

The background of the right page is a light blue gradient with a pattern of glowing hexagons. Some hexagons contain icons: a lightbulb, a microscope, a person, and a medical bag. The overall aesthetic is clean and futuristic.

2025 Sustainability Report

ZHENDE MEDICAL CO., LTD.

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About This Report

This report is the fourth Sustainability Report of Zhende Medical Co., Ltd., which discloses to investors, clients, employees, suppliers and other stakeholders the Company's philosophy, established management methods, implemented work, and achieved results in terms of sustainable development topics in its operations.

Basis of This Report

This report is based on the *Self-Regulatory Guidelines No. 4 for Companies Listed on Shanghai Stock Exchange—Sustainability Report (Edited Version in January, 2026)*, *Self-Regulatory Guidelines No. 14 for Companies Listed on Shanghai Stock Exchange—Sustainability Report (For Trial Implementation)*, and has been prepared with reference to the United Nations Sustainable Development Goals (SDGs). The preparation process conforms to the GRI Standards (2021).

Report Scope

The scope of this report covers Zhende Medical Co., Ltd. and its subsidiaries (referred to as "Zhende Medical", "Zhende", "the Company" or "we"). Unless otherwise specified, the scope of this report is consistent with that of consolidated financial statements for the same period of Zhende Medical (stock code: 603301.SH).

Report Period



This report covers the period from January 1, 2025 to December 31, 2025. Unless otherwise specified, the data in this report come from this period.

Report Acquisition

This report is released in electronic form on information disclosure platforms designated by the stock exchange, and can be viewed on or downloaded from the Company's official website (<http://www.zhende.com>).

Contact Us

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Report Preparation Principles

This report is prepared in accordance with the principles of materiality, accuracy, balance, clarity, quantification, comparability, completeness, timeliness, and verifiability. It is approved for release by Zhende's Board of Directors on April 22, 2026. The Board of Directors guarantees that the content of the report is free from false records, misleading statements, or significant omissions.

This report is published in Simplified Chinese and English. Any inconsistency between the Chinese and English expressions shall be subject to the Chinese version.

- **Materiality:** The Company has identified operation-related material topics that are of concern to various stakeholders as the focus of this report. In this report, the Company's industry and business operation characteristics are also taken into consideration while material topics are reported. The materiality analysis process of topics and results is detailed in the Stakeholder Engagement section of this report.
- **Accuracy:** Efforts have been made to ensure the information in this report is accurate to a maximum extent. Among them, the measurement of quantitative information has accounted for the data scope, calculation basis and assumed conditions so as to ensure that the calculation error range will not trigger misleading effects on information users. Quantitative information and annotated information are detailed in the Appendix section of this report.
- **Balance:** The cases and data in this report come from the original records or financial reports of the Company in its actual operation process. The data source and calculation process disclosed by the Company can be traced to support external assurance and inspection.
- **Clarity:** This report is released in Simplified Chinese. Information such as tables and models in this report is to help stakeholders better understand the text of this report.
- **Quantification:** This report covers key quantitative disclosures and discloses historical data to the maximum extent.
- **Comparability:** The statistics and disclosure methods of the same quantitative disclosure items in various reporting periods shall be consistent in this report. In the event of any change in the data collection, measurement and calculation methods, the Company shall make retrospective adjustments to relevant data, and present the situations and reasons for such adjustments in the notes to the report, so that stakeholders can perform meaningful analysis and evaluate the development trend of the Company's ESG data.
- **Completeness:** The scope of disclosure in this report is consistent with that of the Company's consolidated financial statements.
- **Timeliness:** This report is an annual report and shall be released by the Company as soon as possible after the end of the reporting year, aiming to provide timely information for stakeholders to make decisions.
- **Verifiability:** The cases and data in this report come from the original records or financial reports of the Company in its actual operation process. The data source and calculation process disclosed by the Company can be traced to support external assurance and inspection.

About Zhende Medical

Company Profile

Zhende Medical, established in 1994, is an A-share listed company in China (stock code: 603301. SH). It is headquartered in Shaoxing City, Zhejiang Province. The Company has become one of China's leading manufacturers of medical dressings and infection site control and protection products. As one of the top 100 medical technology enterprises, Zhende's scope of businesses and services covers 34 provinces of China, and over 70 countries and regions.

Zhende's products have been certified by the Food and Drug Administration (FDA), the Conformité Européene (CE), Medical Device Single Audit Program (MDSAP), ISO 13485 Quality Management for Medical Devices, and the National Medical Products Administration (NMPA) of China. Our product line covers different usage scenarios such as compression treatment & fixation, traditional wound care, operating room infection control, basic care, isolation protection, pressure therapy and venous thromboembolism (VTE) prevention, stoma care, advanced wound care, personal healthcare, rehabilitation care, and intravenous therapy.

 **Top 100**

one of the top 100 medical technology enterprises

 **70**

Business covers over 70 countries and regions



ESG Honors

- Top 20 ESG Performers in China's A-share Pharmaceutical and Healthcare Industry by Huazheng Index (2025)
- Top 50 Best Practices in the Social (S) Dimension among China's A-share Listed Companies (2025) Recognized by Huazheng Index
- People's Daily Online China ESG 100 Index (2025)
- Top 100 Listed Medical Device Companies with Growth Potential in China's Healthcare Industry at the 5th China Healthcare Growth Forum (2025)
- Top 100 Listed Medical Device Companies by R&D Expenditure (2025)
- Export Champion in the Kenya Special Economic Zone
- Named among the Top 100 Zhejiang Listed Companies for Social Responsibility Performance (2025)
- Zhejiang ESG Pioneer Enterprise for Corporate Social Responsibility (2025)
- Outstanding Social Responsibility Case for the 520 Social Responsibility Day
- Zhejiang Provincial Advanced Smart Factory (2025)
- Henan Provincial Green Factory
- Henan Provincial Water-Saving Enterprise
- Best Practice Case in AI Agent by iAnalysis (2025)
- China Procurement Innovation Practice Pioneer Award (2025)
- Shaoxing Labor Security Integrity Enterprise (AAAAA Level)

ESG Events in 2025



Science Based Target Validation

In 2025, Zhende Medical had its GHG reduction targets validated by the Science Based Targets initiative (SBTi), becoming the first manufacturing enterprise in China's medical industry to obtain SBTi target validation.



EcoVadis Rating

The EcoVadis rating has reinforced our leading position in the industry in terms of sustainability ambitions and performance. Following a Silver medal in our first year of participation, the company's rating was elevated to Gold in 2025.



Smart Factory

Zhende Medical's Shaoxing plant was recognized for its outstanding performance in intelligent manufacturing and was awarded the title of "Zhejiang Provincial Advanced Smart Factory 2025".



Green Factory

Henan Base was recognized for its excellence in green production and environmental management and was awarded the title of "Henan Provincial Green Factory 2025".



Energy Conservation and Emission Reduction

Xuchang Zhende Medical Dressing Co., Ltd. has implemented a comprehensive conservation strategy to enhance industrial water-saving capabilities and water-use efficiency, and was awarded the title of "2025 Water-Saving Enterprise of Henan Province" by Henan Province.



ESG Recognition

The Company was recognized by Sino-Securities Index (SSI) in 2025 with the following rankings: Top 20 in ESG Performance among A-share listed companies in the Pharmaceutical and Medical Device Industry, Top 50 in Best Practices for the Social (S) Dimension among all A-share listed companies.



Management Systems

Kenya Base has been operational. It has obtained certification to the ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. The facility has also established a dedicated social responsibility management system, which has successfully passed SMETA certification. Meanwhile, Kenya base has obtained ISO 37001 Anti-Bribery Management System certification.



Energy Management

The Company has launched an Energy BI Management System, taking an important step forward in the digital transformation of its energy management.

Commitment to Sustainable Development



2025 Performance for Sustainable Development in 2025

Caring for Employee Growth



The proportion of female senior executives (above the level of director)

27.2%

The coverage of employees receiving training was

100%

A total of employees in need were sponsored

25

With a subsidy amount of RMB

77 thousand

The work-related injury rate per one thousand employees was

0.37

Working days lost due to work-related injuries

872 days

The average training time per employee was

63.21 hours

Promoting Green Development



Annual R&D investment was RMB

142.43 million

The annual expenditure on environmental protection investment reached RMB

14.58 million

The percentage of recycled water was

51.91%

The proportion of environmentally friendly packaging materials used in finished products reached

69%

The total amount of waste generated was

5,524.67 tons

The proportion of renewable electricity consumption was

23.99%

Total Greenhouse Gas Emission (Scope 1 & Scope 2) was

75,277.38 tCO₂e

Greenhouse Gas Emission (Scope 3) was

406,622.75 tCO₂e

Being a Reliable Partner



Environmental and social risk survey was conducted on suppliers

783

Total amount donated RMB

912.5 thousand

Domestic market customer net promoter score was

80

Foreign market customer net promoter score was

42

Employees participated in voluntary activities

245

The total duration of employee volunteer service was

1,470 h

Message from the Chairman:

Green Synergy, Resilient Future

– A New Chapter in Zhende Medical's Sustainable Development

“ Zhende Medical will, as always, embed ESG principles deeply into our daily operations. We stand ready to work hand in hand with all stakeholders to tackle challenges, seize opportunities, and contribute more professional strength to human health and the sustainable development of society. ”



The year 2025 marked a milestone in Zhende Medical's journey towards sustainable development. Guided by our core responsibility philosophy "WE CARE", we advanced our ESG agenda in a systematic way along three strategic pillars: Caring for Employee Growth, Promoting Green Development, and Being a Reliable Partner, and achieved remarkable progress.

Green Transition: Leading Sustainable Development in the Industry

In 2025, we were honored to become the first manufacturing enterprise in the medical device industry of China to have our GHG emissions reduction targets validated by the Science Based Targets initiative (SBTi). We have made a firm commitment to reducing greenhouse gas emissions from our own operations by 42% and from our value chain by 25% by 2030. This is not only a response to the global call for climate action, but also a concrete embodiment of embedding green development into the company's DNA. By enhancing energy efficiency in production and developing photovoltaic projects and collaborating with our supply chain partners on decarbonization, we are taking tangible actions to drive the industry towards a greener and low-carbon future.

Governance as a Foundation: Ensuring Long-Term, Steady Growth

A sound governance framework is the cornerstone of corporate sustainability. We continuously refine a governance system with the Board of Directors at its core, building a more responsible, transparent and resilient governance model to underpin the company's long-term and stable development. At the same time, we have integrated ESG concepts comprehensively into our decision-making and operational processes, ensuring the effective implementation and transparent management of our sustainable development strategy.

Empowering Employees: Unlocking Organizational Resilience

Employees are the most valuable asset of the company. We are committed to creating a safe, equal, inclusive and dignified working environment for our global workforce, and to safeguarding the legitimate rights and interests of every employee. By establishing diversified career development pathways, systematic training programs and competitive total rewards, we fully support employees in their growth and realization of personal value. In 2025, we continued

to invest in occupational health and safety as well as in employee training and development, with the aim of building a platform where the company grows together with its people and shares value with them.

