Health Expo, comprehensively displaying the Company's product matrix around medical and consumer scenarios. Engaging with attendees, we demonstrated Winner Medical's innovation, product excellence, and brand strength from all perspectives, earning the "Contribution Award" at the Expo.



2023 World Health Expo

Medical sector strategy Empowering users with medical expertise

We are dedicated to enhancing our industrial layout by expanding business lines, continuously refining our category structure and product portfolio. We are investing in and upgrading traditional medical products, boosting the competitiveness of conventional offerings based on three core characteristics. By addressing user pain points in specific scenarios, we offer targeted solutions to promptly meet market demands.

As we enhance our products' market penetration and market share, the Company remains committed to its social values and focuses on the sustainable, long-term development of the Company. Our primary product lines span wound care, infection control, and personal health care. This includes advanced wound dressing products, traditional wound care and dressings, operating room consumables, infection protection products, and personal health care items.

Case

Winner Medical's "Biodegradable Nanofiber Mask" earns international accolade

In November 2023, the "Biodegradable Nanofiber Mask" project by Winner Medical was honoured with the Sustainability & Innovation Award by the International Textile Manufacturers Federation, one of only five projects globally to receive this distinction. This environmentally friendly mask, made from bio-based materials, achieves a degradation rate of over 95%, significantly lessening environmental impact. Moreover, it stands out for its stability in filtration efficiency, breathability, and comfort.



Our "Biodegradable Nanofiber Mask" received the Sustainability & Innovation Award of ITMF Award 2023

Consumer sector strategy Leading a healthy lifestyle

Cotton is celebrated not only for its comfort but also for its environmental friendliness, playing a crucial role in preserving Earth's ecology. Purcotton has been upholding its vision of "Purcotton Changes the World" and the mission of "leading a healthy lifestyle with a trusted brand" for years. We source high-quality cotton from around the globe as our primary raw material and maintain strict control over every production link.

At Purcotton, the Company's innovation and research center around cotton and align with market demands. Our range spans non-woven consumer goods like 100% cotton soft tissues, sanitary napkins with a 100% cotton surface, and 100% cotton wet wipes, as well as textile products including baby supplies, and children's and adult apparel. This diversity caters to various consumer groups, including children, infants & moms and adults, covering user engagement across multiple categories and earning accolades from our customers.

Case

Purcotton develops innovatively 100% natural enhanced cotton soft tissues, to improve the quality of healthy life

In October 2023, Purcotton released the enhanced cotton soft tissues to the market. This product features ultra-soft, thick cotton spunlace non-woven fabric, made from 100% natural cotton and 33% thicker than standard options. Designed for durability and repeated use without tearing easily, it meets the diverse needs of consumers across various scenarios.



Purcotton's cotton soft tissues with extra size and thickness

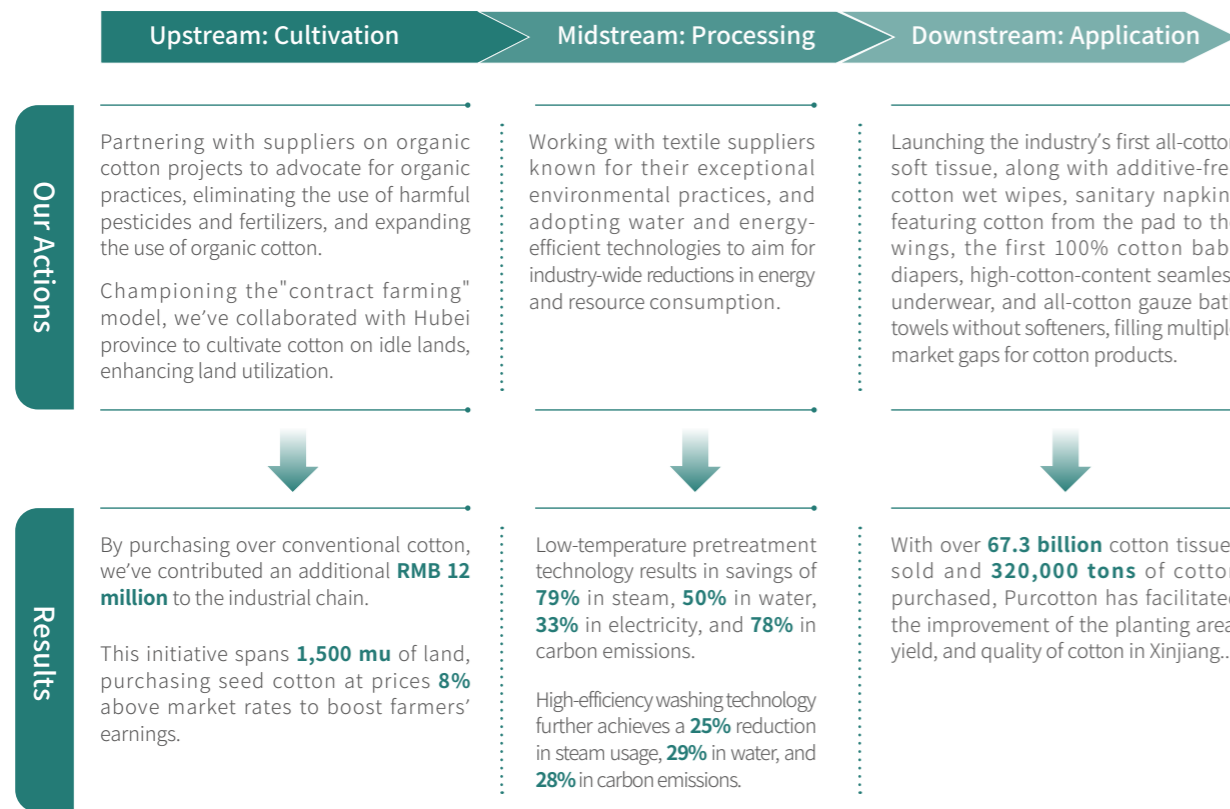
Championing Industrial Upgrades for Sustainable Supply

Winner Medical recognizes that sound supply chain management is a crucial driver for the positive development of the Company, with win-win cooperation serving as the foundation for our growth. Through ongoing exploration and innovation, we have expanded multi-industry partnerships, supporting the sustainable evolution of the cotton industry chain. We are dedicated to offering consumers a future where non-woven products can effectively replace woven materials, and pure cotton replaces chemical fibers, and jointly creating a sustainable business model for the cotton industry..

Navigating uncertainty and integrating throughout the industrial chain

As a key player and leader in the cotton industry chain, the Company has established a distinctive position with Chinese characteristic within the global cotton industry based on its two flagship brands, "Winner Medical" and "Purcotton". By crafting a dedicated supply chain system, we've realized a comprehensive "end-to-end, full-chain integration" of cotton. This strategic approach enables us to oversee quality at every phase and dimension, securing the stability of our supply chain.

Winner Medical's "end-to-end, full-chain integration" approach for cotton products



A supply chain that cultivates mutual success

The Company firmly believes in the ethos of win-win cooperation and mutual growth with our suppliers, dedicating efforts to bolster supplier support and fostering a sustainable supply chain. Regular supplier training sessions and on-site consultations are conducted, benefiting approximately 30% of our suppliers. In response to market dynamics, the Company devises tailored support for suppliers to jointly overcome difficulties, aiming to encourage a stable and positive evolution of the industrial chain.



Li Jianquan, Chairman of Winner Medical, has taken on the role of the inaugural rotating chair of the Management Committee of Cotton China Sustainable Development Program.



Case Winner Medical at the First China International Supply Chain Expo

From November to December 2023, Winner Medical showcased at the inaugural China International Supply Chain Expo as the leader of the "Healthy Life Section." Our exhibit, "Healthy China, One Cotton One World," explored the rich history, modern progress, current industry landscape, and technological advancements in cotton. We showcased the Chinese model of promoting the prosperity of the "Cotton Industry Chain" to the society, highlighting the seamless cooperation and synergy across its various segments. This presentation underscored the philosophy of fostering an open and mutually beneficial relationship with both upstream and downstream partners.



2023 China International Supply Chain Expo

Conducting Prudent Governance

to Build a Solid Development Foundation



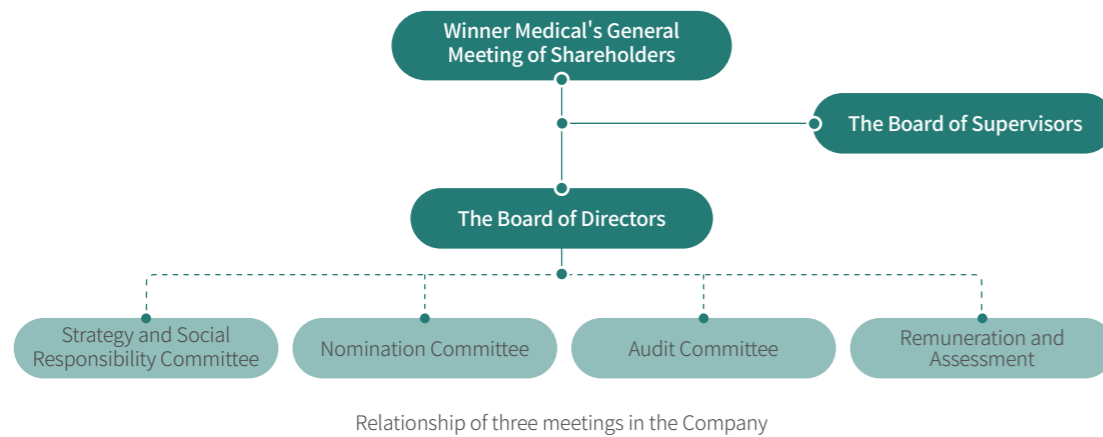
Winner Medical continuously strengthens internal compliance management, establishes a sound corporate governance structure, and improves the quality of information disclosure. The Company also strengthens investor relations management by regularly holding investor communications meetings, proactively exchanging with investors, and responding to market concerns, to enhance investor trust in the Company, and ensure the long-term stable development of the Company.

Improving Corporate Governance

Winner Medical is a council member of the China Association of Public Companies and the Shenzhen Public Companies Association, which has always standardized its operations, and established a modern corporate governance system that is scientific and standardized, with effective checks and balances and efficient operations. The Company strengthens communication with investors, and fulfills its information disclosure obligations.

Operations of three meetings

In accordance with the *Company Law*, *the Securities Law*, *the Rules Governing the Listing of Shares on the ChiNext of the Shenzhen Stock Exchange*, *the Articles of Association of Winner Medical Co., Ltd.* (the "Articles of Association") and other Chinese 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 standardize the operation and management of the Company. On December 19, 2023, we conducted training for Board of Directors, Board of Supervisors and senior management on recent regulatory trends and the new regulations for independent directors.



During the Reporting Period,

8

Board meetings held

6

Meetings of the Board of Supervisors held

3

General Meetings of Shareholders held

As of the end of the Reporting Period,

7

Directors in the Board of Directors

3

including Independent directors

2

including Female directors

General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. The Company convenes and holds the 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.

Board of Directors

The Board of Directors (the Board) 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, other specialized committees are comprised of a majority of independent directors who act as conveners, and the convener of the Audit Committee is an accounting specialist. The Board is in charge of establishing the working procedures and standardizing the operation of the specialized committees, which provides strong support to the Board in making scientific decisions.

Rated as **5A** in the Performance Evaluation of Board Secretary for two consecutive years

Rated as "**Best Practice Award for Board Office of Listed Companies**" by China Association for Public Companies for two consecutive years

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* and other Chinese laws and regulations as well as the *Articles of Association* and interests of the Company and its shareholders

Investor relations management

With the purpose of respecting, rewarding, and protecting investors, the Company has formulated regulations and systems such as the *Investor Relations Management System*, and the *System for Reception of Research Visits by Specific Subjects*, committed to continuously improving its corporate governance and investor relations management. Currently, a relatively complete work mechanism has been formed.

Investor relations management has been comprehensively deployed, covering modules such as "regular report promotion - routine institutional communication - activities of small- and medium-sized investors - internal and external tracking and high-frequency analysis". Eventually, a relatively complete mechanism for investor relations management has been developed as a whole.



The Company pays attention to opportunities for communication with investors. We reach a wider audience and engage in extensive and in-depth communication with all investors in various forms, including performance presentations, analyst meetings, on-site visits, institutional reverse roadshows, interaction platform of SSE (<http://irm.cninfo.com.cn/>), and hotline calls.

In 2023, at the invitation of the Shenzhen Stock Exchange, the Company's board secretary recorded a themed course on *Institutional Investor Relations Management of Listed Companies*, sharing practical experience and reflections from the exchange with peer listed companies.



Performance Presentation for 2022 and Q1 2023



ESG themed investor exchange meeting

7
Performance presentations in various forms

about **600**
Institutional investors communicating with the Company

30+
Securities strategy meetings participated

80+
Communication activities organized in various forms

1,700+
People communicating with the Company during the Reporting Period



Participating in the Hong Kong Capital Market Forum of Chinese Listed Companies and Hong Kong Roadshows

In December 2023, as a representative of the China Association for Public Companies, Winner Medical participated in the Hong Kong Capital Market Forum of Chinese Listed Companies and the Hong Kong Roadshows. Chen Huixuan, Deputy General Manager and Secretary of the Board of Directors of the Company, led a team to visit the Hong Kong Stock Exchange and the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, and participate in institutional investor roadshows. Through visits, discussions, and exchanges, the Company enhanced the understanding of the Hong Kong capital market, built a bridge with overseas investors, and more intuitively demonstrated and expressed the long-term investment value of Winner Medical to investors.



Visiting the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region

HONORS

- Awarded the "Best Practices for Investor Relations Management by Listed Companies" by the China Association of Public Companies
- Awarded the honorary title of "Excellent Practice Case of the Annual Report Performance Presentations" by the China Association for Public Companies for three consecutive years
- Awarded the "Tianma Award for Investor Relations of Listed Companies in China" by the Securities Times



Protection of shareholder rights and interests

The Company fully implements the policy of convening general meetings of shareholders through online voting. The approach makes it more convenient for shareholders to participate in the meetings, and effectively safeguards the legitimate rights, interests and demands of investors. To ensure investors fully exercise their rights, the Company upholds the separate counting and disclosure of votes on all major proposals for small- and medium-sized investors, encouraging their participation in corporate governance and key decision-making processes.

Information disclosure enhancement

Since its listing, the Company has attached great importance to information disclosure. It has formulated the *Information Disclosure Management System*, the *Accountability System for Major Errors in Annual Report Information Disclosure* and other relevant systems, to strictly regulate the Company's information disclosure and ensure the veracity, timeliness, accuracy, and compliance of all disclosed information.

HONORS

- 2 annual reports included into the **Excellent Cases of Annual Reports of Listed Companies** compiled by the Shenzhen Stock Exchange since the listing of the Company
- Rated as **Class A** on information disclosure by the Shenzhen Stock Exchange for two consecutive years
- Rated as "**Excellent ESG Case Study of Listed Companies**" by China Association for Public Companies for three consecutive years
- During the Reporting Period, our WIND ESG rating improved from BBB to **A**, and its Guosen Securities ESG rating achieved **AAA**, ranking the **top** of the textile, apparel, and luxury industry

129

announcements of various types issued during the Reporting Period

Operating in Compliance with Laws and Regulations

In strict compliance with laws and regulations, Winner Medical focuses on strengthening risk management, always follows business ethics, and ensures the safety and stability of enterprise operations, laying a solid foundation for the sustainable development of the enterprise.

Strengthening risk control

The Company continues to strengthen risk control by constantly improving its management system, strengthening risk identification mechanisms, and developing risk response strategies to ensure effective control and prevention of risks.

During the Reporting Period, a total of **19** revisions and updates to systems (including the supporting systems for independent directors) were completed



To standardize the Company's comprehensive risk management and establish a scientific and effective risk management system, the Company has established and improved its internal control systems, including the *Risk Control and Disposal Mechanism*, the *Mechanism for Risk Accountability*, and the *Comprehensive Risk Management System*. The Company irregularly reviews the internal governance system to ensure effective connection and follow-up with the revisions of the latest national laws and regulations, listing supervision policy guidelines, and rules. Besides, an internal control management committee has been established. The internal control management institutions of each subsidiary should be consistent with the organizational structure of the Group's internal control management committee to coordinate with the headquarters for unified management and policy implementation, which promotes the sustained, stable, and healthy development of the Company.

The Company identifies various risk factors that may have a negative impact on its goals and business operations by reviewing business procedures, internal control systems, and external environment. After identification, the risk factors are evaluated and analyzed through risk matrix, risk indicators, and statistical data analysis. In such way, we can determine the occurrence probability of risks and the degree of their impact on the enterprise, to provide a basis for subsequent risk control.



The Company organizes annual risk control summary meetings to enhance its risk control awareness. A strict approval procedure is in place, with clearly defined authority and accountability structures, ensuring all business activities and decisions receive reasonable review and approval. We also clarify the job responsibilities and authorities of employees to ensure clear division of responsibilities in various business processes and prevent overlapping and ambiguous responsibilities, while establishing appropriate job rotation mechanisms. An asset management system is built, including the registration, inventory, storage, and use of important assets, to ensure the safety and effective utilization of our assets. Various risk control training are conducted for employees to raise their risk prevention awareness and improve their ability. In August 2023, more than 50 middle-level and above employees were organized to participate in securities compliance and public opinion management training.

Case Carrying out training of "Golden Seed" Talent Plan for Risk Control to strengthen employees' risk prevention awareness

Winner Medical collaborates with Ernst&Young Global Limited on risk control projects to cultivate a "Golden Seed" talent for internal risk control within the Group. Through systematic learning of risk management knowledge and project practice, we continuously cultivate and integrate fresh talent into the Golden Seed Talent Plan. This initiative enables employees to understand the basic knowledge, role, and value of risks, raise their risk prevention awareness, improve their risk prevention capabilities, and finally become an "indispensable risk management team" of the Company.



"Golden Seed" Talent Plan

Following business ethics

The Company has gradually established an enterprise anti-fraud governance system that integrates prevention, identification and response. Specifically, we have formulated a series of rules and regulations as institutional guarantee, and carried out offline anti-fraud compliance training from management to employees at multiple levels through the "Winner Medical Supervision" WeChat official account. We have carried out multiple special inspections on key issues of the Company, strengthened the development of the Company's integrity culture, and established various reporting channels and protection mechanisms to protect the rights and interests of whistleblowers.

Governance mechanism

We have established a risk fraud mapping matrix for the entire group from a supervisory perspective, which has been applied in the guidance of supervisory work. 8 anti-fraud systems are developed and revised. We have completed the declaration of conflicts of interest for all members of the Group for the first time. 765 deputy managers or above of the Group have been organized to sign integrity commitments to improve the professional ethics of the management team.

Cultural development

17 articles on integrity publicity and implementation are released on the Company's WeChat official accounts and 7 special training are conducted to convey correct values and codes of conduct to employees, thus preventing the occurrence of misconduct and reducing potential fraud risks.

Reporting channels

Whistleblowers may make a reporting through the following channels:

Tel: Landline 0755-28018166; Mobile 199251935688

Email: jubao@winnermedical

WeChat official account: "Reporting channel" under the Group Risk Control Center

Letters: Winner Medical Supervision, =Headquarters Building, 43/F, HBC Huilong Center, Intersection of Mintang Road and Yulong Road, Longhua District, Shenzhen

Visiting for reporting

Pursuing Excellence to Spearhead Industry Advancement

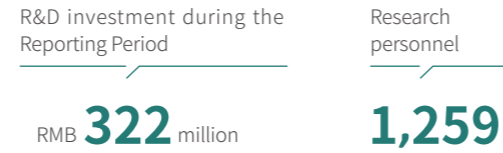
Purcotton 全棉时代



For three decades, Winner Medical has followed a path defined by innovation-driven and quality-oriented development. We steadfastly adhere to our core strategy of “leading products and excellent operation”, progressing towards high-quality development. This involves enhancing our product R&D innovation, and accelerating business transformation at the forefront of the industry. At the level of operational excellence, driven by digitalization and intelligent manufacturing, we are committed to cost reduction and efficiency improvement. By continuously enhancing our core competitiveness, we also foster progress and development within the industry.

Strengthening R&D Capabilities

As a leader in the industry, Winner Medical understands the critical role of innovative research and development (R&D) in the growth of both the Company and the entire industry. We have always prioritized scientific and technological innovation, enhancing our research management mechanisms, deepening industry-university-research integration, and building robust in-house research and innovation capabilities. Our innovation extends from technology, materials, and products to cotton breeding, significantly bolstering our core competitiveness.



Research management mechanism

We have developed a comprehensive innovation and R&D system. Committed to the "246" innovation principle, we embrace new technologies, foster new demands, uphold technological ethics throughout the R&D process, enhance ethical risk management, and place a high emphasis on attracting and nurturing research talent to ensure sustained high-quality growth.



Ethical risk management

We adhere strictly to the Regulations on the Administration of Laboratory Animals, and follow the "3Rs principle" (Replacement, Reduction, and Refinement of lab animals). We also strictly abide 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.

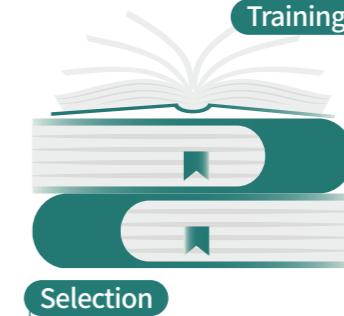
Compliance with laws and regulations

Research process integrity

We are 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.

Selection and training of scientific research talent

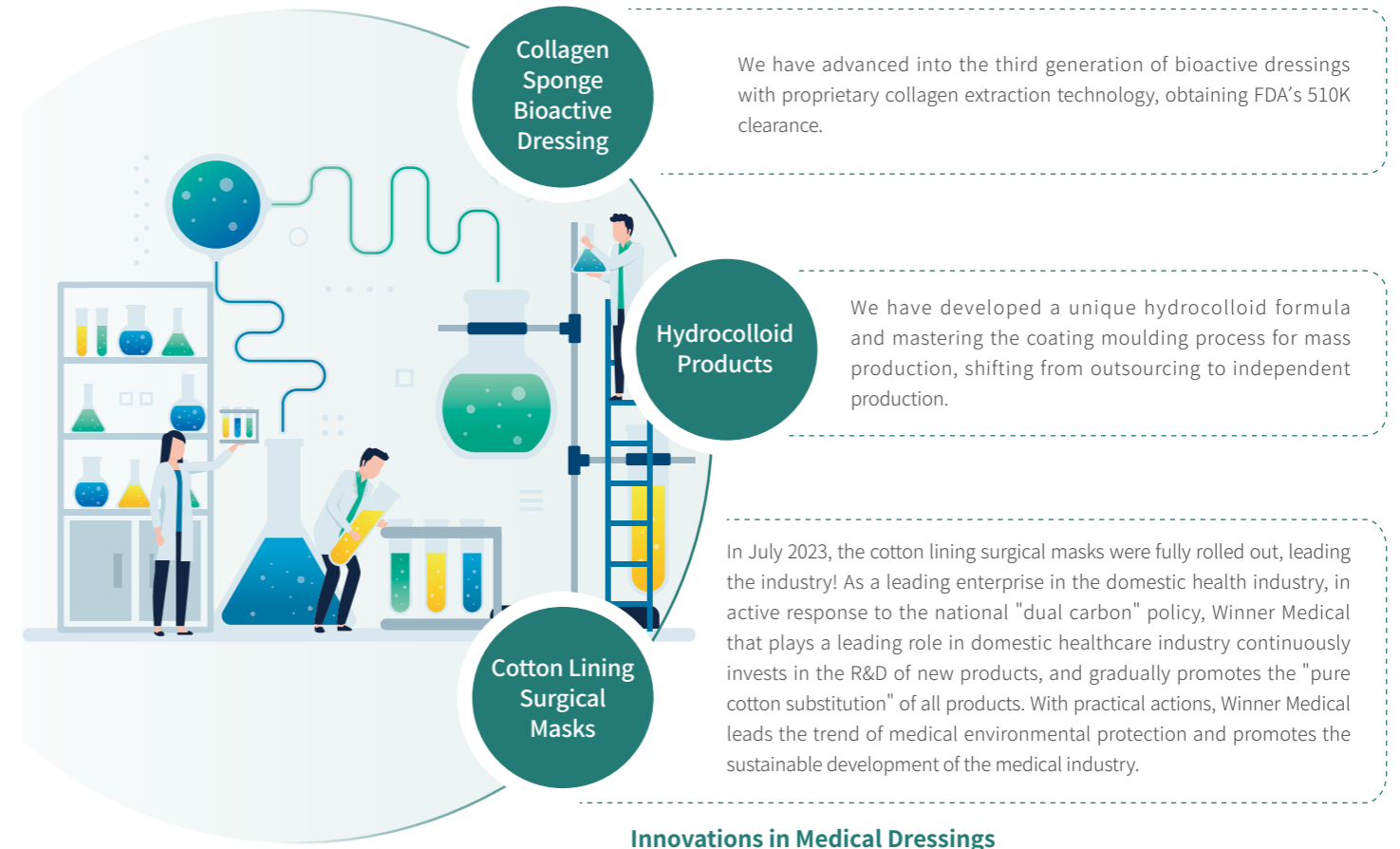
Through initiatives like targeted professional college recruitment and the "Spring Seedling Initiative," we recruit R&D talents from renowned institutions like Zhejiang University, Sun Yat sen University, Xiamen University, and Sichuan University Donghua University, Tianjin Polytechnic University, Wuhan Textile University, and Zhejiang Sci-Tech University, while bringing in domestic and international senior technicians to strengthen our R&D center's talent team.



Emphasizing the training to equip our research staff with cutting-edge innovation techniques, we've adopted an advanced training strategy to disseminate awareness of innovation and innovation methods, and promote our means for innovation. To achieve this, we host a minimum of 10 training sessions each year, led by esteemed corporate experts and professors from scientific research institutions from home and abroad, and send our core technicians to premier enterprises and research institutes for further education.

Industrialization of scientific research results

We actively promote the application of scientific research findings, enhancing the speed at which research and technology are converted into practical solutions. Several projects have led to technological breakthroughs in medical dressings and daily consumer goods, achieving mass production and market release. We thus continually offer consumers improved cotton-based products.



Case Winner Medical's new foam dressing obtains Shenzhen standard certification

Our latest foam dressing product, recognized for its ease of use and excellent performance, facilitates medical staff operations and supports patient recovery. On June 8, at the first BrightMD Fair China (Shenzhen), Winner Medical made an on-site release of foam dressings that were included into the Shenzhen standard catalogue for certified medical devices. This product was included in the Shenzhen standard catalogue for certified medical devices.

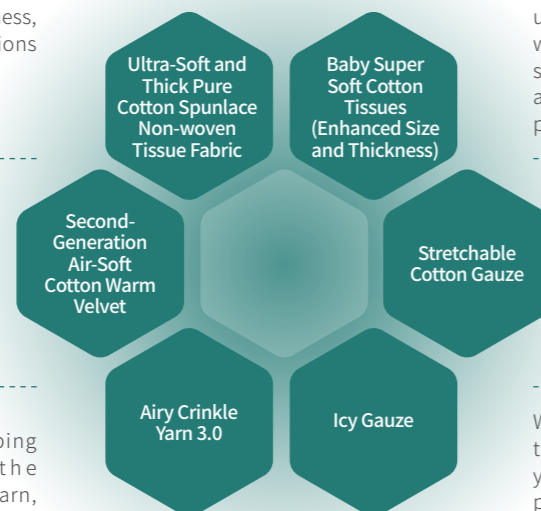


Shenzhen Standard proves high quality. Winner Medical's new foam dressing product enters the Shenzhen standard catalogue for certified medical devices

We developed a pioneering ultra-soft and thick pure cotton spunlaced non-woven fabric specifically for cotton soft tissues. This fabric provides exceptional softness and thickness, surpassing consumer expectations for quality and comfort.

Purcotton is proud to introduce its second-generation Air-Soft Cotton Warm Velvet, a fabric that offers superior softness, increased thickness, and better heat retention.

The innovation in gauze creping technology has led to the development of Airy Crinkle Yarn, with improved wrinkle effects and fabric uniformity for enhanced comfort and aesthetic appeal.



Innovations in Daily Consumer Goods

We introduced the first-ever low-temperature bleaching process, increasing the softness of the product by 15% and its thickness by 10% using advanced fluffy spunlace non-woven fabrics. This innovative process significantly cuts down energy use and carbon emissions by reducing the production temperature.

It achieved an industry-first in elasticity with stretchable cotton gauze, thanks to the innovation in cotton-covered yarn technology and equipment, marking a significant advancement in gauze products.

We successfully created icy gauze through a combination of chiffon yarn technology and the mercerizing process, delivering a cooling sensation that exceeds the national standard by 30%, offering instant relief and comfort.

Case Industry's first certified softener-free gauze bath towel

Purcotton's gauze bath towel, made from 100% premium combed long-staple cotton, is produced without any softeners. Even after multiple washes, it retains its natural softness, ensuring a gentle, non-oily touch akin to the skin. In collaboration with Bureau Veritas of France, a leading global testing and certification agency, our towels have been rigorously tested and have received the industry's first certification for being free of added softeners.