Fulfilling Our Responsibility: Delivering Professional Care with Warmth

As a healthcare company, our responsibility begins with professionalism and ultimately lies in human care. Over the past year, from swiftly responding to domestic natural disasters, to continuously caring for patients with rare diseases such as "butterfly children"; from supporting basic education and health in Kenya to conducting in-depth volunteer services in local communities, we have strived to ensure that every step of our public welfare efforts is concrete and heart warming. We firmly believe that the value of a company is reflected not only in its commercial achievements, but also in its tangible contributions to community well-being.

Advancing Our New Strategy: Shaping a New Landscape of Sustainable Development

In line with the Company's 2026–2028 strategic plan,

we have significantly upgraded our WE CARE ESG sustainability strategy. The new WE CARE sustainable development framework focuses on "Making the health life within reach", commits to safeguarding the health and well-being of our employees and communities, promoting green innovation to protect the planet's ecosystems, and deepening responsible collaboration with global partners to build a more resilient business ecosystem. Together with our partners worldwide, we strive to co-create a resilient supply chain and deliver long-term value for all stakeholders.

Looking ahead, Zhende Medical will, as always, embed ESG principles deeply into our daily operations. We stand ready to work hand in hand with all stakeholders to tackle challenges, seize opportunities, and contribute more professional strength to human health and the sustainable development of society.

Lu Jianguo, Chairman of Zhende Medical

01

Sustainable Development

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ZHENDE

Sustainable Development Management Strategy - We Care

Zhende Medical firmly believes that sustainable development originates from the symbiotic relationship between business, society and the environment, and that this understanding is a key driver of long-term commercial success. Guided by our unwavering brand mission of "Making health life within reach", we extend our commitment beyond providing safe and reliable products to include caring for employee well-being, protecting the Earth's ecosystems, and empowering our value chain partners.

In line with the Company's 2026–2028 strategic plan, we have upgraded our WE CARE sustainable development framework. Building on the foundation of "establishing an ESG operating system that covers the entire value chain" and anchored in three core pillars – "Caring for Employee Growth, Promoting Green Development, and Being a Reliable Partner" – we are systematically fulfilling our commitment to "Making health life within reach".



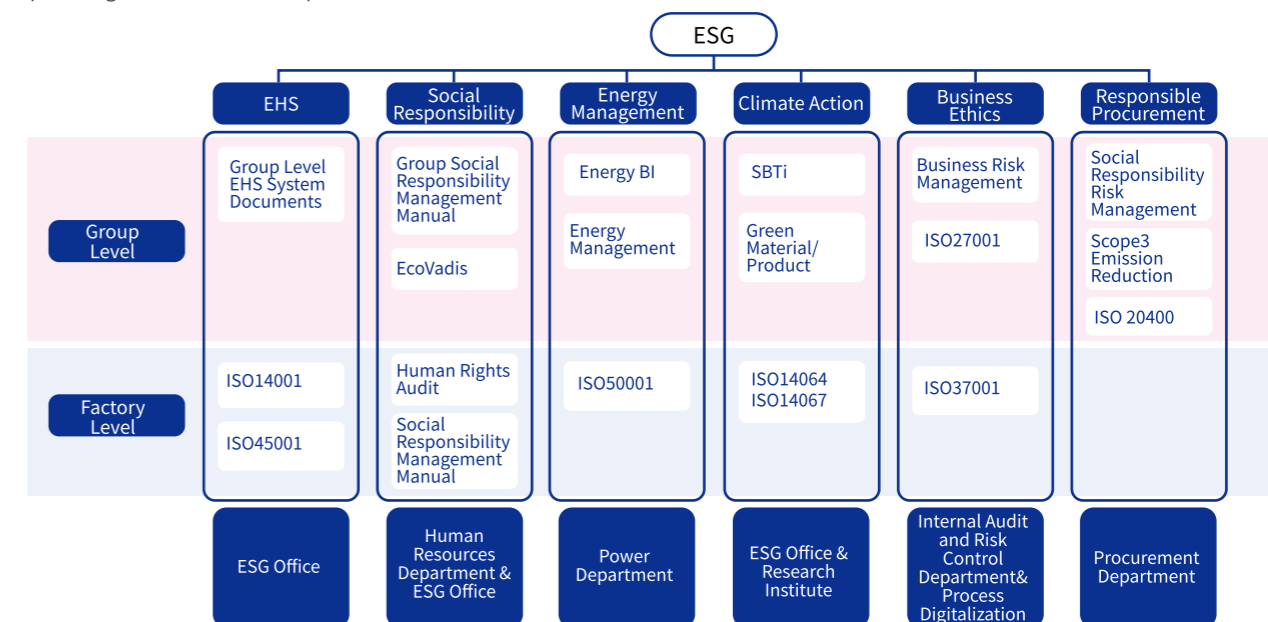
To this end, we have established detailed sustainability indicators and targets in areas such as environmental management, innovation and green product development, climate change mitigation and adaptation, customer and product responsibility, employee rights and benefits, etc. We continuously enhance our systems and standards to meet regulatory and customer requirements, build a collaborative supply chain ecosystem, and contribute to China's "dual carbon" goals as well as the United Nations Sustainable Development Goals (SDGs).

Sustainability Governance Structure

To further improve the Company's top-down ESG management structure, optimize related management processes, and systematically embed ESG principles into our corporate strategy, Zhende Medical has established a clear, four-tier ESG governance framework. This framework defines responsibilities from decision-making at the Board level through to execution at the operational front line, and is supported by institutionalized documentation to ensure standardized and long-term management. It provides a solid organizational foundation for the comprehensive fulfillment of our ESG commitments.

| | |
|---|--|
| The top governing body Board of Directors | As the top ESG governing body of the Company, the Board of Directors is supported by the Strategy Committee, which exercises specific ESG-related responsibilities on behalf of the Board. The Strategy Committee is responsible for ESG management resolutions, reviewing sustainable development strategic plans, making decisions on ESG risks, and reviewing ESG-related external disclosures. |
| Decision-Making Body ESG Management Committee | Chaired by the Executive President, the ESG Management Committee brings together Vice Presidents overseeing human resources, R&D and other functions, as well as Presidential Assistants, to participate in the deliberation and decision-making of major ESG matters and to provide decision support on ESG-related issues. |
| Executive Office ESG Office | The ESG Office is led by a Group Vice President as Executive Director and is composed of relevant functional heads across the Group. It is responsible for the planning, implementation and monitoring of ESG work. |
| Executing Agency Each department and production base | In accordance with the requirements of the ESG Office, each functional department and production base may implement ESG management measures related to every ESG priority. |

To institutionalize and standardize this governance structure, ESG has been defined as one of the Company's 14 primary business processes and embedded into daily operations. This primary process sets out the ESG management policies, principles, procedures and standards, and serves as a practical guideline for ESG operations worldwide. It reflects the Company's proactive approach to integrating ESG into day-to-day management, shifting from risk management to value creation, and its determination and foresight in pursuing sustainable development.



Progress in Sustainable Development Management

| ESG Strategy | Key Dimensions | 2030 Goals Committed | Key Actions in 2025 | Performance in 2023 | Performance in 2024 | Performance in 2025 | Trend |
|-----------------------------|--|---|--|---|---------------------|---------------------|-------|
| Caring for Employee Growth | Health and safety | 100% of the factories maintained ISO 45001 system certification. | 1. Recertification has been completed for 11 certified factories; 2. Two more factories have been certified. | Three new subsidiaries passed the ISO 45001 occupational health and safety certification. | 100.00% | 100.00% | - |
| | | The work-related injury rate per one thousand employees was less than 0.5. | 1. Persons-in-charge at all levels signed work safety accountability contracts; 2. Conducted weekly evening courses for EHS professional safety training; 3. Conducted quarterly EHS audits regularly; 4. Extensive KYT and SIT activities were carried out in workshops. | 0.45 | 0.38 | 0.37 | ↓ |
| | Employee rights and benefits | The proportion of female senior executives (above the level of director) reaches 20%. | 1. Continuously monitored and optimized the proportion of female employees in management. | 23.8% | 26.3% | 27.2% | ↑ |
| Promoting Green Development | Environmental responsibility management | All factories pass the ISO 14001 certification. | 1. Recertification completed for 11 certified factories; 2. Two new factories have obtained the certification (Kenya Base & Mexico Factory). | 66.67% | 100.00% | 100.00% | - |
| | Innovation and green product development | The proportion of environmentally friendly packaging materials used in finished products exceeds 85%. | 1. Established an EUDR working group to mitigate operational risks; 2. Renewed ISCC certification and developed ISCC-compliant products; 3. Continued procurement of sustainable packaging (FSC certified and others). | 65% | 68% | 69% | ↑ |
| | Growing together | The average training time of employees is greater than 60 hours. | 1. Formulated the annual training plan and arranged training curriculum; 2. Provided diversified training programs for employees. | 64.8 hours | 64.9 hours | 63.2 hours | ↓ |

| ESG Strategy | Key Dimensions | 2030 Goals Committed | Key Actions in 2025 | Performance in 2023 | Performance in 2024 | Performance in 2025 | Trend |
|-----------------------------|--|--|---|--|--|---|-------|
| Promoting Green Development | Climate change mitigation and adaptation | Commit to reducing absolute Scope 1 and Scope 2 GHG emissions (from direct fuel combustion and purchased electricity/heat) by 42%, and reducing absolute Scope 3 GHG emissions (from upstream procurement, logistics and other value chain activities) by 25% by 2030 from a 2023 base year. | 1. Set science-based carbon targets and implementation pathways, and submitted relevant commitments to SBTi; 2. Conducted corporate carbon inventory in accordance with ISO 14064. | Reduced absolute total GHG emissions (scope 1&scope 2) by 8.3% compared to last year | Committed to the Science Based Target Initiative | Obtained official validation, and became the first medical device manufacturer in China with validated science-based carbon targets (SBTi). | ↑ |
| | | Renewable electricity accounts for over 30% of total electricity consumption. | 1. Rooftop photovoltaic systems installed and put into operation at new plants (Jiangsu Embrace, Kenya Base); 2. Implemented energy-saving renovation based on third-party energy diagnosis of factories; 3. Obtained ISO 14067 carbon footprint certification. | 11.1% | 20% | 23.99% | ↑ |
| Being a Reliable Partner | Customer and product responsibility | 100% maintained ISO13485 system certification passed CE/FDA certification as required. | 1. 100% of existing certified factories maintained their qualifications; 2. New factories (e.g. Kenya Base) have obtained the certifications. | 100.00% | 100.00% | 100.00% | - |
| | | Customer net promoter score (international market>60, domestic market>80). | 1. Established diversified communication channels; 2. Optimized the feedback handling process to achieve rapid response and efficient resolution of customer demands; 3. Improved customer service satisfaction. | International market: 52.8 Domestic market: 83.9 | International market: 53 Domestic market: 84.27 | International market: 42 Domestic market: 80 | - |
| | Assisting Industry development | Environmental and social risk research covers all key suppliers. | 1. Dedicated procurement staff followed up with suppliers on signing the Code of Conduct; 2. The Procurement Department invited suppliers to participate in quarterly ESG communication and training sessions; 3. Collected suppliers' certifications and reports on social responsibility, environmental protection, corporate governance and other aspects. | 80% | 88% | 94.74% | ↑ |
| Social contribution | External donations are made annually. | Maintained annual external public welfare donations. | RMB 3.25 million | RMB 2.30 million | RMB 0.91 million | ↓ | |