Silicon Softener Free certificate issued by Bureau Veritas, France

Intellectual property management

The Company prioritizes intellectual property (IP) rights management. We continually enhance our IP management mechanisms and have developed the Intellectual Property Management System. This system, overseen by the Innovation Committee, ensures the macro-management of IP rights, standardizes their management, fosters employees' enthusiasm for technological innovation and invention, and facilitates the application of IP rights.

- By the end of the Reporting Period, obtained **1,375** patents, comprising **140** invention patents, **810** Utility model patents and **425** design patents.
- In 2023, **311** new patents were granted, including **30** invention patents, **200** utility model patents and **81** design patents.



Pursuing Premier Quality

Adhering to the principle that "quality is superior to profit", the Company rigorously focuses on product quality management. We have developed strict and sound quality standards and processes, established a quality management center, and maintained control over product quality throughout the entire process, thereby continually enhancing the quality of our products.

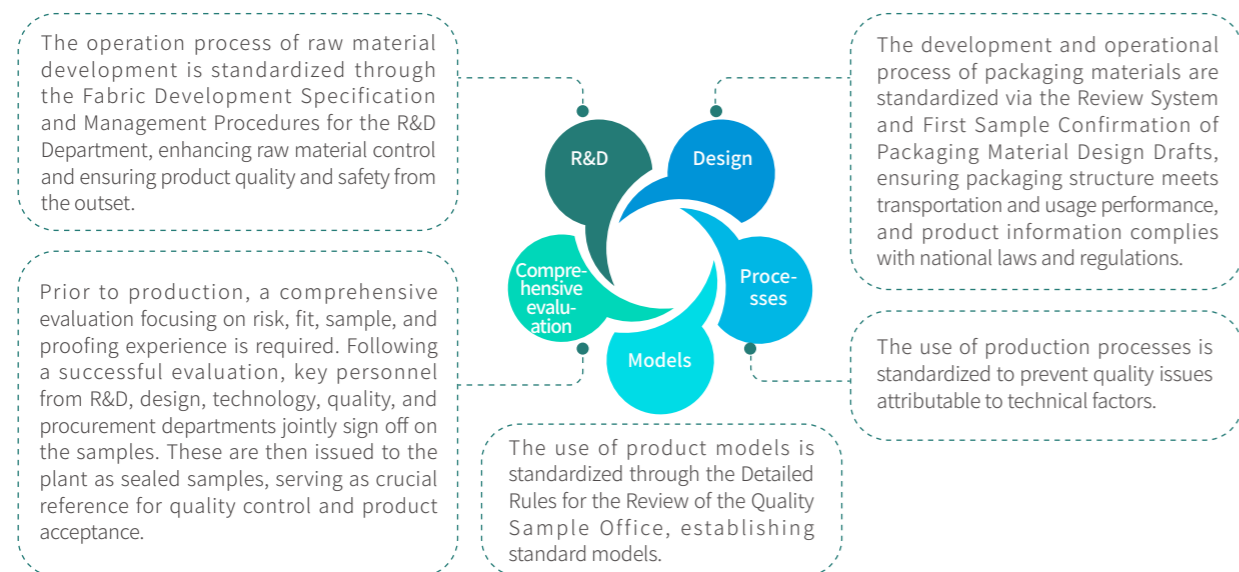
Honors and Awards

- 🏆 Our quality management center has been certified to **ISO 9001 Quality Management System**
- 🏆 Purcotton received the "**Advanced Standardization Organization**" and "**Strategic Partner**" awards from the Knitwear Branch of the National Technical Committee on Textiles of Standardization Administration of China and the Sportswear Branch of the Sporting Goods of Standardization Administration of China, respectively
- 🏆 Purcotton was recognized as a "**Model Enterprise for Quality Production in Longhua District**"

Quality management and control system

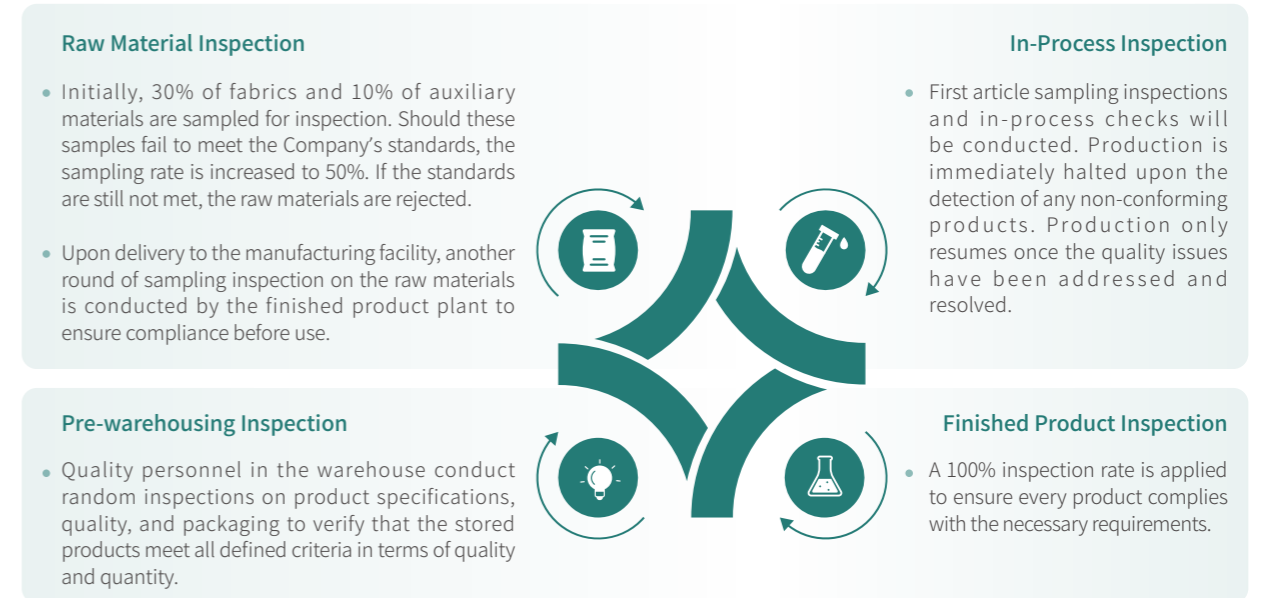
The Company stringently oversees the three critical stages of product quality: development, production, and pre-launch. Employing PDCA (Plan-Do-Check-Act) cycle management, we continuously refine our management mechanisms, ensuring our products' quality level and reputation remain industry-leading.

Product development



Production

To tailor process quality control to the specific needs and characteristics of products, quality engineers are deployed to plants for oversight. Sampling inspections are conducted in accordance with the Company's internal control standards.



Pre-launch

Before launching, products are submitted for physical and chemical tests to a third-party, nationally recognized quality inspection institution. Only products that pass these rigorous tests are approved for market release, guaranteeing compliance with relevant national standards.

Digital and smart manufacturing

Since 2016, we have launched a digital transformation strategy, marking the beginning of the exploration of intelligent manufacturing. A series of measures have been gradually implemented with lean, standardized, automated, green energy, digitalization, and intelligence as the core, and projects have been gradually promoted to roll out, such as SAP S4 upgrade, PLM, OA, CRM, WMS, Win+ platform, and SRM. In such way, we have achieved business integration throughout the whole procedure of R&D, planning, manufacturing, quality, processing, warehousing, logistics, and customers, thus consolidating basic management, and improving operational efficiency.

Digital empowerment for enhanced quality management and control

By integrating manufacturing business processes, production planning and execution, quality management, and equipment maintenance, we ensure comprehensive system monitoring from raw material procurement to final product delivery to monitor and prevent quality issues, thereby ensuring all-round quality management.

The system enables real-time collection, analysis, and sharing of data, facilitating prompt identification and resolution of quality issues during the production process.

Historical data analysis quickly pinpoints the root causes of quality issues, preventing the recurrence of similar problems.

Case Enhancing quality inspection with automated visual inspection technology

Purcotton has introduced automatic visual inspection technology into the quality inspection system for three-dimensional packages of cotton soft tissues. Equipped with four cameras, this system digitally manages all four sides of the packaging, assessing conformity with predefined standards and rapidly initiating appropriate mechanical responses. This has substantially increased the efficiency and accuracy of quality inspections for three-dimensional packaging. Moreover, the technology's ability to gather extensive detailed data aids in analysing quality variations and implementing timely production adjustments.



Automated visual inspection technology

Business value transformation through digital empowerment

Digital technology has significantly optimized our business processes, enhanced the efficiency of quality traceability, and reduced the reliance on paper documentation. This shift not only saves the time previously spent manually searching and organizing paper documents and their physical delivery but also elevates work efficiency and maximizes business value.

Traceability efficiency improved

100%

Working hours spent on handwriting paper labels and managing forms reduced more than

50%



Achieving National Intelligent Manufacturing Maturity Level 3

Case Winner Medical: Setting the benchmark for intelligent manufacturing in China

In 2023, with achievements made in the Model Plant for Intelligent Medical Textile Manufacturing of Winner Medical (Wuhan), Winner Medical was honoured as the "leading unit of 2023 Intelligent Manufacturing Model Plants" selected by the Ministry of Industry and Information Technology (MIIT). This accolade is a testament to our commitment to using cutting-edge technologies, such as artificial intelligence, the Internet of Things, and big data, to significantly enhance the quality, production efficiency, and management standards of both our medical and consumer products, earning high recognition from the MIIT.

揭榜项目	揭榜单位	项目典型场景	推荐单位
农夫山泉湖北江口	农夫山泉湖北江口	1.智能在线检测; 2.质量精准追溯; 3.销售驱动业务增长; 4.数字基础设施集成; 5.生产协同	湖北省经济和信息化厅
稳健医疗(武汉)医用纺织智能制造示范工厂	稳健医疗(武汉)有限公司	1.智能在线检测; 2.工业技术软件化应用; 3.数字基础设施集成; 4.产线柔性配置; 5.精益生产管理; 6.智能仓储; 7.在线运行监测; 8.安全风险实时监测与应急处置; 9.能耗数据监测; 10.污染监测与管控; 11.供应链计划协同优化	湖北省经济和信息化厅、湖北省发展和改革委员会
用纺织智能制造示范工厂	(武汉)有限公司	产管理; 6.智能仓储; 7.在线运行监测; 8.安全风险实时监测与应急处置; 9.能耗数据监测; 10.污染监测与管控; 11.供应链计划协同优化	湖北省经济和信息化厅、湖北省发展和改革委员会
武汉天马微电子AMOLED面板智能制造示范工厂	武汉天马微电子有限公司	1.工艺数字化设计; 2.质量精准追溯; 3.工厂数字化设计; 4.数字基础设施集成; 5.车间智能排产; 6.工艺动态优化; 7.人机协同制造; 8.精准配送; 9.在线运行监测; 10.设备故障诊断与预测; 11.能效平衡与优化; 12.供应链计划协同优化	湖北省经济和信息化厅、湖北省发展和改革委员会

List of the "leading unit of 2023 Intelligent Manufacturing Model Plants"

Quality culture fostering

The Company has actively advanced the development of a quality culture, hosting presentations and info sessions on themes such as quality management system certification, the role of model quality enterprises in Longhua District, compliance training for the Double Eleven online shopping gala, and product certification planning.

Quality Management System Certification Presentation

Annually, the Company undergoes an audit for ISO9001 quality management system certification for the Purcotton brand.

Presentation on the Responsibilities of Model Quality Enterprises in Longhua District

This presentation is tailored to the Company's application for the standardised strategic funding projects of Longhua District.

Compliance Training for Double Eleven Shopping Gala

This session trains relevant departments on the common and critical aspects of compliance during the Double Eleven online shopping event.

Training on Product Certification Planning

The training targets the non-woven product accreditation and testing of various certification bodies and evaluation institutions both domestically and internationally.



Training on product certification planning

Case Regular quality meetings

Winner Medical convenes the Quality Management Center and other relevant departments for a quarterly quality meeting. These meetings review and summarise the quality initiatives of each quarter across six areas: standard system, test management, fabric management, non-woven finished products, woven finished products, and customer complaints. The sessions involve case studies, analyses of quality anomalies, propositions for improvement measures, and drafting of guidelines for future tasks, all aimed at continuously enhancing the level of quality management.



Enhancing Customer Service

Winner Medical is dedicated to a customer-centric service philosophy, continuously refining and advancing our high-quality service framework, sharing the softness and beauty of cotton, and ensuring every customer's peace of mind.

Responsible marketing

The Company integrates the principle of responsibility into all marketing activities, creating tailored responsible marketing policies for different demographic groups to guarantee the standardisation and efficacy of these activities.

Winner Medical's Responsible Marketing Policy

9

Professional training programs conducted for hospital medical staff



For Medical and Nursing Staff

- Organize specific care activities on "Physician's Day" and "Nurse's Day" to show appreciation for their dedication.
- For infection control professionals, operating room nurses, and specialised wound nurses, conduct special education and training programs to support the quality development of continuing education in these specialised majors.

556

Participants benefited in total

- Focus on their specific needs, prioritising public welfare support during disasters and public health incidents.
- Regularly assess their unique product needs to tailor and enhance product offerings, providing better medical protection support.



For Children and the Elderly

Case

Promoting public education on respiratory protection

We have launched the "Science Popularization · Protection Series Talks" in collaboration with the China Youth Daily to carry out two sessions of health education on respiratory protection and children's respiratory protection during the school season. We are in response to public concern by providing reliable health education on infectious diseases from authoritative medical experts that the public are concerned about.



"Science Popularization · Protection Series Talks"

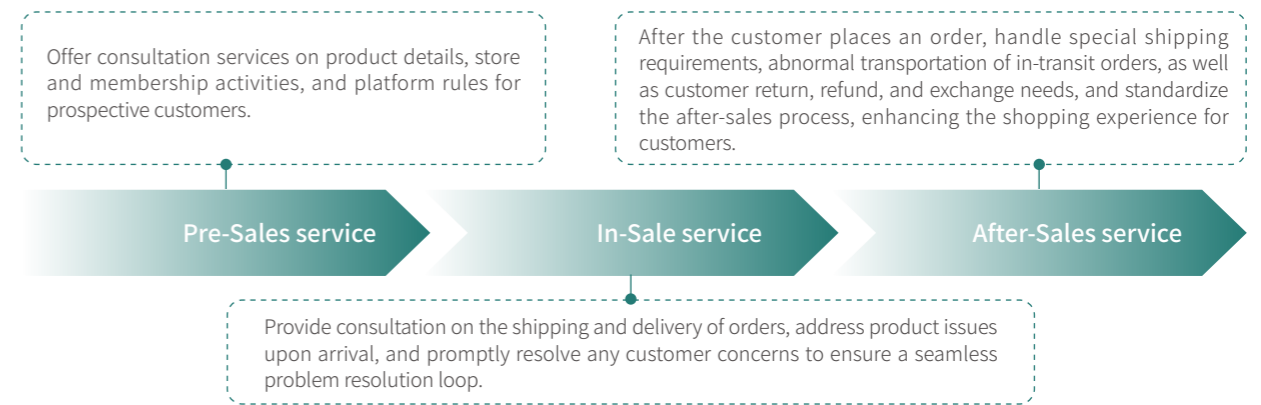
Customer service management

The Company is committed to continuously enhancing the customer service management system, valuing customer feedback, and consistently refining our service processes. We strive to improve the professional skills and service levels of our customer service team to deliver superior services.