Stakeholder Engagement

Stakeholder Communication

Understanding the expectations and needs of our stakeholders helps the Company identify potential risks and opportunities, provides direction for the sustainable development of our business, and supports our healthy growth. We therefore attach great importance to communication and dialogue with stakeholders. Through multiple channels, we listen to and respond to stakeholder feedback in a timely manner, address their expectations and requirements, and strive to achieve win-win development.

| Stakeholder | Significance to Zhende | Concerned Topics | Communication Channels | Performance in 2025 | Way to Respond | Referenced Section |
|--|--|--|--|---|---|---|
| Customers and Consumers | Customers and consumers are fundamental to our survival and growth. As our products and services are delivered directly to them, their needs and satisfaction ultimately shape our market position and competitiveness. | <ul style="list-style-type: none"> Product Quality and Safety Customer Service Data Security and Privacy Protection Anti-Unfair Competition Climate Change Mitigation and Adaptation Water Resources Utilization Energy Use Circular Economy | <ul style="list-style-type: none"> Customer satisfaction surveys Professional customer service teams Email and service hotlines Customer complaint channels Customer visits | <ul style="list-style-type: none"> Our products served across all provinces, municipalities and autonomous regions in China for nearly 10,000 hospitals, including more than 1,200 tertiary Grade A hospitals. We established stable partnerships with the Top 100 pharmacy chains in China. Our products were available in more than 210,000 retail pharmacy outlets nationwide, achieving a coverage rate of 99%. | <ul style="list-style-type: none"> We have built diversified global market network, deeply penetrated domestic medical and retail channels, and developed a vibrant online retail ecosystem, enabling users in different regions and with different needs to conveniently access high-quality medical and healthcare products. | <i>Being a Reliable Partner</i> |
| Government and Regulatory Authorities | Government and regulatory authorities supervise Zhende's compliance with medical testing, operations and applicable laws and regulations, and are key stakeholders in driving policy and influencing industry development. | <ul style="list-style-type: none"> Anti-Commercial Bribery and Anti-Corruption Emissions and Waste Environmental Compliance Management Water Resources Utilization Energy Use Circular Economy | <ul style="list-style-type: none"> Policy seminars Regular working meetings Regulatory inspections and assessments | <ul style="list-style-type: none"> Actively responded to newly issued government policies and ensured that business operations complied with the latest laws and regulations. | <ul style="list-style-type: none"> Strictly comply with laws and regulations, pay taxes in accordance with the law, and continuously monitor and support the implementation of relevant public policies. | <i>Improving Governance System</i> |
| Investors and Shareholders | Institutional investors and individual shareholders can provide important financial resources for Zhende as key stakeholders with a strong interest in the Company's operating performance and development. | <ul style="list-style-type: none"> Financial Performance Corporate Governance | <ul style="list-style-type: none"> Annual general meetings of shareholders Annual and interim reports Announcements and circulars Investor relations website | <ul style="list-style-type: none"> Held 2 general meetings of shareholders; Published 116 announcements and related disclosure documents. Regularly updated corporate governance information for shareholders and investors. | <ul style="list-style-type: none"> Continuously create solid business performance and deliver returns to shareholders and investors. | <i>Improving Governance System</i> For more detailed financial information, please refer to our <i>Annual Report</i> . |

| Stakeholder | Significance to Zhende | Concerned Topics | Communication Channels | Performance in 2025 | Way to Respond | Referenced Section |
|--------------------------------|--|--|--|--|--|-----------------------------------|
| Employees | As Zhende's key human capital, employees are critical stakeholders in the Company's ongoing growth and prosperity. | <ul style="list-style-type: none"> Employee training and development Employees' Rights and Interests Occupational Health and Safety | <ul style="list-style-type: none"> Democratic forums and dialogue sessions President's suggestion box Employee satisfaction surveys Employee training programs | <ul style="list-style-type: none"> Held 2 "New Talent" exchange sessions; Average training hours per employee reached 63.21 hours; Total training investment was RMB 3.09 million, including more than RMB 1 million for external training. | <ul style="list-style-type: none"> Independently develop an E-learning platform and formulate annual training plans; Create a favorable working environment, enhanced development opportunities for employees and built a sustainable workplace. | <i>Caring for Employee Growth</i> |
| Partners | Business partners and suppliers can provide Zhende with reliable medical equipment and services, ensuring that the Company can deliver high-quality products and services. | <ul style="list-style-type: none"> Anti-Commercial Bribery and Anti-Corruption Sustainable Supply Chain Industry Exchange and Cooperation | <ul style="list-style-type: none"> Industry events (exhibitions, seminars, etc.) Industry-academia-research cooperation Supplier conferences | <ul style="list-style-type: none"> Organized the "Symbiosis · Sharing · Co-progress" supplier empowerment workshop; Established a supplier ESG scorecard and issued an ESG questionnaire, receiving 71 completed responses. | <ul style="list-style-type: none"> Conduct regular reviews of supplier performance to ensure that products and services supplied meet the Company's requirements. | <i>Being a Reliable Partner</i> |
| Community and Publicity | Communities and disadvantaged groups affected by Zhende's operations or of high public concern are among the stakeholders that Zhende, as a company emphasizing corporate social responsibility, cares about most. | <ul style="list-style-type: none"> Community Communication and Development Medical Accessibility Emissions and waste Circular Economy Ecosystem and biodiversity conservation | <ul style="list-style-type: none"> Volunteer service activities Public welfare and charity programs Corporate website and social media Inclusive and affordable products | <ul style="list-style-type: none"> Social welfare and charity expenditure totaled RMB 912.5 thousand; Published the <i>AFYA KESHO Annual Report</i>. | <ul style="list-style-type: none"> Implement the "Afya Kesho" international youth health education program; Carry out the Butterfly Children Care Program for patients with rare diseases. | <i>Being a Reliable Partner</i> |

Materiality Assessment and Determination

In accordance with the *Self-Regulatory Guidelines for Listed Companies – Sustainability Reporting (Trial)*, and with reference to the *European Sustainability Reporting Standards (ESRS)*, the *European Financial Reporting Advisory Group (EFRAG) EFRAG IG 1: Guidance for Implementing Materiality Assessment*, and *IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information*, the Company conducted identification, screening and materiality assessment of ESG topics as follows:



During the reporting period, we identified 25 material topics, of which 7 exhibit double materiality, 15 exhibit impact materiality only, and 1 exhibits financial materiality only.



Material Topics, Impact Analysis and Financial Analysis

| Material Topics | Impact Materiality Analysis | | | Financial Materiality Analysis | | |
|--|-----------------------------|-----------------------------------|--|---------------------------------------|---|--|
| | Impact Attribute | Impact Scope | Impact Materiality Description | Risk / Opportunity Type | Time Horizon | Financial Materiality Description |
| Climate Change Mitigation and Adaptation | Potential Positive Impact | Downstream Value Chain | Customers' demand for eco-friendly products can be satisfied by developing low-carbon products and adopting green production models. | Market Opportunity | Long-term (over 7 years ahead) | Operating costs can be reduced while reducing carbon emissions and energy consumption; Green product development might help increase market share and revenue. |
| Product Quality and Safety | Potential Negative Impact | Upstream & Downstream Value Chain | Quality management may affect supply chain cooperation; quality issues may trigger customer complaints, product recalls or legal proceedings. | Litigation Risk, Reputational Risk | Short-term (1-3 years) / Long-term (over 7 years) | Product recalls and legal disputes may cause direct economic losses, damage corporate reputation and customer trust, and erode market share. |
| Sustainable Supply Chain | Potential Negative Impact | Upstream value chain | Supply chain disruption may cause production delays and affect customer order delivery. | Supply Disruption Risk, Market Risk | Short-term (1-3 years) / Medium-term (3-7 years) | Supply chain disruption may lead to additional procurement costs and revenue loss, affecting market share. |
| R&D and Innovation | Potential Positive Impact | Own operations | The Company can enhance corporate competitiveness, explore new markets and drive long-term growth through innovative R&D of new products and technologies. | Product, Service & Market Opportunity | Long-term (over 7 years) | Innovative products and technologies can generate additional revenue and market share; R&D spending may increase short-term costs but delivers considerable long-term returns. |
| Customer Service | Potential Positive Impact | Downstream value chain | High-quality customer service improves customer satisfaction and loyalty, boosting customer retention and repeat purchases. | Market Opportunity | Long-term (over 7 years) | Improved customer service might raise retention and repurchase rates to drive revenue growth; Reducing the customer churn rate can lower customer acquisition costs. |

| Material Topics | Impact Materiality Analysis | | | Financial Materiality Analysis | | |
|-------------------------------------|-----------------------------|-------------------------|---|----------------------------------|---|--|
| | Impact Attribute | Impact Scope | Impact Materiality Description | Risk / Opportunity Type | Time Horizon | Financial Materiality Description |
| Occupational Health and Safety | Potential Positive Impact | Company's own operation | Optimized OHS management can reduce work injuries and occupational disease risks, and improve employee satisfaction and productivity. | Resource Efficiency Opportunity | Long-term (over 7 years) | Sound OHS management reduces work injury compensation and production downtime losses, improves productivity and indirectly enhances profitability. |
| Employee Training and Development | Actual Positive Impact | Company's own operation | Systematic employee training and development programs enhance professional skills and efficiency, attracting and retaining high-caliber talent. | Resource Efficiency Opportunity | Short-term (1-3 years) / Long-term (over 7 years) | Staff training improves productivity and innovation, reduces recruitment and onboarding costs, and enhances long-term profitability. |
| Environmental Compliance Management | Actual Negative Impact | Downstream value chain | Inadequate environmental compliance may result in excessive pollutant discharge, improper hazardous waste disposal, leakage pollution and noise nuisance, causing environmental damage. | Litigation Risk, Reputation Risk | Short-term (1-3 years) | The absence of an environmental management system may lead to administrative penalties, production suspension for rectification and reputational damage. |

Actions to Remedy, Prevent and Mitigate Adverse Impacts

Based on the results of the risk analysis, Zhende prevents, mitigates and corrects adverse impacts by establishing policies and mechanisms, defining clear responsibilities, conducting risk identification and monitoring, implementing corrective and remedial measures, strengthening process controls and training, improving grievance and communication channels, and carrying out audits and continuous improvement.

02

[Topic 1]

Zhende Intelligence: Reshaping Green Operations through Digitalization

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“ Digital transformation is a strategic lever for enhancing our operational efficiency and strengthening our core competitiveness. We will continue to deepen the application of digital technologies, enabling a more agile organizational response to market dynamics and creating long-term value. ”

— Dasen Xu, CEO

Digital Office

Zhende Medical is committed to reshaping its operating model, empowering employees and driving operational excellence through advanced information technologies and intelligent tools. During the reporting period, driven by cutting-edge technologies and with a strong focus on employee experience and operational efficiency, the Company carried out systematic and in-depth initiatives in intelligent services, process automation, data-driven decision-making and digital capability building. These efforts have enabled a comprehensive transformation from traditional office models to a modern way of working characterized by human-machine collaboration and data intelligence.