Management mechanisms

We provide full-process customer service, and establish and refine relevant management mechanisms. By reviewing and optimizing internal management systems and process standards, such as the standard operating procedure (SOP) for customer service reception, after-sales policy, processing standards, and the refund process for customer returns, we aim to increase the standardisation, consistency, and quality of our customer service.

Full-Process Customer Service



Customer complaint handling

Viewing customer complaints as opportunities for product and service enhancement, we have developed the Management Specification for Submitting and Upgrading Customer Complaints. This aims to standardize the customer complaint handling process, prevent complaints, and address major or potential risk events, thereby improving the timeliness and service level of problem resolution.

Customer complaint response rate

100%

Professional training

We are dedicated to continually enhancing the professional knowledge and skills of our customer service staff, encouraging proactive learning through both internal and external training sessions, and labour skill competitions. This approach ensures that our customers receive more comprehensive and professional services.

Closed-loop rate for resolving issues within 48 hours

96.8%

We organize various activities such as sales champion awards, service star evaluations, "Purcotton Changes the World" speech contests, and part-time lecturer competitions to motivate our customer service staff to enhance their business knowledge and service quality.

By linking stores and warehouses for on-site training about products and sales experiences, we help customer service personnel gain a deeper and more intuitive understanding of our goods, enabling them to provide more targeted services to our customers.

Number of professional baby nurses in the customer service team as of the end of the Reporting Period

95

Engaging in specialized vocational skills training has enabled 30 customer service personnel to successfully pass the "Senior Baby Nurse" examination and certification, thus offering more detailed and professional baby-care knowledge services to our customers.

Customer satisfaction

Our priority is always on customer experience and satisfaction. We continuously gather customer feedback to thoroughly understand their needs, improving service efficiency and quality, safeguarding customer rights, offering more personalized services, and thus further boosting customer satisfaction.

Meeting consumer demand

Following customer suggestions, we launched apparel categories in 160 sizes for older children in the third quarter of 2023 after feedback and investigation.

Extending quality issue resolution timeframe

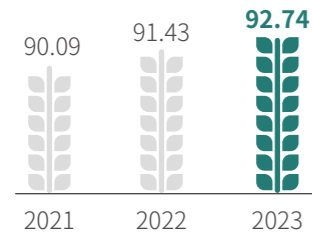
We offer customers an extended period to address quality issues. If genuine quality problem photos are provided within three months from the sale date, we proceed with the resolution, further safeguarding customer rights.



Improving product profile pages

We conduct monthly "fault-finding" activities on product detail pages, adding comprehensive size information, including measurements, detailed data, and try-on effects, based on customer consultations and return reasons, to provide more complete product information.

Customer Satisfaction



24

Times of "Gold Customer Service Team" title awarded

16

Times of "Warm Shopkeeper" title awarded

Honors and Awards



Tmall team honoured as the "Excellent Customer Service Team of the Year"



JD.COM team received the "Outstanding After-sales Service Award of the Year"

Case Initiating the Global Member Access Initiative to improve member experience

To address inconsistencies in membership benefits arising from the separate management of online and offline platform members, Purcotton initiated the Global Member Access initiative. This effort aimed to harmonize online and offline membership benefits, offering consumers a consistent membership experience and service.

- Unified Membership** Membership across all channels is standardized, including unified levels and accumulation of bonus points across different channels.
- Unified Membership Benefits** We have ensured that multi-terminal membership and multi-platform membership benefits are consistent, offering uniform basic rights to all members and enriching the value of membership.
- Unified Interactive Activities** We've synchronized member interaction activities across channels, enhancing the consistency of visual themes and interaction opportunities to boost member engagement.

Case Creating "Voice of Customers" Project and actively listening to customer feedback

With the "Voice of Customers" project, Purcotton actively seeks out and listens to customer feedback. This initiative aligns customer issues with specific departments following a "issue identification - reason analysis - period review" approach. By breaking down goals for each department and promoting actionable improvements, we're continuously tracking progress to enhance customer satisfaction and experience.

- During the Reporting Period, 5 "Voice of Customers" meetings held, 21 departments mobilized to 57 action items completed

Case Initiating "Undercover Customer" Project to continuously optimize the offline shopping experience for customers

In July 2023, Purcotton introduced the "Undercover Customer" project, where anonymous shoppers evaluate our offline stores regularly. These evaluations focus on the store's overall presentation, product displays, staff appearance, and service quality. Insights from these visits inform updates to our store SOPs, continuously refining the shopping experience.

- 580 undercover evaluations in Purcotton stores conducted, 87.81 (out of 100) overall satisfaction score achieved



Meeting for awarding regional service stars of the year

Ensuring Work Safety

Winner Medical prioritizes work safety, continually refining its work safety management mechanisms. We proactively identify potential safety hazards and categorize risk controls to ensure work safety is manageable. Additionally, we focus on mitigating internal and external information security risks to safeguard all related data.

Work safety management

The Company has implemented a tiered safety management system, establishing standardized procedures for safety inspections, emergency drills, and the identification of potential hazards. We also enhance employee safety awareness through training initiatives, continuously elevating our work safety management standards.



0
Administrative penalties related to work safety

0
Major work safety accidents

Safety Inspection and Drills

We regularly carry out emergency drills such as safety inspections, evacuation, fire drills, and competitions to comprehensively improve work safety.

Safety inspections conducted by the Group
9 times



Safety inspection conducted at Winner Medical (Huanggang)

Safety drills held by branches
18 times



Safety drill held at Winner Medical (Jiayu)

Case Conducting the Work Safety Red Flag Appraisal to enhance safety levels

During the Reporting Period, Winner Medical encouraged its branches to engage in the Work Safety Red Flag Appraisal. This initiative aimed to promote standardized work safety management and elevate the safety management standards through evaluations of the safety management system, routine checks for potential hazards, and branch-specific site inspections.



Work Safety Red Flag Appraisal

Enhancing safety awareness

We are dedicated to educating our employees on work safety knowledge. This includes our work safety policy and EHS policies, alongside what employees should know about ensuring work safety. We provide three-tier safety education and training for both new hires and those changing positions, enhancing employees' safety awareness.

Training sessions on work safety conducted by the Group
9 times



Safety education and training

Training organized by the Purcotton on fine management of warehouse and logistics safety

Case Winner Guilin's successful execution of the 22nd National "Work Safety Month" activities

During the Reporting Period, Winner Guilin crafted the 2023 Safety Month Work Plan around the theme of "Everyone Emphasizes Safety and Everyone Able to Respond to Emergencies." Tailoring activities to fit actual production, operational, and safety management needs, Winner Guilin successfully executed all Work Safety Month initiatives as planned. These included:



Emergency drills

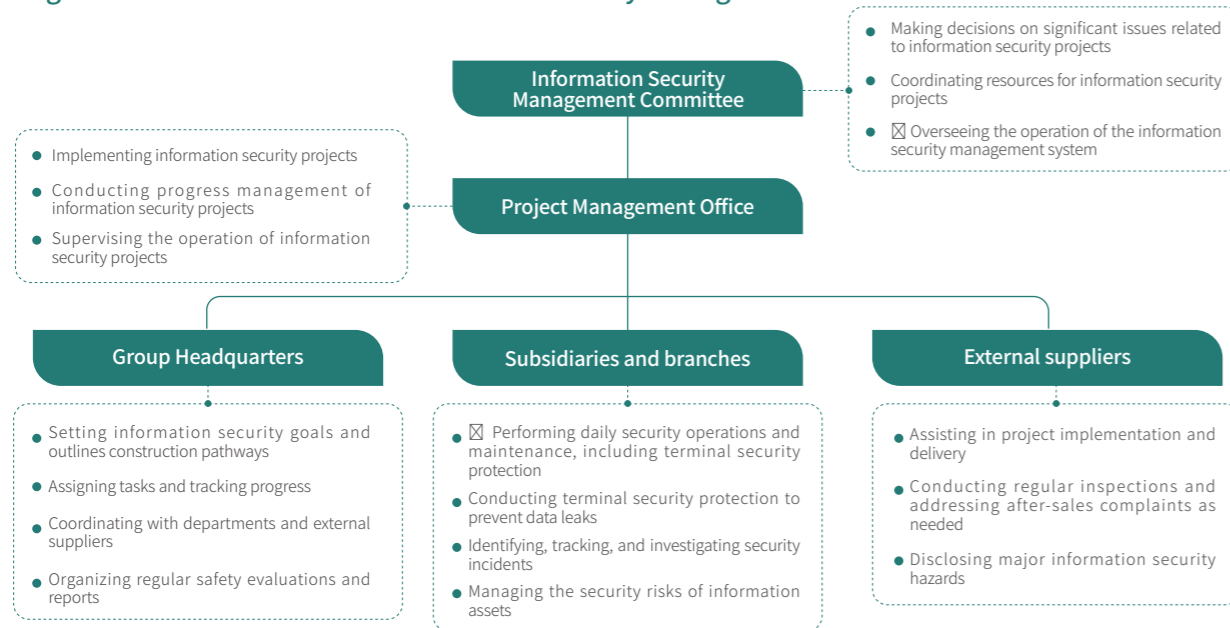


A prize-winning "Safety Hazard Identification" activity

Information security

The Company has developed a three-tier information security management organizational structure, aimed at achieving the foundational goal of maintaining robust information security capabilities. This initiative focuses on enhancing the security performance and reliability of our information systems, promoting internal and external awareness of information security, and ensuring data security.

Organizational Structure for Information Security Management

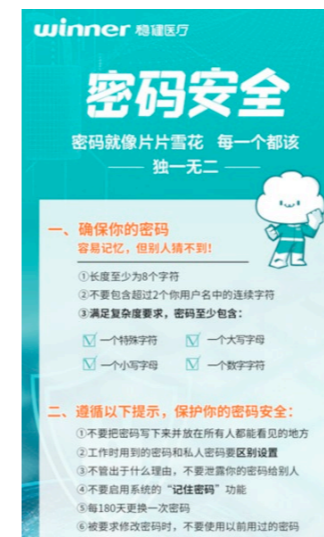


Honors and Awards

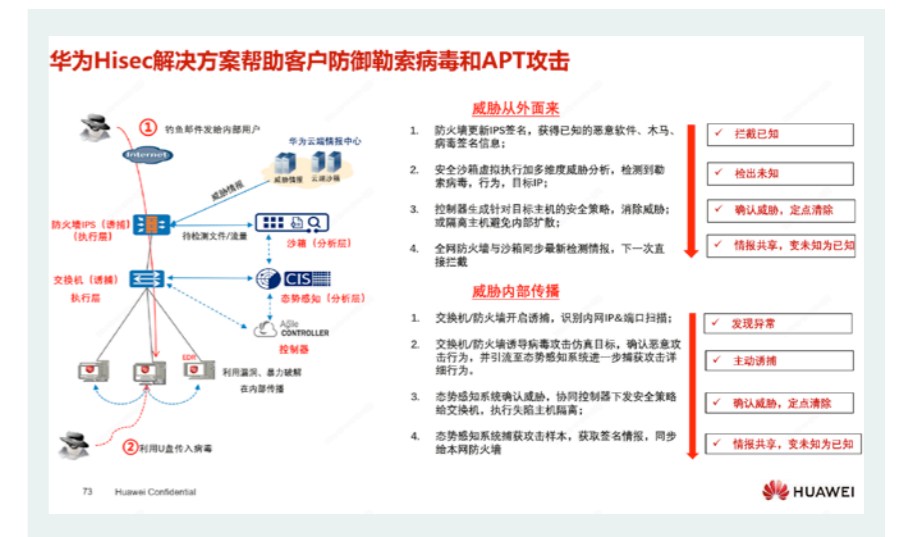
In November 2023, Winner Medical successfully passed the third level of evaluation for network security. This achievement has significantly improved the security performance and reliability of our information systems, guarding against malicious attacks, unauthorized intrusions, data breaches, business disruptions, and other risk events, ensuring uninterrupted operation of our information systems.

Information Security Publicity

We actively carry out information security promotion through Internal education activities, Internal surveys and interviews, and external training, continuously strengthening employee information security awareness



Internal education activities



External training

48

Internal publicity sessions on information security

4

Training sessions on information security

100%

Information security training coverage rate

Advancing Together with Partners

Winner Medical, in collaboration with both upstream and downstream enterprises and the broader community, aims to foster a positive supply chain cycle within the cotton industry through research and cooperative cultivation, enhancing production capabilities, and innovating product development. This approach extends our commitment to responsibility across the supply chain, leading the way in building a sustainable industrial chain.

Promoting industry progress

The Company places a high priority on R&D and innovation, constantly improving our capability to collaborate with academia and research institutions. This enhances the quality of our research and development, speeds up the translation of findings into practical applications, and involves us actively in establishing various standards to drive high-quality industry development.

Industry-University-Research collaboration

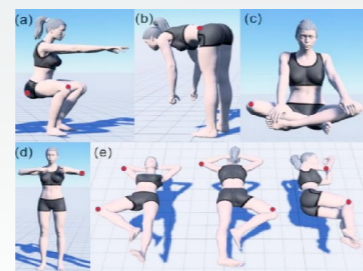
We engage in collaborative projects with universities and scientific research institutes, such as Huazhong Agricultural University, Wuhan Textile University, Southern University of Science and Technology, Tianjin Polytechnic University, Jiangnan University, and Suzhou University. These partnerships focus on the collaboration between industry, research, and education in cutting-edge areas like cotton gene breeding and artificial blood vessels, facilitating the conversion of scientific breakthroughs into tangible productivity.

Case Landing two research outcomes with Wuhan Textile University

Winner Medical has worked with Wuhan Textile University on two key projects: eco-friendly bleaching technology for cotton fibres and products, and pre-research on the industrialization of Bletilla polysaccharide dressings. These projects have effectively pooled innovative resources, environments, and mindsets to facilitate the translation of innovation into productive outcomes.

Case Home wear comfort study with Tianjin Polytechnic University

Purcotton collaborated with Tianjin Polytechnic University to investigate the wear comfort of home clothing. This study involved real-person trials to assess the fabric's performance and the design of the clothing. Flexible sensors measured the pressure in key areas during everyday wear, and these objective data points were combined with subjective human evaluations. Through data analysis and mathematical modelling, we've managed to quantify the comfort of wearing more scientifically.