During the reporting period,



AI Assistant Deep Empowerment: Redefining Internal Services and Collaboration

"Dege Intelligent Assistant" is an enterprise-level AI service system based on large language models (LLMs) and an industry-specific healthcare knowledge base, which is developed by Zhende Medical. It is designed to optimize our operational efficiency and employee service experience. Through natural language interaction, it provides one-stop support for employees worldwide across key business modules such as logistics inquiries, procurement processes, sales policies and expense reimbursement, offering intelligent Q&A and knowledge retrieval, significantly reducing internal communication costs and improving work efficiency.

Since its launch, "Dege" has maintained an average of more than 2,000 service interactions per month, with a problem resolution rate consistently above 80%. It has freed employees from time-consuming cross-department inquiries and manual document searches, significantly lowering internal collaboration costs.

This outstanding practice was recognized as the "Best Practice Case of 2025 iResearch AI Agent", reflecting the recognition of the Company's use of AI technology to enhance knowledge management and collaboration efficiency.

Looking ahead, Zhende will continue to optimize the functions and the user experience of "Dege Intelligent Assistant", refine application scenarios, and drive the digital upgrading of work efficiency and quality across the enterprise.



Deep Penetration of Process Digitalization and Automation

The Company is committed to fostering a management culture of "letting data speak and thinking with the use of technology". By deploying a range of Business Intelligence (BI) tools, we transform fragmented operational data from different systems into intuitive visual dashboards, providing strong support for real-time decision-making by management.

ERP System Upgrade

During the reporting period, the Company completed a comprehensive upgrade of its ERP system, further optimizing core business processes, enhancing operational efficiency and supporting the implementation of its internationalization strategy.

| Finance module | Manufacturing module | HR module | Internationalization support |
|---|--|--|--|
| <p>Developed tax control reporting functions in line with local tax regulations to ensure the compliance and accuracy of tax filings; optimized pricing logic to address the specific operational needs of overseas plants, unified pricing rules, and enhanced the transparency and consistency of financial data.</p> | <p>The management of subsidiary canteens has been included in the ERP system, enabling systematic management of canteen material procurement, inventory control and cost accounting.</p> | <p>Added time-based wage management functions, enabling accurate recording of working hours and automated payroll calculation, thereby improving the efficiency and accuracy of payroll management; supported multi-dimensional organizational management models, enhancing the flexibility of human resources management.</p> | <p>To support the Company's globalization strategy, the SAP system added Japanese, Spanish, Indonesian and Arabic on top of the existing Chinese and English language options, and optimized localization features. This has improved the work efficiency of overseas employees, enhanced collaboration in cross-border teams, and provided digital support for the Company's global business expansion.</p> |

To address repetitive, rule-based and time-consuming "digital labor" tasks in daily office work, the Company has introduced automated workflows to reduce errors caused by manual operations and to alleviate the burden of repetitive tasks on employees.

Automated Printing of Workshop Documents

Previously, clerks spent around two hours per day manually printing, sorting and distributing large volumes of production instruction documents, with risks of missing or mismatched prints. After the introduction of RPA robots, the system now supports fully unattended automatic triggering, printing and sorting, achieving 100% accuracy and freeing up approximately 2,500 working hours per year, allowing staff to focus on higher-value analytical and managerial work.



unattended automatic triggering, printing and sorting, achieving **100%**



freeing up approximately **2,500** working hours per year

Integrated Shipping Planning and Freight Rates

On the supply chain management side, the project for intelligent integration of shipping plans and freight rates is complex.

By developing new transaction codes, the system automatically retrieves unshipped orders from SAP, intelligently consolidates logistics batches, and calls external data interfaces in real time to compare freight rates and automatically recommend the most cost-effective shipping solution. This has transformed shipping decisions from experience-based "manual craft" into the real-time data-driven "precise science", improving efficiency while delivering considerable savings in logistics costs.

Building Digital Capabilities

In 2025, the Company launched AI-focused training programs, inviting "practice pioneers" who had successfully applied AI tools to improve work efficiency to serve as internal trainers. They shared practical cases such as using AI to support market analysis, generate code snippets and automate report processing. These initiatives helped employees to move from "passive learning" to "active application" and "cross-functional co-creation" of digital tools, fostering an innovation culture across the Company that embraces technology and proactively seeks digital solutions.

Automated Production

Zhende Medical regards intelligent manufacturing as the core engine of its industrial upgrading and is committed to systematically reshaping traditional production models through the deep integration of automation equipment, the industrial Internet and next-generation information technologies.

With the vision of "building factories of the future" and treating data as the key factor of production, we are driving production operations towards higher levels of automation, digitalization, connectivity and intelligence. Our goal is to achieve operational excellence, enhance the core competitiveness of the value chain, and provide customers with more efficient, flexible and higher-quality product supply assurance.

Upgrading Automated Production Lines

Starting from specific production scenarios, the Company continues to advance "machine substitution" and process reengineering, achieving significant economic benefits and quality improvements.

Automated Glove Folding at Henan Base

In traditional glove production and packaging processes, the inner packaging forming step typically relies on manual operations, which are not only inefficient but also prone to inconsistent packaging and certain hygiene risks due to human contact.

To address these issues, Henan base launched an automated glove folding project in 2025. By introducing specialized automated equipment and optimizing production processes, the project realized fully automated folding in the inner packaging forming step, reducing repetitive strain on workers' hands and improving production efficiency. At the same time, automated operations avoid direct contact between gloves and workers during packaging, further enhancing hygiene standards and meeting higher market and industry requirements.

Smart Operations at Xuchang Zhende

In traditional dressing production, steps such as laying, slitting and cutting usually rely on manual operations. This not only leads to low efficiency but also exposes workers to repetitive strain, which can result in unstable product quality.

To tackle these challenges, Xuchang Zhende launched the D-034 project, introducing integrated automated equipment for laying, slitting and cutting and building an intelligent production line to drive "lean staffing" and high efficiency in dressing manufacturing.

We have established an intelligent workflow from roll feeding to automated material collection. This transformation has reduced manual intervention and delivered the goal of lean staffing. Stable, high-speed, high-capacity output has significantly improved production efficiency and greatly reduced labor intensity. The high-precision operations of automated equipment ensure consistent size and quality of dressing products, meeting customers' demand for high-quality products and further enhancing product competitiveness.

Smart Factory Development

Building on stand-alone automation, the Company is committed to developing a unified and interconnected digital foundation for intelligent manufacturing. During the reporting period, Shaoxing plant of the Company successfully built a provincial-level industrial Internet platform and was selected for the national "5G Factory" list.

The platform deeply integrates advanced technologies such as 5G, artificial intelligence, big data and digital twin, and fully connects core business systems including Enterprise Resource Planning (ERP), Manufacturing Execution System (MES), Product Data/Lifecycle Management (PDM/PLM), Customer Relationship Management (CRM), Supplier Relationship Management (SRM) and Warehouse Management System (WMS).

Through this platform, we have realized data-driven and reengineered end-to-end processes from customer orders, product design, raw material procurement and production scheduling to quality inspection and warehousing and logistics. In warehousing, the integration of WMS with ERP and MES enables real-time synchronization and precise control of inventory data. Digital equipment and the electronic display boards deployed throughout the workshops provide transparent and visualized monitoring of product distribution, production status and workforce dynamics.

This recognition follows Xuchang Zhende award as a "Henan Provincial Smart Factory 2024", marking another provincial-level smart factory honor within Zhende Medical. Going forward, Zhende Medical will continue to advance intelligent construction, accelerate industrial transformation and upgrading at other plants, and empower high-quality development through digitalization and informatization.

Smart Supply Chain

Zhende Medical is committed to going beyond traditional transaction- and control-oriented models. Using data as the key driver and technology as the engine, we systematically reshape every link from supplier collaboration to internal processes, with the aim of building a modern supply chain that is efficient, transparent, agile and resilient.

Deep Process Automation: From "Digital Labor" to Value Creation

Focusing on high-frequency, repetitive and rule-based supply chain operations, we apply Robotic Process Automation (RPA), Optical Character Recognition (OCR) and system integration technologies to achieve paperless, automated process redesign, freeing employees from cumbersome "digital labor".

To address the low efficiency and high error rate in traditional supplier payment processes that rely on printing, attaching and circulating paper invoices, we developed an automated workflow based on a fully electronic invoicing system. After suppliers submit invoices online, the system automatically recognizes key information via OCR, cross-checks it with ERP data to generate reimbursement documents, and triggers the payment process directly once employees complete online approval.

Data Intelligence and Risk Management: Building Forward-Looking Decision Support

We actively use artificial intelligence and big data analytics to upgrade supply chain management from "experience-driven" to "data- and model-driven", enabling more accurate risk identification and performance evaluation.

Supplier ESG AI Scoring Mechanism



To manage environmental, social and governance risks in the supply chain in a more scientific and efficient manner, we have developed and implemented an AI-based ESG scoring model for suppliers. The model integrates multi-dimensional data and can automatically produce quantitative ESG assessments for key suppliers, significantly enhancing the objectivity and efficiency of evaluations and providing essential data support for sustainable procurement decisions.

Dynamic Risk Alerts and Intelligent Decision-Making



By integrating SRM, SAP and BI systems, we have built a digital procurement analytics platform that monitors price fluctuations of key materials in real time and automatically alerts procurement teams to the potential impact on material costs, enabling them to formulate response strategies in advance. At the same time, we have digitalized the supplier onboarding review process via the CRM system, ensuring full-process data traceability and effectively strengthening the "firewall" against integrity risks in the supply chain.

Zhende Medical's procurement innovation has already delivered notable results. By streamlining end-to-end procurement processes, the Company achieved a 46% increase in annual procurement volume while reducing headcount by 39.5%, leading to a 93% improvement in per capita efficiency. During the reporting period, the Company was honored as "2025 China Procurement Innovation Practice Pioneer".

Honored as "2025 China Procurement Innovation Practice Pioneer"

In April 2025, at the ACE 2025 15th Supply Chain Innovation Summit and the 10th Anniversary Innovation Week of ACE Supply Chain Innovation, themed "A Decade of Chain Integration: Igniting a New Digital Chapter, Intelligently Connecting the Globe", Zhende Medical was selected from more than 200 participating companies. Leveraging its robust procurement system and digital layout, the Company was honored as "2025 China Procurement Innovation Practice Pioneer" by ACE Supply Chain Innovation, a leading supply chain think tank platform in China.



03

[Topic 2]

Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction

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| Supply Chain Decarbonization | 39 |





“Achieving carbon neutrality requires systemic transformation. We are comprehensively advancing energy efficiency improvements and the transition to clean energy, accelerating the transformation of our energy mix and effectively reducing the carbon intensity of our operations.”

— Bric Long, Vice President

Science Based Target Commitment

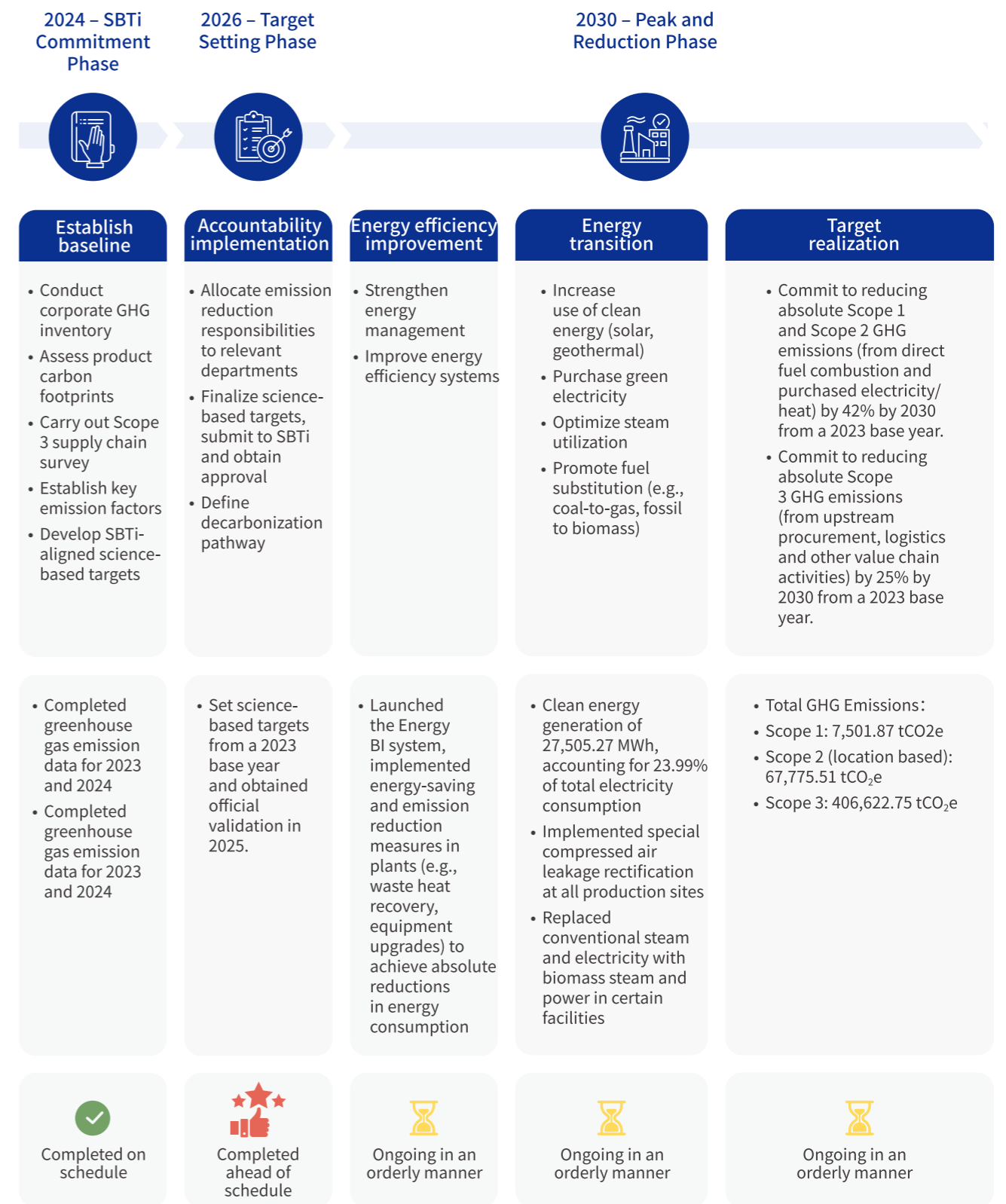
Zhende Medical recognizes that climate change is one of the most significant global challenges of our time. Actively addressing climate change and advancing low-carbon transition is not only an inescapable environmental responsibility for enterprises, but also a key driver of long-term competitive advantage in sustainable development. We are committed to integrating climate action into the core of our corporate strategy, planning and implementing our decarbonization pathway in a scientific and rigorous manner, and striving to lead the medical device industry towards a green and low-carbon future.

To demonstrate the Company's ambition and leadership in addressing climate change, Zhende Medical's emission reduction targets were validated by the Science Based Targets initiative (SBTi) in 2025, making us the first manufacturing enterprise in China's medical device industry to have its targets validated by this authoritative international initiative. This also signifies that our decarbonization targets are aligned with the scientific reduction pathways under the Paris Agreement to limit global warming to within 1.5°C–2°C.

Our commitment, which fully meets the requirements of the Paris Agreement, marks the alignment of Zhende Medical's low-carbon transition strategy with cutting-edge international scientific standards, providing a clear and credible roadmap for the Company's long-term carbon management. The Company will establish a transparent carbon information disclosure mechanism and regularly report progress on emissions reduction, demonstrating our climate leadership as a healthcare company through concrete actions.



Greenhouse Gas Emission Reduction Targets



Energy Transition

To achieve the SBTi target of a 42% reduction in Scope 1 and Scope 2 GHG emissions by 2030, Zhende Medical has translated its strategic commitment into concrete, quantifiable annual action plans. In addition, the Company plans to increase the proportion of green electricity to 30% by 2028 and to reduce energy consumption of production lines by more than 15% through intelligent technologies and process upgrades. In 2025, we further explored energy-saving potential across production processes and actively promoted the green transition of our energy structure, laying a solid practical foundation for achieving our decarbonization targets.

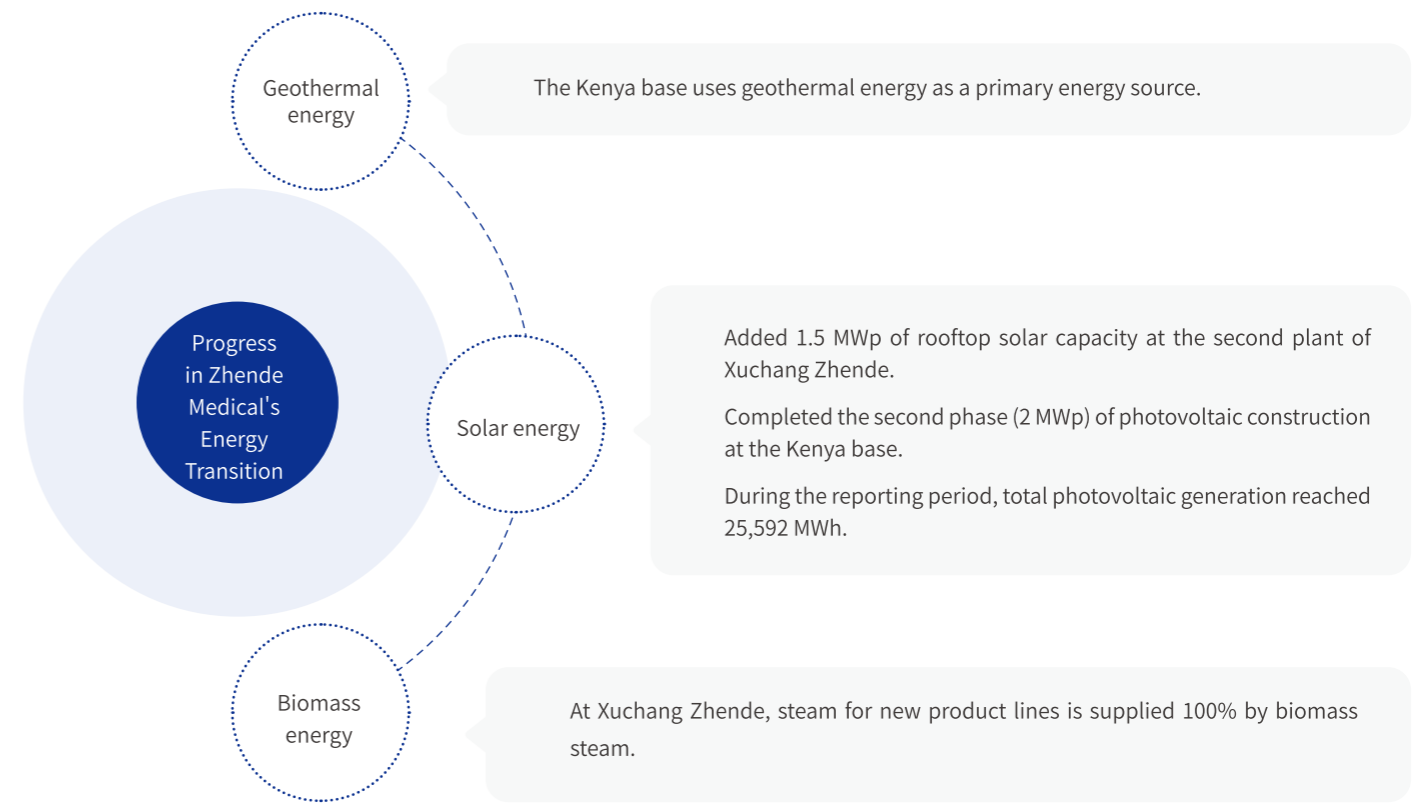
Energy-Saving Retrofits and Upgrades

We are committed to fundamental retrofits and upgrades of high energy-consuming systems. The Company systematically planned and launched 17 energy-saving and emission reduction projects covering key areas such as waste heat recovery, power system optimization, intelligent control, lighting upgrades and photovoltaic power generation.

| | |
|--|--|
|  <p>Comprehensive Optimization of Compressed Air Systems</p> | <p>We carried out special compressed air leakage rectification at all production sites, significantly reducing the overall load and power consumption of air compressors:</p> <ul style="list-style-type: none"> Used ultrasonic detection and other technologies to locate and repair leakage points, addressing waste at source. Replaced conventional air guns with energy-saving ones, reducing air consumption through optimized nozzle design while meeting process requirements. Implemented pipeline pressure drop management and intelligent centralized control for air compressors, optimized loading/unloading logic, and installed intelligent drain systems in downstream treatment to prevent compressed air loss with condensate. |
|  <p>Intelligent Temperature Control for Central Air-Conditioning Systems</p> | <p>We introduced a centralized control system for central air conditioning based on predictive algorithms:</p> <ul style="list-style-type: none"> The system can dynamically optimize operating frequencies and start/stop status of chillers, cooling tower fans and chilled water pumps by using weather forecasts, production schedules and real-time workshop temperatures to ensure operation in the highest energy-efficiency range, avoiding overcooling and idle energy consumption. This intelligent control has been extended to office scenarios, with unified, seasonal control of central air conditioning in office areas. Through centralized intelligent control, algorithms optimize the operation of main and auxiliary units, improving overall system efficiency. |
|  <p>Waste Heat Recovery</p> | <ul style="list-style-type: none"> Implemented steam condensate recovery projects at multiple production sites, returning high-temperature condensate to raw water tanks for boiler feedwater, significantly reducing the energy required to heat fresh water. At the Shaoxing site, we transformed air handling units to adopt a heat pipe energy-saving mode, using the thermal energy of outdoor air in summer to preheat fresh air and reduce subsequent cooling energy consumption. |
|  <p>Comprehensive Lighting Energy-Saving Upgrades</p> | <ul style="list-style-type: none"> Replaced traditional lighting fixtures in workshops, warehouses and office areas across plants with more energy-efficient alternatives. Implemented time- and zone-based control for lighting and streetlights to directly reduce base load electricity consumption. |
|  <p>Refrigeration System Retrofit at Xuchang Zhende</p> | <ul style="list-style-type: none"> We have introduced a cooling tower plate heat exchanger system connected in series with the existing screw chiller. During shoulder seasons and winter, priority is given to natural cooling from the cooling tower, with the screw chiller only used during the hottest summer periods, significantly lowering power consumption for refrigeration. |

Energy Transition

The Company recognizes that the transition of the energy mix is fundamental to reducing indirect greenhouse gas emissions. In 2025, we accelerated photovoltaic installation at multiple production sites worldwide and adopted geothermal energy at our Kenya base.