Home wear comfort study

Case Bionic artificial cornea research with Southern University of Science and Technology

In November 2023, a joint project with Southern University of Science and Technology on bionic artificial corneas was approved as a key scientific and technological initiative in Shenzhen. This research into high-value-added medical bionic implant materials, including collagen applications, received RMB 8 million of special funds for scientific and technological research.

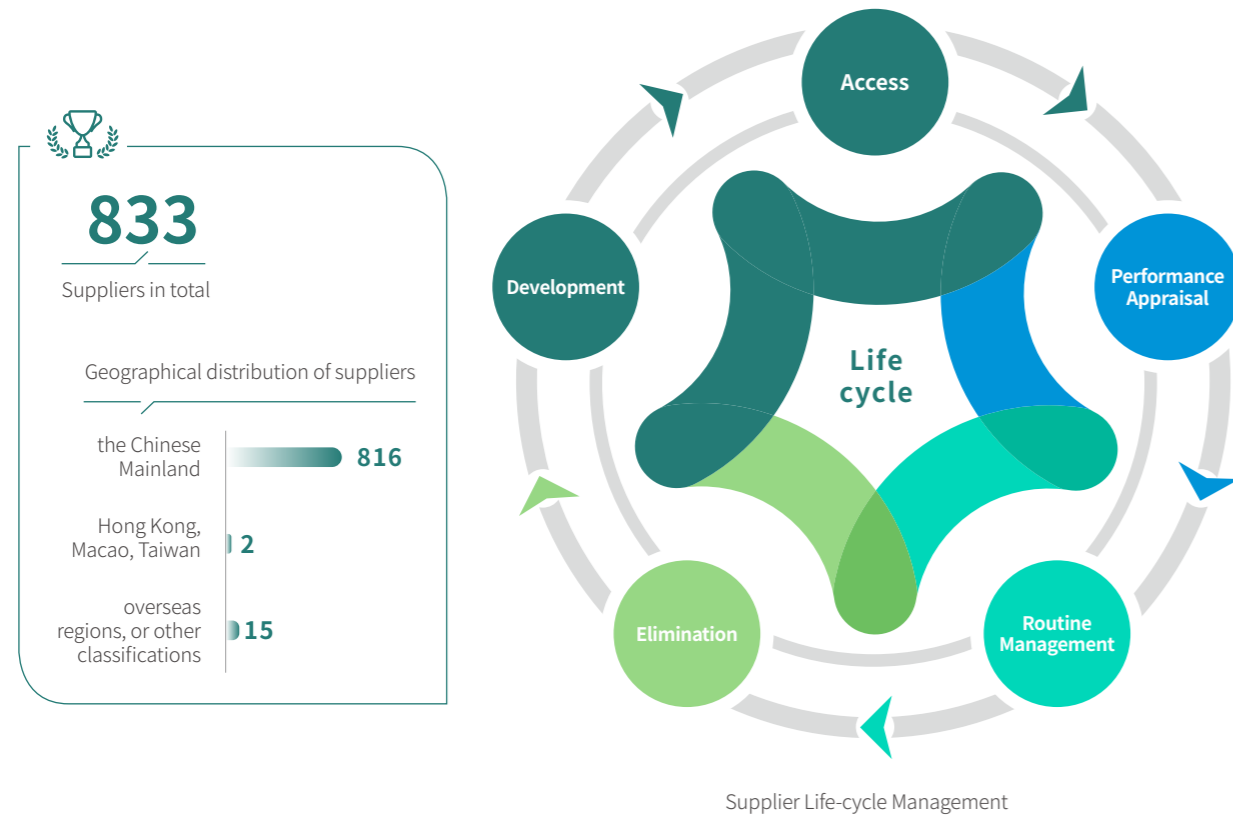
Participation in Standard Setting

Over the Reporting Period, the Company contributed to the development of 15 standards, with 12 already published and implemented

Standard Name	Category	Status
<i>Single-use Protective Clothing for Medical Use</i>	National Standard	Published
<i>Protective Face Mask for Medical Use</i>	National Standard	Published
<i>Footwear for Older People</i>	National Standard	Published
<i>Sterile Surgical Films for Single Use</i>	Industry Standard	Published
<i>Children's Footwear</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of Soft Nonwoven Towels</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of Sanitary Napkins</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of Diapers</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of Apparel – Bras</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of Towels</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of T-shirts</i>	Group Standard	Published
<i>Technical Requirements for Carbon Footprint Assessment of Cotton Fabric</i>	Group Standard	Published
<i>Plaster Bandage</i>	Industry Standard	To be Pulished
<i>Technical Requirements for the Use of Disposable Surgical Drapes</i>	Group Standard	To be Pulished
<i>Requirements and Test Method of Thermal Insulating Performance of Home Textiles</i>	National Standard	In Preparation

Developing a responsible supply chain

We have continuously improved our procurement management system and supplier management mechanisms. During the Reporting Period, we revised existing systems such as the *Supplier Management Procedure*, *Supplier Classification and Grading Management*, *Supplier Information Management*, and *Supplier Exit Management Mechanism*. In addition, we also introduce new management systems including *Developing Plans for New Suppliers*, *New Supplier Admission Review Specification*, *Supplier Performance Management*, and *Supplier On-site Audit Specification*. By implementing full lifecycle management, we collaborate with our suppliers for mutual growth and build a sustainable supply chain.



Responsible procurement

Our commitment to responsible procurement emphasizes environmental and social performance, requiring suppliers to adhere to our *Supplier Management System* and sign the *Integrity Commitment*. We review suppliers in accordance with social responsibility requirements. This approach ensures that our values of social responsibility, business ethics, environmental protection, and labour rights are extended throughout the supply chain.



Case Promoting the carbon footprint certification of Yuyue Home Textile, Shandong

Yuyue Home Textile Co., Ltd., with its comprehensive textile industry chain encompassing R&D, design, and the production of spinning, weaving, printing, dyeing, and sewing, ranks among China's top 30 printing and dyeing industries for ten years in a row. In collaboration with Yuyue Home Textile, Winner Medical has produced eco-friendly four-piece cotton satin bedding sets. Every stage of production, from weaving to sewing, prioritizes environmental protection and sustainability. The product has also completed carbon footprint certification.

Empowering supplier training

Committed to mutual growth and beneficial partnerships, we consistently offer training and guidance to our suppliers. This approach, grounded in win-win cooperation, aims to enhance their capabilities, thereby contributing to the supply chain's robust and healthy development.



Supplier training


Building a digital supply chain

We activate the SRM and SCM supplier collaboration system, synchronously improve the MDC and PLM data management systems, and promote integration between various systems and modules. In doing so, in terms of digital management, the efficiency of procurement execution have been greatly promoted, and the price module have become more transparent.

For end-to-end order delivery and inventory visualization management, we collaborate internally with IT departments to develop BI visualization, and connect information data from demand planning to supply planning, thus reducing offline communication frequency, and improving operational efficiency.

Practicing Green Development to Embrace Low-Carbon Lifestyle

 Purcotton 全棉时代


全棉时代品牌代言人
郭晶晶



Winner Medical is committed to aligning its growth with green development trends. We're setting a strategic goal towards "carbon neutrality" within our operations, and promoted demonstrative projects on green and low-carbon research. To achieve the goal, we transform our supply chains, adjust our energy structure and innovate in our production methods. In our product R&D, we prioritize eco-friendly materials, especially advocating for "cotton over chemical fibre" to satisfy consumer demand for environmental protection with our commitment to green and sustainable development.

Enhancing Environmental Management

Winner Medical complies with national environmental protection laws and regulations, processes pollutant discharge permits in accordance with relevant technical specifications, and has established an environmental management system. Meanwhile, we implement environmental impact assessments, prepare emergency plans for environmental incidents, and continuously improve our environmental management capabilities.

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 "work safety, green & low-carbon development, and the continuous pursuit of social trust". In addition, we implement the green development strategy as well as the environmental protection policy of green, low-carbon and ecological development. In combination of national laws and regulations on ecological environmental protection, we have formulated and updated the *Measures on Environmental Management Standards, Rewards and Punishments, Regulations on Environmental Work Supervision*, and *Regulations on Energy Saving and Consumption Reduction Management*, etc. to strengthen our integrated environmental management capabilities.

Environmental compliance management

The Company applies for pollutant discharge in accordance with the *Measures for the Administration of Pollutant Discharge Permits (Trial)* and the *Regulations for the Administration of Pollutant Discharge Permits*. Each branch has a pollutant discharge permit and registration form. They discharge and monitor pollutants in accordance with the permits, and submit pollutant discharge permit implementation reports as required.

Environmental management framework

In terms of the organizational 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. Together, they promote energy conservation and consumption reduction.

Environmental management systems

Winner Medical promotes ISO 14001 environmental management systems certification. The Company organizes regular internal audits, management reviews and third-party audits to check and diagnose the operational effectiveness and compliance of its environmental management system, completion of environmental protection goals and targets, control of important environmental risks and other environmental operations in an all-round manner, so as to improve environmental performance.

ISO 14001 environmental management systems certification coverage rate

77.7%

Energy conservation and environmental protection investment

over RMB **21** million
(including acquired companies)

Winner Medical and its subsidiaries were **not** subject to environmental administrative penalties

Environmental management training

We are dedicated to elevating our environmental management, continually boosting the awareness and capability of our employees and suppliers regarding environmental management. Specialized environmental management training sessions and drills are regularly conducted for both employees and suppliers.

Raising environmental protection awareness

We regularly carry out varied training on environmental protection by multiple ways. Internally, we offer operation and management training on pollutant discharge permits, training on environmental impact assessments for construction projects, and knowledge sharing of sewage treatment led by external experts. Externally, we are also engaged in a diverse range of external environmental protection activities, including publicity, training, and voluntary actions, aiming to bolster our team's ecological conservation consciousness.

8

Environmental management training sessions conducted during the Reporting Period

Green and environmental initiatives

The Company calls on all employees to implement energy conservation and emission reduction through practical actions on the World Environment Day, such as having green and low-carbon travel and, saving resources.



Environmental Protection Initiatives

Volunteer activities for environmental protection

The Company organizes the volunteer health running activity for environmental protection themed "I am a Practitioner for a Beautiful China", to promote the corresponding theme concept, and create a strong atmosphere of natural harmony, green health.



Volunteer Running

Environmental emergency drills

The Company and its subsidiaries have established leading groups for environmental emergencies and developed the *Environmental Emergency Response Plan*. We have enhanced our emergency response systems for environmental pollution accidents, bolstering our ability to manage major environmental pollution accidents and ensuring operational safety. Regular drills for environmental emergencies are carried out to prevent and minimize the occurrence of accidents.



Winner Medical (Shenzhen) conducted a "hazardous waste leakage" drill

On July 27, 2023, Winner Medical (Shenzhen) conducted a "hazardous waste leakage" drill. The on-site disposal process of the drill took 30 minutes, effectively controlling environmental pollution and personal injury caused by hazardous chemical leakage, proving that the emergency rescue plan was scientific, applicable, and operable.



The Scene of "Hazardous Waste Leakage" Drill

Combating Climate Change

Across our product selection, design, and manufacturing processes, we diligently consider environmental factors, collaborate with industry chain partners for innovation, advocate for the development of green and low-carbon research and demonstration projects, and promote comprehensive carbon management. In such way, we are committed to continuously improving our ability to mitigate and adapt to climate change.

Carbon asset management

The Company engages in the in-depth research on carbon peak and carbon neutrality. We proactively develop business in carbon trading and have issued the *Carbon Asset Management Measures* in accordance with relevant documents such as the *Measures for the Administration of Carbon Emissions Trading (Trial)*, to establish a carbon asset management system, and actively plan carbon trading actions.

Carbon asset management system of the Company

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 asset management plan

Annual reports will be prepared and monthly carbon emissions accounting will be launched to form ledgers and submit a monthly carbon emission report.

Carbon management

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 inventory

We prepare annual accounting reports on carbon emissions in accordance with the relevant regulations and factors, and make regular disclosure of carbon emissions information.

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 itself, 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.

Product carbon footprint certification

Throughout the design phase, the Company prioritizes environmental considerations, employing green technologies to minimize environmental impact. We check the carbon footprints of our products from cradle to grave according to the four stages of the LCA lifecycle, and pass the carbon footprint certifications for products. In collaboration with leading enterprises, we produce environmentally friendly products. The entire process, including weaving, dyeing, finishing, and sewing, is conducted with a focus on environmental protection and sustainability, with carbon footprint certified.

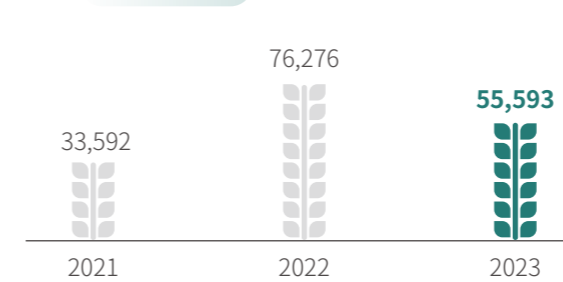
The Company has obtained carbon footprint certification for cotton products such as cotton soft tissues, baby hand and mouth wet tissues, and baby robe products. In 2023, we continued to cooperate with internationally renowned third-party organizations and planned to carry out carbon footprint certification for medical products such as gauze sheets, gauze balls, gauze pads, and cotton non-woven fabric sheets.

Greenhouse gas emission performance

Winner Medical has made significant strides in reducing greenhouse gas emissions through management and practices. These include optimizing vehicle usage plans and travel routes, promoting the use of electric vehicles, and progressively eliminating petrol-powered forklifts to reduce Scope 1 carbon emissions. Additionally, we have incorporated a carbon emission management feature into the Win+ platform's energy management system, paving the way for intelligent and digital carbon management.

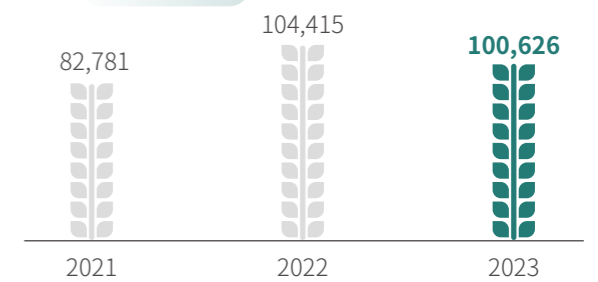
Scope 1 GHG emissions

Unit: tCO₂e



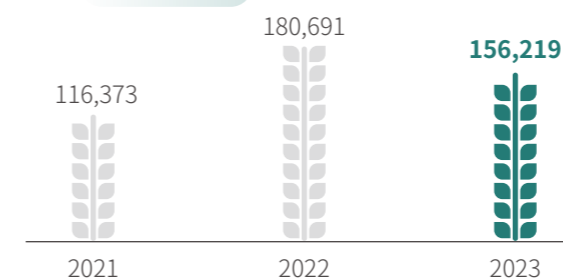
Scope 2 GHG emissions

Unit: tCO₂e



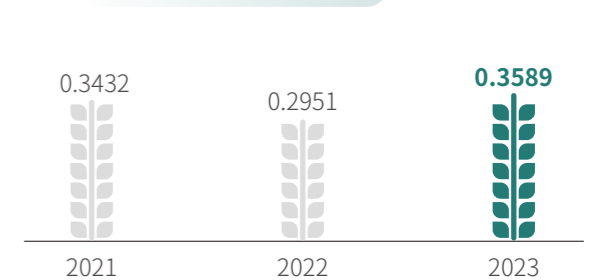
Total GHG emissions

Unit: tCO₂e



Emissions per unit of revenue

Unit: tCO₂e/RMB 10,000



Data includes acquired companies

Optimizing Resource and Energy Use

Winner Medical prioritizes the efficient utilization of energy, water, and production materials, driving cost reductions and efficiency improvements through digital innovations.