Company-Wide Energy Conservation Awareness

The Company has creatively integrated low-carbon office requirements into routine management inspections and piloted an internal carbon points system to record and incentivize employees' energy-saving and green behaviors. Through activities such as "Earth Hour", we continuously improve employees' awareness of energy conservation and carbon reduction, helping embed sustainability into everyday habits.

Our energy-saving and emission reduction projects have delivered immediate results. During the reporting period,

the Company's total energy consumption was **4,533.49 tce** and Renewable electricity percentage is **23.99%**.



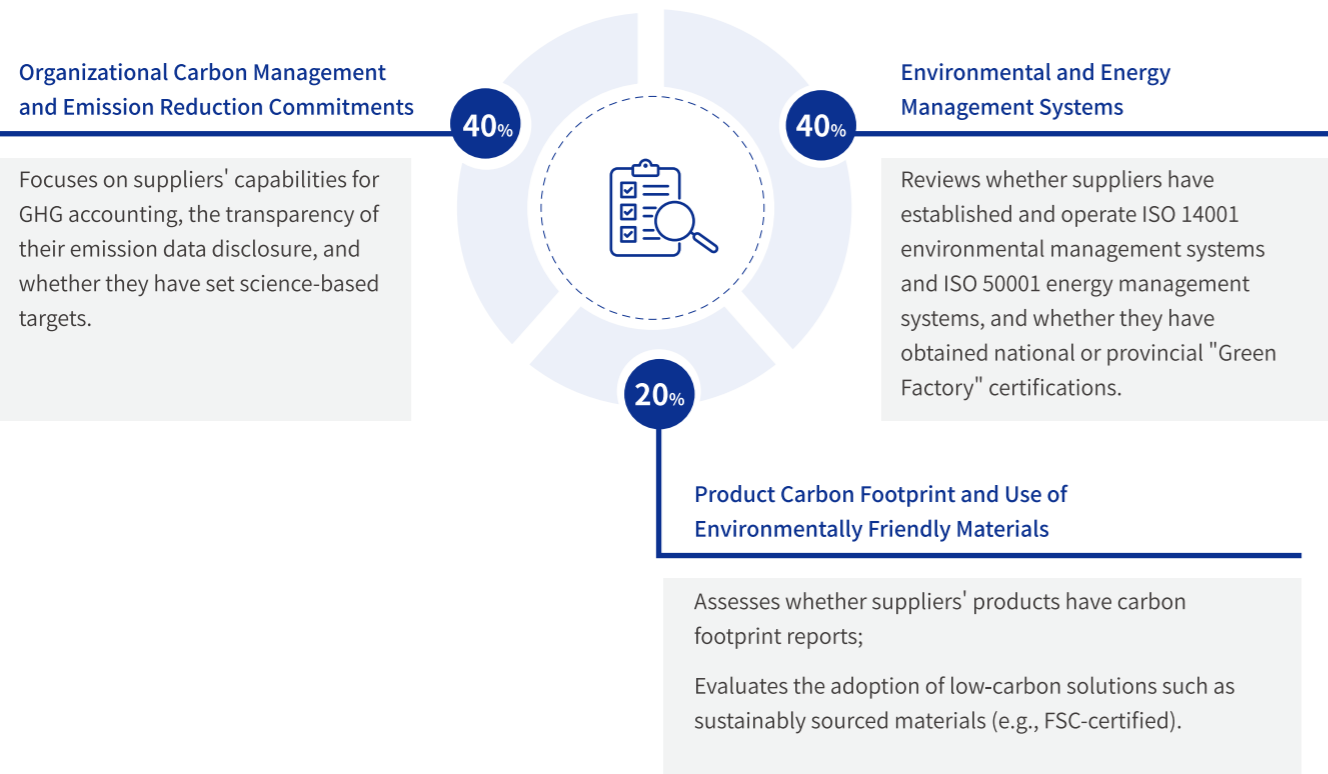
Supply Chain Decarbonization

Indirect emissions generated upstream and downstream in the value chain (Scope 3) constitute the largest share of the Company's overall carbon footprint. We therefore extend our emission reduction efforts to supplier collaboration and employee behavior, striving to drive sustainable transformation across the entire value chain.

Externally, we have established assessment systems and capacity-building partnerships to closely engage suppliers and build a green supply chain with shared responsibilities. Internally, we have innovated activity formats and fostered a strong low-carbon culture. Through the dual drivers of supply chain collaboration and broad employee participation, we are systematically reducing greenhouse gas emissions across the value chain.

Supply Chain Collaboration: Driving Green Transformation

To achieve supply chain emission reduction targets, we have established a structured ESG assessment and collaborative management mechanism for suppliers and developed a proprietary ESG evaluation model. This model quantitatively evaluates key suppliers across three core dimensions:



Based on the evaluation results, we assess suppliers' potential, categorize them and implement differentiated management and targeted capacity-building. We communicate low-carbon development expectations to core suppliers and share best practices. At the same time, we incorporate environmental clauses into procurement contracts, jointly building a green procurement system and promoting low-carbon raw materials and services from the source.

Employee Engagement: Promoting Low-Carbon Lifestyles

We believe that broad employee participation is critical for embedding a sustainable culture. The Company uses innovative activities to integrate low-carbon concepts into corporate culture and employees' daily lives.

"Low-Carbon Online Run" Initiative

In 2025, we launched the "ZD Low-Carbon Online Run" campaign, encouraging employees to participate in low-carbon activities such as running and cycling in their spare time, at any location. Using professional apps, employees recorded routes and distances, which were converted into redeemable carbon points for rewards.

The initiative significantly boosted employee engagement. By promoting vivid examples of low-carbon living, it helped reduce greenhouse gas emissions from commuting and business travel and extended the concept of sustainability from the workplace to everyday lifestyles.

Ongoing Low-Carbon Office Practices

In daily operations, we continue to promote the use of video conferencing as a substitute for business travel and encourage employees through internal communications to adopt green office habits, jointly reducing indirect emissions from business activities.

In addition, the Company has deployed an Energy BI system to reduce energy consumption through refined management. The system enables real-time monitoring, statistics and in-depth analysis of energy consumption data across plants, providing a "data cockpit" to pinpoint efficiency gaps and support management-led energy savings.





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04

Improving Governance System

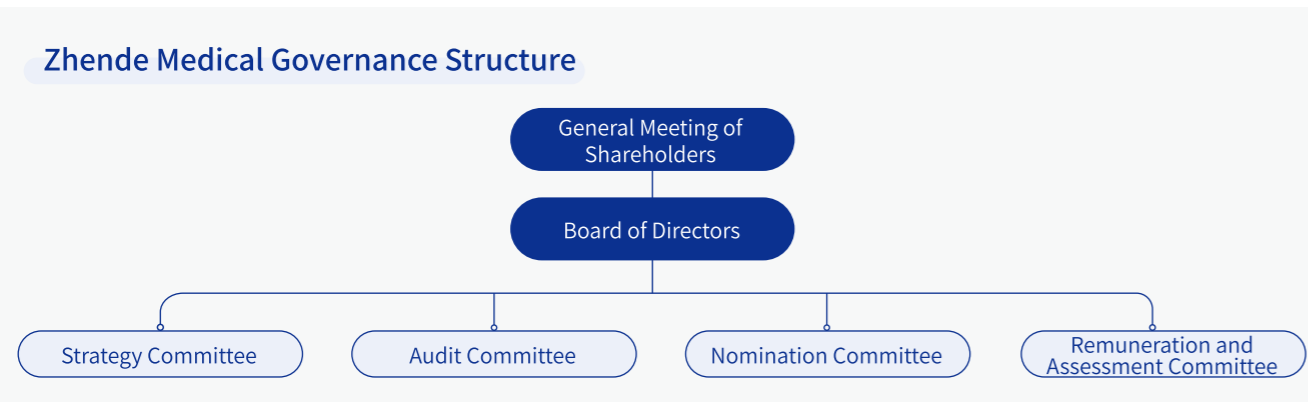
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Corporate Governance System

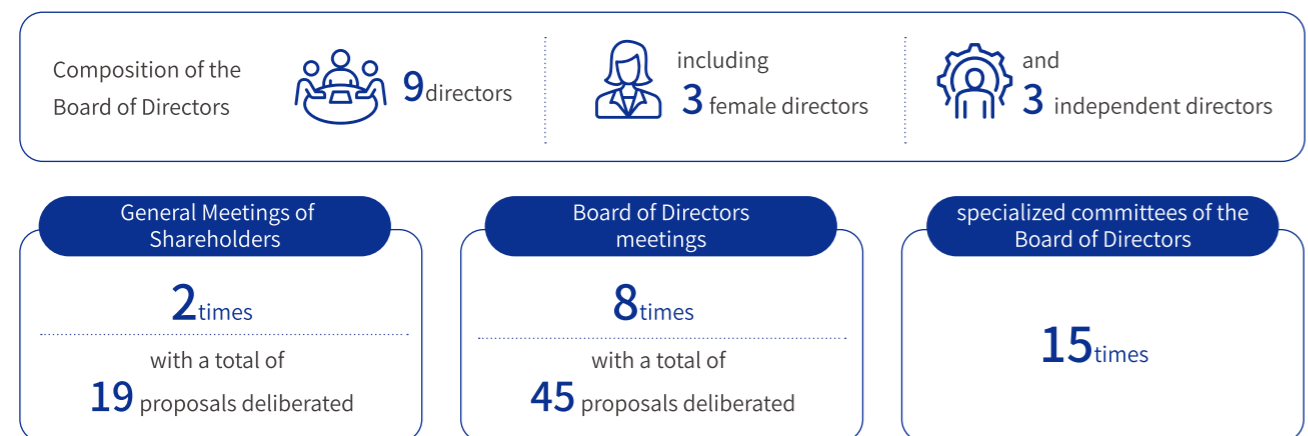
Zhende Medical has established a governance system with the Board of Directors at its core and continuously optimizes the corporate governance framework to ensure standardized operations. The Company has formulated its *Articles of Association* and implemented supporting normative documents such as the *Rules of Procedure for Shareholders' General Meetings* and *the Rules of Procedure for the Board of Directors*. These documents clearly define the effective exercise of decision-making, executing and supervisory functions, and strengthen the Board's independent operation capabilities.

The Board of Directors consists of four specialized committees: Strategy Committee, Audit Committee, Nomination Committee, and Compensation and Assessment Committee. All members of the specialized committees are directors. Independent directors hold the majority and serve as the chairman of the Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. Each committee performs its duties in strict compliance with applicable laws and regulations, fully leveraging its professional expertise to enhance the quality and rigor of the Board's decision-making.



During the reporting period, Zhende convened general meetings of shareholders and meetings of the Board of Directors in accordance with statutory procedures. Each specialized committee of the Board faithfully fulfilled its functions, enhanced the Company's management capabilities and risk prevention, and safeguarded the interests of the Company and all its shareholders. During the reporting period, the Company held on-site shareholders' meetings and board meetings, and completed the re-election of the Board of Directors.

Board Composition and Operation of Shareholders' General Meeting and Meetings of the Board of Directors in 2025



The Company strictly complies with the Company Law of the People's Republic of China, which stipulates that directors, supervisors and senior management personnel shall not use their powers to seek improper benefits for themselves or others; otherwise, they must bear liability for damages. Information on directors' appointments is disclosed in the annual report to facilitate supervision by shareholders, regulators and other stakeholders, and to prevent cross-appointments that may give rise to conflicts of interest.

ESG Awareness Training

To enhance the Board's knowledge of ESG, the Board members are trained for ESG-related issues each year to understand relevant policies, regulations and market trends for better balancing the Company's economic performance with social responsibility in decision-making. On this basis, we also offer general ESG training for all employees, covering topics such as our ESG strategies, targets and working mechanisms. In addition, we provide more in-depth, role-specific ESG training with a combination of online and offline formats for employees in particular departments, such as the international sales function.

Protection of Investors' Rights and Interests

The Company strictly complies with relevant laws, regulations and its internal policies, including the *Articles of Association*, the *Information Disclosure Management System*, the *Internal Reporting System for Material Information* and the *Information Disclosure Deferral and Exemption Business Management System*, etc., to ensure that our information disclosure is truthful, accurate and complete in a timely manner, as well as the confidentiality before disclosure. We are committed to openness, impartiality and fairness in information disclosure to effectively safeguard investors' interests.

With respect to connected transactions, the Company has established an effective operating and supervisory mechanism. Estimated annual connected transactions are confirmed through deliberation and approval by the Board, review by independent directors and approval by the general meeting of shareholders, which ensures that all routine connected transactions are necessary for the

Company's ordinary course of business, that transaction pricing is fair and reasonable, and that such transactions do not adversely affect the Company's financial position or operating results, do not impair the Company's independence and do not harm the interests of the Company and its other shareholders.

The Company has formulated the *Investor Relations Management Policy* and established diversified channels for communication with investors. When conducting investor relations activities, we follow the principle of equal treatment of all investors. We communicate with investors through general meetings of shareholders, results briefings, investor hotlines, email, and investor research visits, thereby safeguarding investors' legitimate rights and interests, enhancing their understanding and recognition of the Company, and listening to their views and suggestions to improve corporate governance.



During the reporting period, the Company held **3** investor communication sessions.

Investor Communication Channels

| | | | |
|--|---------------------------------|--|---|
| | Hotline 0575-88751963 | | Online communication Official website of the Company, website of Shanghai Stock Exchange, e-interaction platform of the Shanghai Stock Exchange, etc. |
| | E-mail dsh@zhende.com | | Offline communication General Meeting of Shareholders, investor exchange conferences, roadshows, etc. |

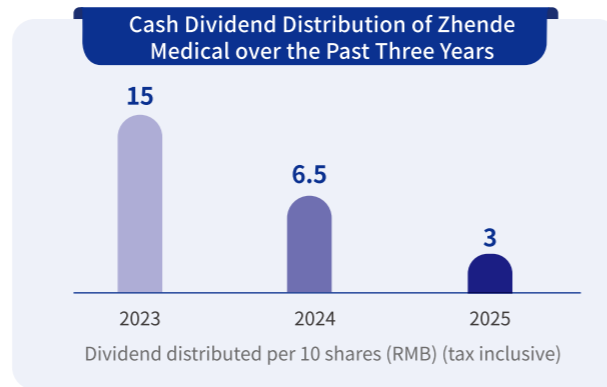
To ensure equal treatment of minority shareholders, the Company facilitates and encourages the participation of small and medium investors, including arranging on-site visits and communication sessions. General meetings of shareholders adopt a combination of on-site voting and online voting. For certain specific resolutions, separate counting of votes cast by small and medium shareholders is conducted to prevent controlling shareholders from using their shareholding advantage to unilaterally pass resolutions that are detrimental to minority shareholders. This approach better protects the legitimate rights and interests of small and medium shareholders.

The Company has designated *Shanghai Securities News*, *Securities Times*, *Securities Daily*, *China Securities Journal* and the website of the Shanghai Stock Exchange as its official media for information disclosure. During the reporting period, there were no incidents of required disclosure that were not made, and no selective disclosure. The Company has fully fulfilled its information disclosure obligations as a listed company and effectively safeguarded investors' legal rights and interests.



During the reporting period, the Company published **116** announcements and related disclosure documents.

Upon approval by the general meeting of shareholders, Zhende Medical has established and continues to refine a stable dividend policy and supervisory mechanism. Through a scientific and reasonable dividend distribution mechanism, the Company effectively protects investors' legitimate interests and distributes dividends to all shareholders in line with its dividend return plan, ensuring shareholders' rights to be informed and to participate.



Compliance Operation Management

Anti-corruption

Zhende Medical has established a comprehensive anti-corruption management system and shaped a clean and honest corporate culture. The Board of Directors of the Company has an Audit Committee responsible for managing and making decisions on anti-corruption and business ethics. The Company's Internal Audit and Risk Control Department is designated as a permanent body for audit and supervision, and responsible for organizing and implementing daily antifraud work throughout the Company.

The Company has built a systematic marketing compliance governance framework. At the policy level, we have updated the Anti-Commercial Bribery and Whistleblowing Management Measures in a timely manner. In addition, the Commitment Letter for Professional Ethics and the Code of Business Conduct have been signed by 100% of employees at the listed company and all subsidiaries, ensuring that compliance commitments extend to every employee.

The Company continues to improve its anti-corruption and business ethics management system through institutional development, audit supervision, due diligence and training, consolidating the effectiveness of anti-corruption management.

| | |
|---|---|
| <p>Institutional development</p> | <p>All employees of the Company and its subsidiaries sign the Commitment Letter for Professional Ethics and the Code of Business Conduct.</p> <p>For external stakeholders, the Company has formulated policies such as the Management System for Bidding, and issued the proposal of "Anti-Commercial Bribery, Adherence to Integrity" for suppliers and distributors, while signing Integrity Agreement with them.</p> <p>During the reporting period, the Company revised the Anti-Commercial Bribery and Whistleblowing Management Measures, establishing clear behavioral red lines and supervision channels for employees and partners.</p> |
| <p>Audit and supervision</p> | <p>Internal audit: Each plant and marketing center carries out internal supervision and audits in line with the Company's arrangements.</p> <p>External audit: Each year, the Company participates in independent third-party audits at the invitation of customers to demonstrate its transparency and compliance. The Company also undergoes third-party ethical audits annually, in which business ethics is a key topic.</p> |
| <p>Due diligence</p> | <p>Conducts supplier social responsibility assessments, including review items related to integrity in business operations and the signing of Integrity Agreements and other business ethics commitments.</p> |
| <p>Culture building</p> | <p>Publishes training materials through the E-Learning platform for all employees, including topics such as Legal Risk Alerts and Responses in Contract Review, Standardized Contract Execution and Archiving Management, and Identification and Prevention of Core Contract Risks in E-commerce Business, to achieve full and continuous coverage of compliance training.</p> <p>Produces and distributes "Integrity in Cooperation" posters and shares them with all employee groups and external suppliers.</p> |

As of the end of 2025, the coverage rate of anti-corruption training for employees was 100%. The signing rates for employees' Professional Ethics Commitment Letter and Integrity and Clean Practice Commitment Letter remained at 100%, and the signing rate of Integrity Agreements with suppliers and distributors was also 100%. All sites facing specific business ethics issues underwent internal assessment or review, yielding a coverage rate of 100%.

The Internal Audit and Risk Control Department is responsible for investigating and verifying reported cases and issuing investigation or audit reports on significant cases.

During the reporting period, the internal audit department received one anonymous report alleging potential benefits transfer between a sales manager and a distributor. Following investigation and evidence collection, no evidence or indication of benefits transfer or economic transactions was found. There were zero concluded legal cases related to employee corruption during the reporting period.

the coverage rate of anti-corruption training for employees was

100%

Anti-Unfair Competition

The Company strictly complies with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant laws and regulations. It has established and improved internal management systems and self-discipline mechanisms, and formulated a *Code of Business Conduct*. The *Employee Handbook* has set out rules related to confidentiality to ensure that the Company does not seek competitive advantage through unethical or illegal business practices.

We make every effort to avoid conflicts of interest between employees and the Company. Employees are prohibited from engaging in, directing others to engage in, or investing in economic activities that compete with the Company's business or otherwise create conflicts of interest. Employees are also prohibited from engaging in economic activities that conflict with their job responsibilities or from having any consulting, advisory, direct or indirect employment relationships with any of the Company's customers, suppliers or competitors, or holding significant equity interests in them.

To regulate employee behavior, the Company regularly conducts awareness campaigns and training, and has established a whistleblowing mechanism. Opinion boxes have been set up at plants, enabling employees to report leads related to violations of business ethics. Upon verification, the Company handles such cases in accordance with applicable laws, regulations and internal rules.

| | |
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| Phone | 0575-88759110 |
| Online platform | "Zhende People" WeChat public account |
| Mailing address | Internal Audit & Risk Control Department, Zhende Medical Headquarters, Yuecheng District, Shaoxing, Zhejiang Province, China |

The Company strictly protects the identity of whistleblowers and prevents retaliation. A confidential whistleblowing mechanism is in place, and anti-retaliation agreements are signed with whistleblowers. Personnel involved in handling reports are required to maintain confidentiality. Any leaks or retaliatory actions against whistleblowers will be handled in accordance with relevant rules. Whistleblowers will not suffer adverse impacts on promotion, remuneration, benefits or other treatment as a result of their reports.

Responsible Marketing

Zhende Medical firmly adheres to a responsible marketing philosophy and has formulated Brand Management Guidelines. The Company attaches great importance to accurate wording in marketing communications and to the scientific and rigorous description of product performance. Exaggeration of the functions intended uses or effects of medical devices is strictly prohibited. We have standardized the content of information disclosure and the corresponding review procedures for external communications, establishing a stringent multi-level review process involving multiple roles to effectively reduce the risk of erroneous external information and avoid misleading consumers.

In addition, Zhende Medical provides responsible marketing training to all marketing personnel, including staff in marketing, branding, after-sales and related positions, with a special emphasis on prohibiting false or exaggerated product claims.

Tax Compliance

In the context of cross-border operations and increasingly digitalized regulation, the Company has upgraded its tax management from traditional compliance filing to a strategic management system embedded throughout the entire business decision-making lifecycle. The Board of Directors is responsible for approving and overseeing the tax governance framework; the Audit Committee directly supervises the effectiveness of the tax risk management system; and the Chief Financial Officer acts as the primary person responsible for the execution of tax strategies, overseeing global tax policy, transfer pricing arrangements and major tax decisions. This ensures that tax policies are integrated into business initiation, process review and corrective actions, enabling lawful and honest tax payment.