Efficient use of energy

In compliance with the *Energy Conservation Law of the People's Republic of China* and other relevant regulations, we have developed relevant documents such as the *Management Regulations on Energy Conservation and Consumption Reduction*, and have 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*.

In 2023, we introduced the *Outline of Green Development Plan* and launched the Win+ energy online monitoring platform for real-time data collection and online monitoring of energy consumption. We also executed a special energy-saving action plan with 34 energy-saving transformation projects across 11 categories to enhance energy efficiency and green energy use. During the Reporting Period, energy costs were saved by approximately RMB 4.04 million (excluding acquired companies such as Winner Guilin and Winner Pingan).

Energy Conservation Measures for Plants

- Motor renovation for efficiency improvement**
The South District of Winner Medical (Huanggang) has renovated the permanent magnet energy-saving motors, replacing 8 motors with variable frequency drive permanent magnet synchronous motors, totaling 679kW. The annual income from energy-saving and cost reduction amounts to **RMB 24,367,700**.
- Waste heat recovery and utilization**
Qingshan Plant Area of Winner Medical (Chongyang) has built a 500 m³ high discharge tank, newly equipped with a 400t thermal energy recovery device, which can reduce sewage temperature and recover thermal energy. The annual income from energy-saving and cost reduction amounts to **RMB 417,000**.
- Control system optimization**
Winner Medical (Tianmen) has upgraded and renovated the automatic control of recycled water and hot water in two bleaching and stripping pots, as well as the control of waste cotton treatment fans. The annual income from energy-saving amounts to about **RMB 20,000**.
- Clean energy applications**
A photovoltaic car shed (integrated project of photovoltaic power generation system, energy storage equipment, and charging station) is planned to be built in two new plant areas, with an expected photovoltaic installed capacity of 3.63 MW and an average annual green power generation of **3.33 million kWh**.

Honors and Awards

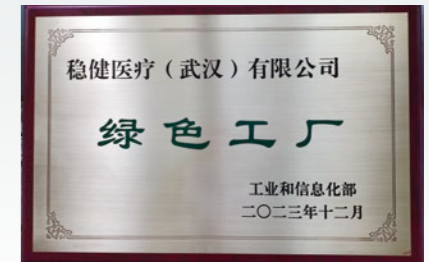
Winner Medical (Wuhan) successfully obtained **ISO 50001 Energy Management System**

Indicator		Unit	2021	2022	2023	
Non-renewable Fuel	Petroleum or crude oil derivatives (such as gasoline, diesel, jet fuel, and heating oil)	Gasoline consumption of the Company's official vehicles	ton of standard coal	13	12	31
		Diesel consumption of the Company's logistics vehicles	ton of standard coal	55	32	132
		Natural gas (compressed natural gas, liquid natural gas, etc.)	ton of standard coal	20,522	19,613	15,418
Renewable Energy		Biomass	ton of standard coal	0	0	744
Energy Purchase	Electricity	Outsourced power (Chinese Mainland Grid)	ton of standard coal	17,154	20,733	18,905
		Outsourced power (southern China grid)	ton of standard coal	0	703	698
		Outsourced power (central China grid)	ton of standard coal	17,154	20,030	18,207
		Steam	ton of standard coal	4,574	15,041	11,763
Energy Consumption Intensity		ton of standard coal/RMB 10,000	0.1143	0.0905	0.119	

Note: Data includes acquired companies

Case Winner Medical sets green plant benchmark in China

Winner Medical (Wuhan)z has continuously improved energy performance through a systematic approach by establishing and implementing an energy management system and platform, passing ISO 50001 energy management system certification, implementing energy consumption quota management and other improvement measures, thus achieving energy process control, and promoting the continuous improvement of the energy management system. In 2023, the Winner Medical Factory was awarded the honorary title of "Green Factory", recognising its exemplary contributions to energy efficiency, emissions reduction, recycling, and environmental preservation.



Certificate of "Green Factory"

Water conservation

In our water-saving management throughout our production and operational processes, we enhance water resource efficiency and minimize water use risks. Moreover, we advance reclaimed water recycling projects to reduce water pollution. Our new plant of Winner Medical (Jiayu) has invested more than RMB 4 million in building a reclaimed water recycling system, which is expected to achieve a recycling rate of over 60%.

Green Processing Techniques and Results

Major Techniques	Energy Saving and Carbon Reduction Results
Low-Temperature Pretreatment (Cold reactor pretreatment and low-temperature oxygen bleaching)	Saved steam by 79% , water by 50% , electricity by 33% , and carbon emissions by 78%
Wet Cloth Mercerizing Process	Saved steam by 58% , water by 89% , and carbon emissions by 13%
Efficient Water Washing	Saved steam by 25% , water by 29% , and carbon emissions by 28%

Green office

The Company advocates green office, implements routine energy saving by setting energy-saving and environmentally-friendly reminders in public areas, and creating a green and environmentally-friendly workplace through digital office promotion and lighting control.

"Paperless" office

The Company promotes paperless office by building digital projects such as OA systems, SRM procurement management, and Win+ intelligent manufacturing platforms. The Win+ intelligent manufacturing platform has been employed to three plants, with a coverage rate of over 85% for the main manufacturing processes and a replacement rate of over 50% for paper documents, saving over 13 million sheets of paper annually.

Energy-saving lighting control

The Company uses energy-saving power supplies and lighting fixtures, and installs selective lighting switches to achieve partitioned lighting. The lights are turned on in need and they should be turned off when people leave. When there is sufficient natural light in public areas (such as locker rooms, restrooms, corridors, and stairwells), lights should not be turned on to prevent "continuous lighting". The use of smart lighting systems is promoted. For example, energy-saving lamps and smart lighting systems are used in new buildings to reduce lighting power consumption.

Enhancing Emission Management

Adhering strictly to the *Environmental Protection Law*, the *Environmental Impact Assessment Law*, and other pertinent national laws and regulations, Winner Medical establishes and enforces environmental management regulations and protocols to oversee and regulate the Company's pollutant discharge facilities and pollutant emissions and discharge.

During the Reporting Period, **all licensed emission subsidiaries** complied with the emission standards for major pollutants such as exhaust gas and wastewater.

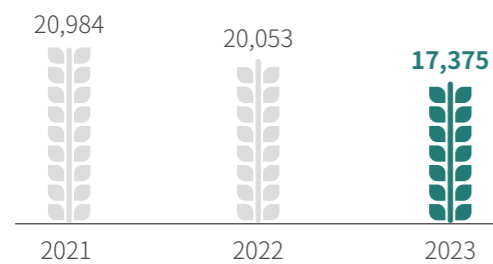
Gas emissions

Winner Medical diligently follows national emissions standards, such as the *Integrated Emission Standard of Air Pollutants* (GB16297-1996), the *Emission Standard of Air Pollutants for Boiler* (GB 13271-2014), and the *Emission Standards for Odor Pollutants* (GB14554-1993), aiming to lessen the emission of gaseous pollutants and minimize environmental impact.

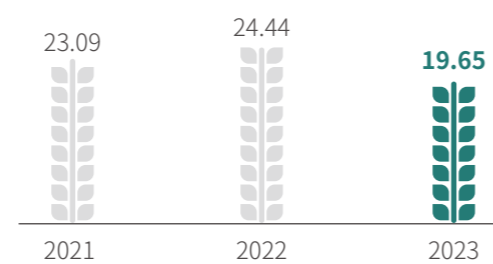
We exclusively use natural gas boilers and conduct regular monitoring in line with provisions of pollutant discharge permits. We prioritize eco-friendly boilers in the selection process to decrease nitrogen oxide emissions.

We employ a catalytic oxidation + activated carbon and efficient RTO (Regenerative Thermal Oxidation) exhaust gas treatment process to meet pollutant discharge standards. Environmental protection facilities are maintained and managed by designated personnel, with comprehensive records of operation, maintenance, and regular monitoring conducted as per pollutant discharge permit requirements.

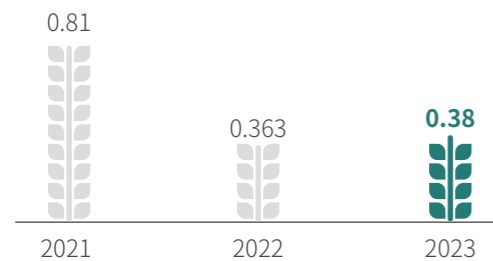
Exhaust Gas Emissions(10,000m³)



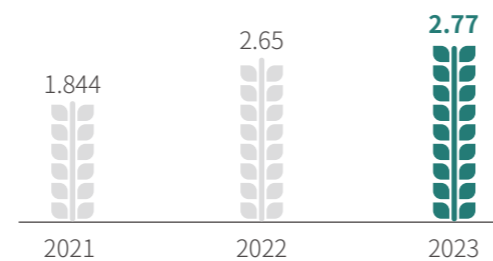
NO_x(ton)



SO₂(ton)



PM2.5(ton)

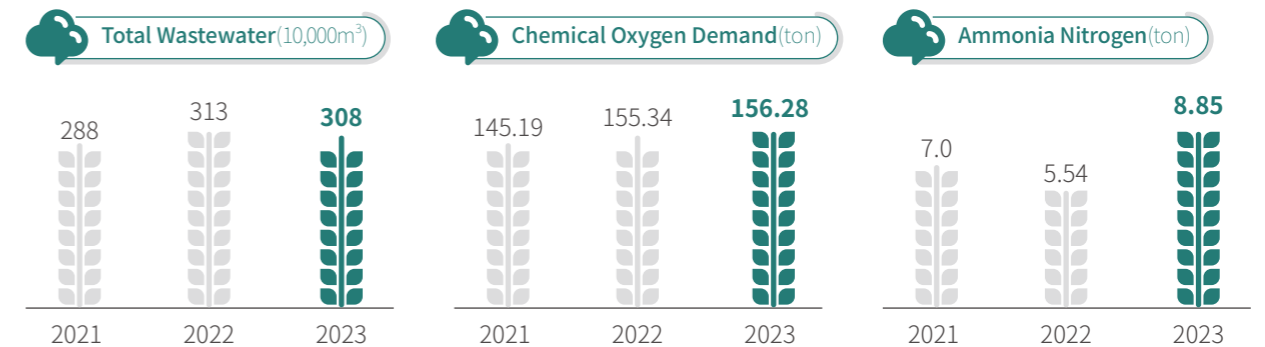


Liquid emissions

Winner Medical rigorously adheres to national emission standards, including the *Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry* (GB4287-2012) and the *Integrated Wastewater Discharge Standard* (GB8978-1996), to mitigate the release of liquid pollutants and minimize environmental impact. We employ a comprehensive approach combining "manual testing, entrusted monitoring, and online monitoring" for pollutant detection. Key subsidiaries responsible for producing wastewater discharge are fully equipped with online monitoring systems. These systems are interconnected with relevant government departments for real-time surveillance, and monitoring results are promptly published on the provincial pollutant platform.

Reclaimed water reuse system

The plant of Winner Medical (Huanggang) significantly cuts water usage via a water circulation system. The production wastewater primarily originates from the spunlace (hydroentangling) process, degreasing/bleaching process, and the preparation of soft water. A substantial portion of the wastewater from the spunlace process is recycled back into production after treatment through the circulation system. The remainder of this wastewater and that from degreasing/bleaching processes are directed to our own sewage treatment station, where they undergo "hydrolysis acidification + biological contact oxidation" treatment before discharge. This wastewater is subject to online monitoring to ensure compliance.



Solid wastes

Winner Medical meticulously segregates hazardous wastes from general industrial wastes as per the *Directory of National Hazardous Wastes*, establishing relevant protocols for the management and disposal of hazardous and general industrial solid wastes produced during manufacturing processes.

Disposal rate for both general industrial wastes and hazardous wastes

100%

General Solid Wastes

Typically, solid wastes consist mainly of waste packaging and stickers, which are collected and processed by specialized recycling agencies.

General wastes are categorized into recyclable and non-recyclable items, subsequently managed either by recycling agencies or disposed of by municipal sanitation department.

Hazardous Wastes

Hazardous wastes include items such as spent containers, waste activated carbon, and biological wastes.

These are stored in designated areas compliant with the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2023), meticulously recorded in a ledger, labelled appropriately, and regularly handed over to certified disposal agencies for centralized treatment.

Moreover, specific management systems and emergency protocols are developed for hazardous wastes to mitigate risks such as leakage.

Promoting Green Philosophy

Focusing on "sustainable cotton" and "sustainable techniques," Winner Medical champions the development and application of environmentally-friendly organic cotton and sustainable breeding techniques. Designing green products from the source, we embody the ethos of "Purcotton Changes the World," committing to natural preservation, human health, biodiversity protection, and promoting the virtuous circle of ecological system and sustainable development.

Promoting an eco-friendly lifestyle

Dedicated to raising eco-awareness among employees and consumers, we advocate for a comfortable, healthy, and environmentally friendly life concept. Through initiatives like promoting sustainable cotton culture with natural, soft cotton, we inspire a greener way of living, letting the power of cotton flourish.

Case "WE Eco Multi-purpose Cotton" campus initiative

In 2023, Purcotton launched the "WE Eco Multi-purpose Cotton" campus initiative, spreading the message of sustainable lifestyle in 296 universities across 50 cities. This campaign utilized public welfare lectures, package design contests, cotton-themed painting competitions, and online and offline campus green actions, fostering a deep connection between youth, nature, and artistic expression of the passion for environmental protection, spreading the message of sustainable lifestyle.



"WE Eco Multi-purpose Cotton" campus initiative

Supporting ecological conservation

As an environmentally conscious brand, Purcotton champions the use of eco-friendly materials and adopts green design principles, actively supporting ecological conservation with concrete actions. We urge the public to protect our planet, engage in social welfare initiatives, and embrace the principles of sustainability.

Case Purcotton embarks on a green journey with "All the Way Forward" environmental advocacy documentary

Starting November 11, 2023, the environmental documentary series "All the Way Forward" aired on China Dragon TV at 21:00 every Saturday. In this series, Purcotton, as a green lifestyle partner, joined forces with celebrities Hu Ge, Liu Tao, and Chen Long. Together, they engage in hands-on public welfare environmental efforts, embarking on a journey of green and low-carbon practices. The series delves into a broad spectrum of ecological issues, ranging from the conservation of biodiversity and restoration of ecosystems in Sanjiangyuan National Park to rescuing stranded whales and dolphins in Houhai Village, Hainan Province, and tackling marine plastic pollution. It emphasizes the safeguarding of various ecosystems, including mountains, seas, forests, farmlands, lakes, grasslands, and deserts.



"All the Way Forward" Public Welfare Green Journey

Case Purcotton and Blue Ribbon's Pop-up Installation Art Exhibition on Environmental Protection

Purcotton volunteers, alongside volunteers from Blue Ribbon Ocean Conservation Association and residents of Sanya City, collaborated with renowned actors Hu Ge, Liu Tao, and Chen Long to tackle plastic pollution and transform waste into artistic statements in Houhai Village, Sanya, Hainan. They launched a pop-up art exhibition on environmental protection and plastic recycling. This artistic endeavour, inspired by the story of a dolphin named "Huahua," sought to heighten awareness of marine wellness and motivate broader action to safeguard our seas.



A pop-up art exhibition showcasing installations crafted from recycled plastics

Giving Back to the Society

to Build a Harmonious Society Together

 Purcotton 全棉时代

家有全棉 更舒适

Winner Medical ensures that all labor policies and operations comply with the latest regulatory requirements, optimizes the remuneration and benefit system, and formulates remuneration incentive mechanisms. The Company also establishes a sound occupational safety management system, and reasonably arranges employee work hours and vacations. Meanwhile, the Company values employee mental health, organizes various cultural and team building activities, and provides employees with a comfortable workplace, to enhance their sense of belonging and cohesion.

Keen on Public Welfare and Charity

As an enterprise with social responsibility, Winner Medical has always been actively involved in social public welfare. For example, we develop a "public welfare donation project procedure" and continuously establish efficient donation channels and routes, to ensure timely responding to major events and delivering required materials to designated locations and the public.

During the Reporting Period, the Company's annual charitable donations amounted to

near RMB **18** million

Assistance to disaster-stricken areas

In December 2023, after the earthquake in Jishishan County, Gansu Province, Winner Medical and Beijing Public Health Foundation donated over RMB 1 million in supplies, including emergency kits, medical surgical masks, surgical gloves, cotton sanitary tissues, and air-soft cotton thermal storage sets. Purcotton and its sanitary napkin brand, NicePrincess, urgently activated the disaster response and teamed up with the China Women's Development Foundation to donate 40,000 pairs of sleeping pants and 800,000 pieces of sanitary napkins to support medical institutions, disaster victims, and disaster relief personnel in the earthquake-stricken areas. The total market value of the donated supplies amounted to near RMB 2 million.



Donated to the Gansu earthquake

Caring for children in mountainous areas

We have donated 171 caring computer supplies to the Guangdong Provincial Education Foundation to establish a computer laboratory, allowing children in impoverished mountainous areas have access to computers to master practical computer skills, learn knowledge, and broaden their horizons.



Donated computers to Qingyuan village



Shenzhen Women's Fashion "Micro Horse" Competition

Winner Medical and Purcotton donated high-quality health protection products and cotton daily necessities worth RMB 854,100 for the 2023 Shenzhen Women's Fashion "Micro Marathon" Competition.

NicePrincess of Purcotton donated sanitary pads worth RMB 100,000 to the University of Science and Technology of China, conveying the "Nice For Her" concept of NicePrincess.

Under the contact of members dispatched by the Urban Administration and Law Enforcement Bureau of Shenzhen Municipality, a counterpart assistance unit in Daba Town, Heping County, Heyuan City, Purcotton donated a batch of sunshade materials worth RMB 30,000 to the People's Government of Daba Town.

Other charitable donations

Case

Creating Public Welfare Courses to Safeguard Children's Health

From June 16 to June 25, 2023, Winner Medical partnered with six schools in Longhua District to deliver the "Health Knowledge on Campus" public welfare courses for students. The courses, combining games and lectures, focused on the common health concepts including "hand hygiene" and "trauma care". The courses enabled children to realize the importance of hand hygiene and learn about the handwashing techniques. They also learned how to deal with falls, bruises, animal bites, and burns, and how to cope with special situations in life correctly and calmly, thus contributing to their healthy and positive development. Besides, Winner Medical donated over RMB1.13 million in health protection product, further ensuring a happy, safe, and healthy campus life for both teachers and students with our thoughtful care.



The "Health Knowledge on Campus" public welfare courses

Caring for special groups

Winner Medical has organized a charitable donation activity targeting the elderly population, donating 5,424 boxes of materials including respiratory protection products and adult care products, with a total value of RMB 3.85 million.

Purcotton has been awarded the title of "Children's Friendly Partner" for its donation of baby clothing, diapers, and other materials equivalent to RMB 22,000 to the Shenzhen Women and Children's Development Foundation; Purcotton has also donated mask supplies worth RMB 98,000 to the Foundation.

Purcotton, in collaboration with Taobao and the China Aging Development Foundation, initiated the "Senior Sweetheart" charitable activity at the "2023 Double 11" Shopping Festival to show its care for the elderly left behind in rural areas. Purcotton donated adult pull-up pants worth RMB 50,000 and were awarded the honorary title of "Caring Enterprise".

As the "Super Captain" on the International Working Women's Day, NicePrincess of the Purcotton collaborated with Tmall to carry out a charitable project, to show their caring for girls in remote mountainous areas. They filmed a charitable documentary, allowing more girls in mountainous areas to scientifically understand menstrual knowledge, and donating 10,000 pairs of NicePrincess sleeping pants, each of which worth RMB 7.9.

We conduct 6 health nursing knowledge lectures for multiple schools including Luoba Middle School in Shixing County, Shaoguan City and in Sinolink Primary School in Shenzhen



We donate 1,000 "Caring Kits for Goddess" to Longhua District Charity Association, 122 boxes of protective masks to sanitation workers, and 4,628 cooling vests to flexible employment groups in Longhua Street

Honors and Awards



In the 2023 campus activity themed "Rural Courses about Guangdong Museums", we actively supported the development of education and cultural and creativity in Luoba Town to facilitate rural vitalization, and received a letter of gratitude

Protecting Employee Rights and Interests

Winner Medical protects the rights and interests of employees in accordance with laws. We firmly oppose gender discrimination and forced labor, uphold transparency and fairness in our recruitment, and provide competitive remuneration for employees. We also respect and protect employee privacy, actively implement democratic management, and value occupational health, thus effectively enhancing employees' sense of happiness, belonging, and security.

Compliant employment

In strict compliance with Chinese laws and regulations such as the *Labor Law* and the *Labor Contract Law*, the Company respects and protects human rights, and regulates employment procedures. We have revised the *Anti-Discrimination Action Guidelines*, and formulated the *Employee Handbook*, the *Recruitment Management System* and other institutional provisions to effectively safeguard the legitimate rights and interests of employees. We also sign labor contracts with employees in accordance with the law, firmly prohibit child labor, resist all forms of forced labor, and provide equal employment opportunities to all candidates and employees.

Fair employment

In line with the principles of openness, fairness, avoidance of hiring relatives of employees, as well as two-way selection, we adhere to the criteria of integrity & ability, fair competition and merit-based selection, except for official and collective transfers.



Diversification

We insist on the "four highs" talent concept and continuously explore diversified employee introduction strategies, committed to building a dynamic and innovative team, respecting and appreciating employee diversity, and striving to create an inclusive and open workplace.



Against forced labor and harassment abuse

The Company clearly stipulates in the labor 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.



Employee communication

The Company actively creates a diversified employee feedback platform and unblocks the channels for employees to express their opinions and demands. Employees are allowed to reflect their demands and provide relevant opinions through the EMT meeting mechanism, rota talks, colleague bars, Win Circles, cultural ambassadors, and Winner Culture Talk.

In 2023, based on the 2022 employee engagement survey, the Company focused on key needs and continuously made improvements and efforts around key measures such as "growth empowerment, employee care, employee communication, and shared values", striving to create a better, more efficient and more enjoyable workplace for everyone.



Case Advocating to Clean Hands for a Healthy Life

Forming the habit of disinfecting and cleaning hands is one of the effective measures to prevent and treat infectious diseases. On the occasion of the World Hand Hygiene Day, Winner Medical organized the "Hand Caring Day on May 5" series of activities. We organized lectures on hand hygiene knowledge for medical care personnel, a collection competition for infection control slogans, fun games for science popularization, and a commitment of medical care personnel to hand hygiene in cooperation with hundreds of hospitals and pharmacies across the country. Additionally, we provided training on hand hygiene knowledge and operations for patients. These were the most effective, economical, and simple ways to reduce hospital infections, prevent respiratory infectious diseases, and enhance public awareness of hand hygiene.



Health care knowledge seminar activities

Remuneration and benefits

The Company highly values employee remuneration and benefits by continuously optimizing systems related to remuneration management, and improving the employee benefit system. In addition to the "five-insurance and housing fund", commercial insurance, employee purchase, and anniversary gifts, in 2023, we optimized the insurance structure and adjusted it to a combination of "employer's liability insurance + accident insurance", creating a more favorable business environment while ensuring the health and safety of employees.

Job value assessment

The Company designs a fixed remuneration system with fixed salaries in line with market levels and oriented towards high performing employees. The fixed salary for core backbones is in the 50th percentile of the market, and their salary reaches the 75th percentile of the market through performance bonus sharing.

Remuneration incentive mechanism

☒ We continuously optimize systems related to employee remuneration, such as the *Remuneration Management System, and the Management System for Employee Performance and Remuneration*, as well as policies such as remuneration systems for various sales positions and great promotion incentive plans. We insist on 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.

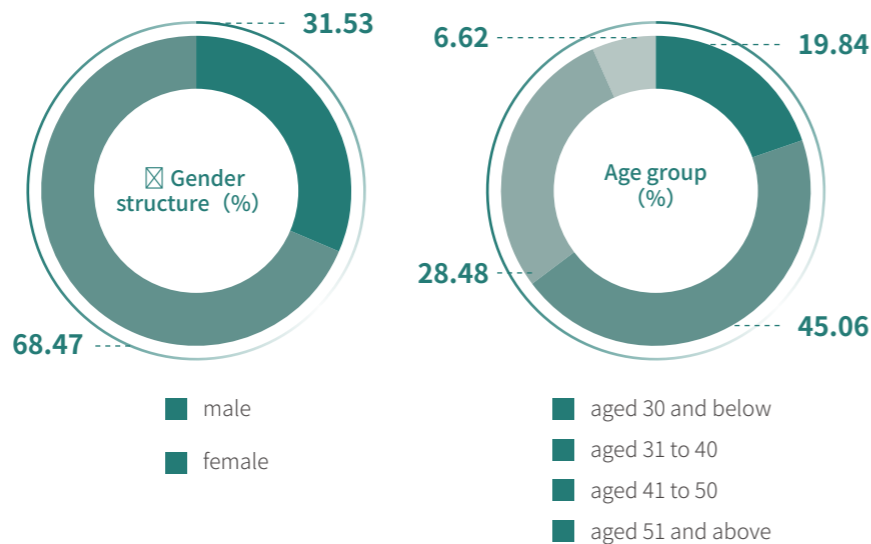
We establish a "strategy-organization-individual" closed-loop management performance mechanism. Organizational performance is assessed level by level to individual performance by using the balanced scorecard. Individual performance correlates with organizational performance. Meanwhile, performance results are applied to bonus allocation.

We adjust the target bonus system to a performance sharing system and emphasize integrated teams rather than individual contribution. A combination of "annual sharing bonus + short-term process incentives" is employed to effectively encourage employees and promote their performance growth, thus eventually enhancing enterprise competitiveness.

total employees
12,997

Total new hires during the Reporting Period
1,021

Total labor discrimination incidents
0



Occupational health

The Company formulates and implements a management system for occupational disease prevention and control, strictly controls routine production, equipment operation, and employee work processes, regularly monitors occupational hazards in the workplace and conducts environmental testing for occupational health hazards within the scope. The Company also organizes health examinations for employees in various positions who come into contact with hazardous chemicals, and takes measures such as safety education, accident prevention, occupational injury prevention, and employee health care to ensure the occupational health of employees.

Case Collaboration with Shenzhen Lansheng Brain Hospital to Carry out a Free Consultation

On September 19, 2023, Winner Medical and Shenzhen Lansheng Brain Hospital held a symposium and free consultation. Six experts led by Shenzhen Lansheng Brain Hospital provided a free consultation in the activity room on the 41st floor of Winner Medical. The experts patiently communicated and inquired about each consulting employee, and gave corresponding treatment suggestions based on their symptoms. They also popularized relevant medical and health knowledge and common sense of healthy living, and carefully answered questions about other diseases. This activity was welcomed and acclaimed by the Company's employees.



Free consultation

0
Work-related fatalities

0
Occupational diseases in the subsidiaries of the Group

Honor

Winner Medical (Jiayu), Winner Medical (Chongyang), Winner Medical (Huanggang), Winner Medical (Wuhan) and Winner Medical (jingmen) have all obtained **ISO 45001 occupational health and safety management system certification**

Supporting Employee Growth

Winner Medical prioritizes talent cultivation. We continuously optimize talent allocation, establish a scientific talent management system, and have formulated the *Winner Medical Training Management System* and the *Management Measures of Winner Medical for Internal Trainers*. These measures facilitate strategic implementation, enhance the Company's core competitiveness, and achieve mutual growth and development between Winner Medical and our employees.

Unblocking development channels

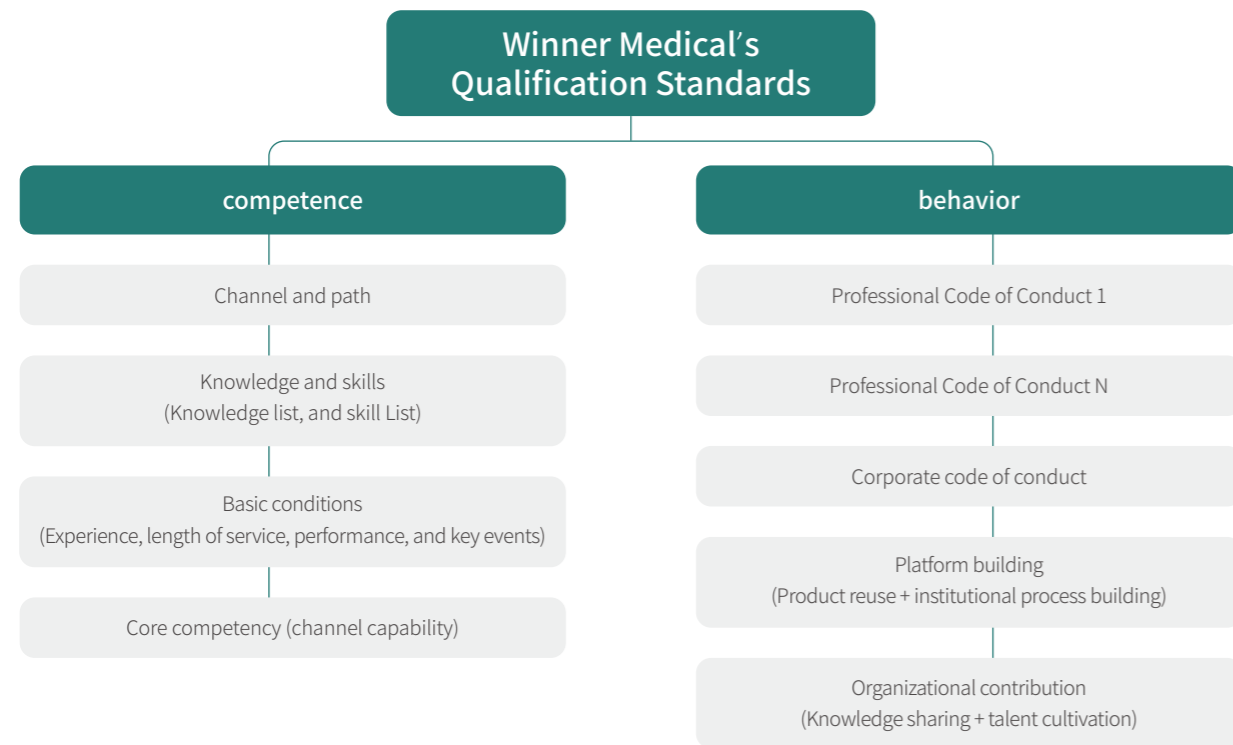
The Company values employee growth and career development. Aligning with our strategic business needs and the "business partners" talent philosophy, we establish and improve relevant management systems, and provide a sound channel and supportive environment for employees' career development.

Job grade system

We have established a comprehensive job classification management system and completed the person-job matching project. This has enabled the development of dual channels for management and professional growth, clarifying the "ladder", "path", and "ruler" for employee promotion and development. In such way, guidance is provided for employee development, and outstanding employees are inspired to make rapid progress and promotion on the Company's value highland.

Post qualification system

We have established a post-qualification system based on competency and behavior, solidifying our systematic talent management. We also unblocked professional career development channels and built a transition mechanism between management and professional tracks, achieving reasonable talent mobility.



Winner Medical Post-Qualification System

Talent evaluation system

We have established a standard talent evaluation system, and organized a talent review project once a year based on the Company's strategy. Evaluations are conducted on the leadership and potential of employees. The evaluation results serve as an important basis for employee selection, capacity improvement, promotion, and other aspects.



2023 China Talent Management Reform Pioneer Award for Purcotton



WIN-WIN Talent Model of Winner Medical

Strengthening talent cultivation

The Company continuously refines its training system and actively carries out talent training projects with attention to employees' growth and development. In 2023, key projects such as the "Leadership Win", "Talent Win", and "Career Win" achieved with results, empowering the Company's key business and enhance organizational efficiency.

"Career Win"

New employee onboarding

We provided online and offline training for new employees in social recruitment. Such courses as the Introduction to Winner Medical, the Winner Medical's Corporate Culture, and the Winner Medical's Product Training are organized to help new employees quickly adapt to the new environment, and gain a holistic understanding of the team, the Company, its corporate culture, and its core business.





Spring seedling training camp

Online and offline teaching in various teaching modules are designed to empower the training for new graduates. The curriculum covers cultural inheritance, product & business, institutional norms, and career shaping. Such training helps new graduates quickly integrate into the Company and successfully grow into workplace professionals at Winner Medical.

“Talent Win”

Excellence team leader training camp

The "Excellence Team Leader Training Camp" was held from March to June 2023, attended by outstanding team leaders from different production subsidiaries. This has laid a solid foundation for improving the on-site management ability of frontline management leaders (workshop team leaders) in the manufacturing segment of the Company, reserving a talent pool for management, and building an excellent team.



“Leadership Win”

Leadership advancement training camp

The leadership advancement training project themed "Leadership Win" was rolled out from May to September 2023. This project empowered participants from four dimensions: SP, BP, operation, and management. Meanwhile, internal trainers, industry experts, and professional external lecturers jointly gave instructions, thus comprehensively expanding the horizons of participants, enriching their management ideas and methods, and providing strong support for organizational operations.



Number of trainees for different ranks of employees

89%

Training coverage rate

639

Management personnel

2,315

Employees for general purposes

609

Training hours for all employees

9.5 hours

Average duration of employee training (including the companies acquired)

Caring for the Life of Employees

Winner Medical insists on the employee-oriented principle. Specifically, we show our care to employees by carrying out themed festival activities, fun team building events, eight employee club activities, heartfelt birthday celebrations, and celebrating for important festivals and personal milestones. Regular indoor and outdoor sports and health activities and lectures are organized, and the Winner Charity Association is established to care for the physical and mental health of employees and help employees in difficulties. These practical actions enhance the sense of happiness and belonging among our employees.

During the Reporting Period

RMB **60,000**

invested in assistance funds for employees in need



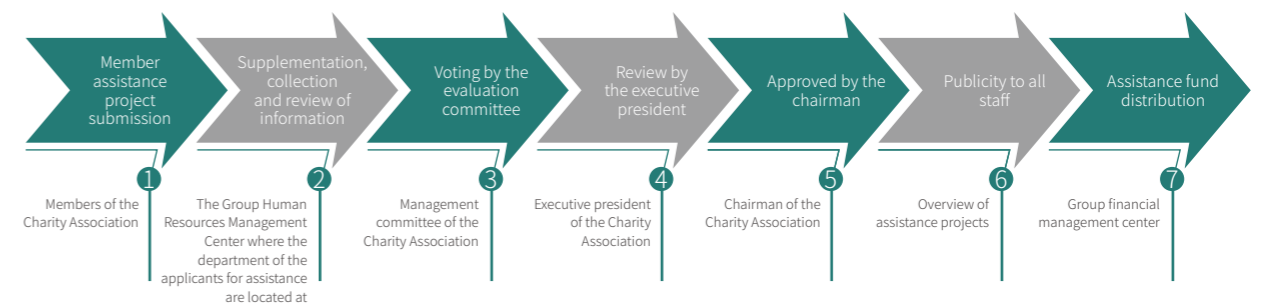
Spreading Warmth and Hope with Love

Winner Medical holds the "Lighting up Small Wishes" activity, where a wish can be made online and fulfilled offline. This initiative aims to grant positive desires and spread warmth to everyone. Since its launch, we have received over a hundred wishes from our employees. In line with the principles of "exerting our humble abilities to transmit positive energy" and "serving the people with concrete actions", the Company utilizes various means to make their wishes a reality. Even wishes outside the typical scope of fulfillment receive a response. Finally, while considering the number of online likes, we realized a total of 58 positive-energy small wishes.



"Lighting up Small Wishes" Activity

Winner Charity Association



Project approval procedure

As at the end of the Reporting Period,

2,182

Members of the Winner Charity Association in total

During the Reporting Period,

RMB **140,000**

Assistance funds for employees in the Winner Charity Association

with a membership rate of

58%



Free consultation



Basketball club



Gift package for Dragon Boat Festival



Praising cards



Team building activity in wutong mountain



Love assistance



Badminton activities



Employee fun activities

Outlook

2024 is a year teeming with both challenges and opportunities. This year, we will remain steadfast in our core principles: quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value. Embracing market changes, we will seize new opportunities, adapt to new environments, and venture into new markets with our innovation of new technologies. We will develop new products, and cater to new consumer demands, marching towards high-quality development with an even more positive outlook.

Winner Medical will unwaveringly pursue our core strategy of leading products and excellent operation. In the medical consumables sector, we will continue to enhance product quality, bolstering research and development, and addressing the evolving needs of the medical industry. In the realm of consumer goods for healthy living, we will further drive product excellence and enhance user experience.

Environmental protection and sustainable operation are principles we will always uphold. We are dedicated to crafting green products, advancing the development of biodegradable products, and actively supporting the national carbon peak and neutrality strategy with initiatives like "sustainable cotton," "sustainable techniques," and "green plant". Our aim is to lead the trend of big health and achieve harmony between people and the environment.

Furthermore, we are committed to fulfilling our social responsibilities, focusing on employee growth and welfare, enhancing employee satisfaction, and strengthening partnerships with governments, communities, and charitable organizations. Together, we aspire to advance social welfare undertakings and contribute to a harmonious society.

In 2024, Winner Medical will embark on a new journey with a relentless pursuit of excellence, a profound commitment to environmental protection, and a deep sense of social responsibility.

ESG Key Performance Indicators

Environmental

Addressing climate change			
ESG KPIs	Unit	2022	2023
Greenhouse gas emissions (Scope 1)	tCO ₂ e	76,276	55,593
Greenhouse gas emissions (Scope 2)	tCO ₂ e	104,415	100,626
Total greenhouse gas emissions	tCO ₂ e	180,691	156,219
Greenhouse gas emissions per unit of income	tCO ₂ e/RMB 10,000	0.2951	0.3589

Note: The above data includes acquired companies.

Energy and water resource management			
ESG KPIs	Unit	2022	2023
Energy consumption intensity	tce/RMB 10,000	0.0905	0.119
Gasoline used for official vehicles among self-owned vehicles	tce	12	31
Diesel consumption of self-owned logistics freight vehicles	tce	32	132
Natural gas (compressed natural gas, liquid natural gas, etc.)	tce	19,613	15,418
Biomass	tce	0	744
Total purchased electricity (- Chinese Mainland)	tce	20,733	18,905
Steam	tce	15,041	11,763

Note: Data includes acquired companies.

Hazardous emissions and waste			
ESG KPIs	Unit	2022	2023
Total exhaust gas emissions	10,000 m ³	20,053	17,375
(NO _x) Nitrogen oxides (NO _x)	ton	24.44	19.65
(SO ₂) Sulphur dioxide (SO ₂)	ton	0.36	0.38
Particle matter (PM2.5)	ton	2.65	2.77
Total amount of wastewater	10,000 m ³	313	308
Chemical oxygen demand (COD)	ton	155.34	156.28
Ammonia nitrogen	ton	5.54	8.85



Social

Technology R&D and innovation

ESG KPIs	Unit	2022	2023
Technology R&D investment	million	488	322
Number of R&D personnel	-	1,588	1,259
Patents obtained in total	-	1,064	1,375
Invention patents obtained in total	-	110	140
Utility model patents obtained in total	-	610	810
Design patents obtained in total	-	344	425

Work safety and service quality

ESG KPIs	Unit	2022	2023
Number of administrative penalties due to work safety issues	-	0	0
Number of major work safety accidents	-	0	0
Number of safety inspections conducted	time	8	9
Number of work safety training conducted	-	14	9
Number of safety drills conducted by each branch	time	16	18
Work-related fatalities	-	0	0
Customer satisfaction	%	91.43	92.74
Customer complaint response rate	%	100	100

Supply chain

ESG KPIs	Unit	2022	2023
Total number of suppliers	-	842	833
Signing rate of supplier integrity agreements/ transparency agreements	%	99	100

Employee management

ESG KPIs	Unit	2022	2023
Total number of employees	-	10,479	12,997
Employee labor contract signing rate	%	100	100
Employee social insurance coverage rate	%	100	100
Labor discrimination incident occurred	-	0	0

Employee training

ESG KPIs	Unit	2022	2023
Total training hours for all employees	hour	374	403
Average employee training hours(including acquired subsidiaries)	hour	13.7	9.5*
Employee training coverage rate	%	93%	89%

*Note: Data includes acquired companies.

Governance

Corporate governance

ESG KPIs	Unit	2022	2023
Shareholders' Meetings	-	1	3
Board Meetings	-	6	8
Meetings of the Supervisory Board	-	3	6
Number of directors	-	7	7
Number of female directors	-	2	2
Number of independent directors	-	3	3

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GRI Standards	Disclosure	Reference
GRI 2: General Disclosures 2021		
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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 Us
2-7	Employees	Protecting Employees' Rights and Interests
2-9	Governance structure and composition	Improving Corporate Governance
2-10	Nomination and selection of the highest governance body	Improving Corporate Governance
2-11	Chair of the highest governance body	Improving Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Improving Corporate Governance
2-13	of responsibility for managing impacts	Improving 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 Impact 2016		
203-1	Significant indirect economic impacts	Engaging in Charity
GRI 205: Anti-Corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Adhering to Business Ethics
GRI 301: Materials 2016		
301-2	Recycled input materials used	CSR Spotlight
301-3	Reclaimed products and their packaging materials	CSR Spotlight

GRI Standards	Disclosure	Reference
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	High-efficient Energy Use
302-2	Energy consumption outside the organization	High-efficient Energy Use
302-3	Energy intensity	High-efficient Energy Use
302-4	Reduction of energy consumption	High-efficient Energy Use
302-5	Reductions in energy requirements of products and services	High-efficient Energy Use
GRI 303: Water and Effluents 2018		
303-2	Management of water discharge- related impacts	Water Conservation
303-4	Water discharge	Waste Management
GRI 304: Biodiversity 2016		
304-2	Significant impacts of activities, products and services on biodiversity	Supporting Ecological Protection
GRI 305: Emission 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	Performance
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GRI 306: Waste 2020		
306-2	Management of significant waste-related impacts	Solid Waste
306-3	Waste generated	Solid Waste
306-5	Waste directed to disposal	Solid Waste
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Building a Responsible Supply Chain
GRI 401: Employment 2016		
401-2	Benefits provided to full-time employees	Caring for Employee Life

GRI Standards	Disclosure	Reference
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Occupational health
403-2	Hazard identification, risk assessment and incident investigation	Occupational health
403-3	Occupational health services	Occupational health
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health
403-5	Worker training on occupational health and safety	Occupational health
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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health
403-8	Workers covered by an occupational health and safety management system	Occupational health
403-9	Work-related injuries	Occupational health
403-10	Work-related ill health	Occupational health
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Supporting Employee Growth
404-2	Programs for upgrading employee skills and transition assistance programs	Supporting Employee Growth
GRI 405: Diversity and Equal		
405-1	Diversity of governance bodies and employees	Compliant employment
GRI 406: Non-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Compliant employment
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Building a Responsible Supply Chain
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of health and safety impacts of product and service categories	Ensuring Work Safety
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Building a Responsible Supply Chain

Feedback

Dear readers,

Thank you for reading the 2023 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?

Your contact information:

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