The Company has established a value chain-wide tax risk identification mechanism. It regularly tracks global tax policy developments (including progress on the BEPS 2.0 global minimum tax rules), and reviews business processes from procurement, production and sales to investment, financing and compensation management. This enables the identification of key control points such as transfer pricing, permanent establishment risks and eligibility for tax incentives. Major transactions are subject to pre-transaction tax reviews. Annual internal tax audits and external independent assurance are carried out to form a closed-loop mechanism encompassing issue identification, remediation and review.

The Company is committed to enhancing tax transparency. It discloses, on a country-by-country basis, the effective tax rates, income tax contributions and utilization of tax incentives in its main operating jurisdictions, ensuring alignment between profits and substantive economic activities and value

creation. By fully leveraging compliant green tax incentives and optimizing tax costs along the supply chain, the Company transforms tax management into a value-creating activity that supports its sustainable development strategy.

Internal Control and Audit

Zhende Medical has formulated internal control policies such as the *Internal Audit Provisions* and the *Implementation Rules on Contract Approval Management*. Under the guidance of the Audit Committee of the Board, the Internal Audit Risk Control Department of Company headquarters is responsible for internal audit and risk management. The Department conducts routine and special audits and regularly identifies and assesses various risks in daily operations, collects feedback on risk management, and reports on risk control to the Board of Directors.

Routine Audits

8

Covering system design and implementation at subsidiaries and marketing centers, assets, expenses, occupational safety, costs, sales, procurement and remuneration, etc.

Special Audits

3

Covering import and export activities, AEO advanced certification-related matters, and corporate risk assessment reports.

Information Security and Privacy Protection

Zhende Medical attaches great importance to safeguarding the security of data assets and is committed to building a rigorous and reliable information security environment. The Company complies with the *Regulations on the Security Protection of Computer Information System of China* and other relevant laws and regulations, and has formulated policies such as the *Management Regulations on Information Security*, *Information Security Management System Manual*, and the *Management Procedures for Computerized System Emergency*. In line with the ISO 27001 standard, we continuously improve our information security management system to ensure its effectiveness.

Currently, the headquarter located in Shaoxing has obtained

ISO 27001 Information Security Management System certification.

The Company has deployed an in-depth technical protection system by implementing professional network security management systems that provide 24/7 monitoring and defense for the corporate network, ensuring a stable and reliable network environment. At the data level, we use advanced document encryption software—specifically, GreenShield encryption—to prevent data leakage and misuse, with focused protection for sensitive data. This helps prevent security and misuse risks at the technical source. During the reporting period, the Company's network operated stably, with an average quality score above 85, rated as excellent.

In addition, the Company has established standardized IT operation and maintenance procedures and incident response mechanisms. Frequent routine maintenance and inspections are conducted to ensure the continuous and stable operation of information systems. We perform ongoing quality assessments of network and system performance to ensure they remain in a high-performance state.

To foster a culture of security across the Company, Zhende regularly organizes information security training. Online training is delivered through the E-learning platform to ensure that security concepts and up-to-date knowledge reach all employees. The Company also participates in external training and has established a knowledge-sharing mechanism for external learning to further enhance overall security awareness and risk prevention capabilities.

Intellectual Property Protection

Zhende Medical adheres to the intellectual property (IP) policy of "independent innovation, incentivizing creativity, legal protection and focus on application". The Company has set long-term IP objectives and is committed to effectively transforming IP outcomes into market competitiveness. In 2025, the Company continued to advance its IP strategy, actively integrating IP compliance management with product commercialization. Through systematic IP filing, maintenance and operations, we provided strong support for the innovation and market expansion of core products.

The Company has established a top-down IP compliance management system and appointed a management representative responsible for ensuring its effective operation. We have formulated the *Intellectual Property Compliance Management Manual*, *Intellectual Property Management Regulations*, *Patent Value Evaluation Rules*, *Intellectual Property Protection Compliance Control Procedures* and *Intellectual Property Emergency Plan*, and carry out planning, implementation, inspection and improvement of IP management to support technological innovation and sustainable development.

To reduce the risk of IP infringement, the Company regularly monitors potential trademark infringements. We closely track our trademark registrations through market monitoring,



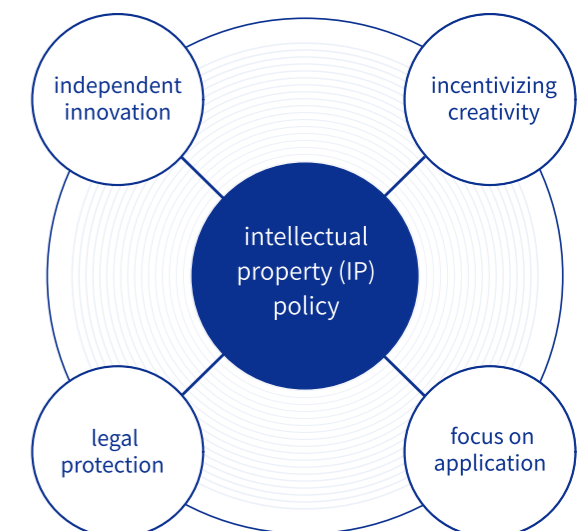
Number of employees covered by information security training

717

During the reporting period, there were no violations of laws or regulations related to information security.

search engines, professional trademark databases and official trademark bulletins to identify any unauthorized use of our trademarks. We have established IP risk assessment and management procedures and developed response strategies for identified risks, taking strict action against infringing behaviors such as free-riding on our brand or causing confusion through imitation.

During the reporting period, there were no violations of laws or regulations related to intellectual property.





05

Caring for Employee Growth

| | |
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| Employee Training and Development | 57 |
| Occupational Health and Safety | 60 |



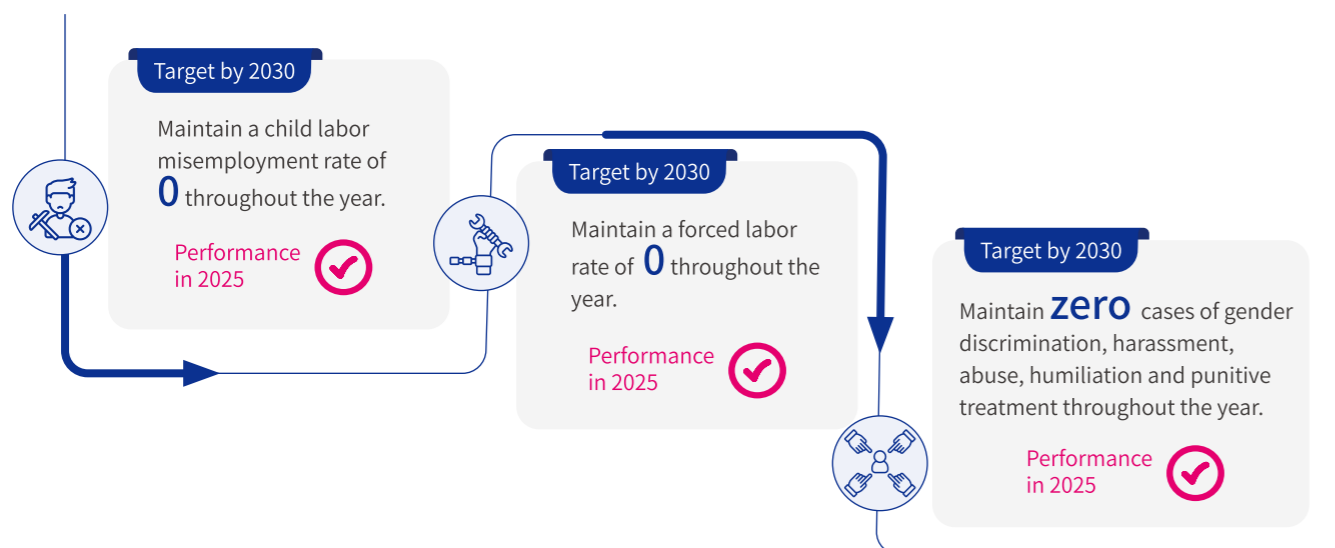


"Employees are our most valuable asset. We are committed to building an inclusive and diverse development platform where individual growth aligns with the Company's vision, enabling mutual achievement through co-creation and shared value."

— Zhenfang Shen, Vice Chairwoman

Protection of Employees' Rights and Interests

Zhende Medical firmly believes that employees are the Company's most valuable resource. We are committed to creating a diverse, equal, inclusive, safe and caring working environment. We strictly comply with international labor standards and Chinese laws and regulations, protect employees' legitimate rights and interests through sound policies, and provide comprehensive benefits and development programs to support employees' all-round growth, thereby promoting sustainable development for both the Company and its employees. In 2025, 100% of the Company's operating sites were subject to human rights impact or risk assessments.



Diversity, Equity, and Inclusion

The Company is committed to building a diverse talent pool. In recruitment, compensation, promotion and other aspects, we provide equal development opportunities and appropriate working conditions for employees of different backgrounds, genders, ages and regions. We implement the principle of equal pay for equal work between men and women, continuously monitor and enhance diversity within the management team, and actively foster an inclusive workplace.

Employment of disabled



For employees with disabilities, we provide equal pay, performance appraisal and promotion channels for the same positions, as well as a supportive working environment. During the reporting period, the Company has employed **72** disabled.

Support for ethnic minorities



We offer equal opportunities to ethnic minority employees and promote ethnic unity. During the reporting period, the Company employed **97** ethnic minority employees.

Overseas employees



In recruitment, we treat candidates from different countries and ethnicities equally. The Company currently employs staff from the United States, Kenya, Brazil, Malaysia, the United Kingdom, Japan, Vietnam, Mexico and other countries. As of the end of the reporting period, the Company had **1,194** overseas employees.

Women in the workforce



We strictly implement equal pay for equal work and pay close attention to the proportion of women in different positions, including members of the Board of Directors, senior management, R&D personnel and new female hires, to ensure equal treatment during recruitment and employment. As of the end of the reporting period, women accounted for **27.2%** of senior management (director level and above).

Age inclusion







The Company injects fresh vitality into the organization through campus recruitment. As of the end of the reporting period, employees aged 30 and below accounted for **30.2%** of total headcount. We also operate a post-retirement re-employment mechanism, offering positions to retired employees to support the transfer of skills and knowledge. During the reporting period, there were **342** re-employed retirees.

Anti-Discrimination and Anti-Harassment

To eliminate any unfair treatment or inappropriate behavior in the workplace, Zhende Medical has established an end-to-end management mechanism spanning policy safeguards, open channels and strict handling of violations. The Company explicitly prohibits any discrimination in recruitment, promotion, compensation and other processes based on race, gender, age, religion, disability or other characteristics, and opposes all forms of harassment and abuse. All personnel must respect employees' rights when performing their duties and may not participate in or assist any improper conduct.

The Company has set up multi-tiered, confidential complaint and whistleblowing channels and gives high priority to protecting complainants. The entire complaint handling process is conducted only within authorized committees, whose members are bound by confidentiality obligations. We communicate the non-retaliation policy to respondents and sign anti-retaliation agreements. Dedicated personnel are appointed to monitor the process and prevent any form of disguised punishment or discriminatory treatment. Confirmed cases of discrimination or retaliation are handled seriously, and victims are given appropriate support and compensation.

| | | | |
|--|----------------------------------|--|---|
|  | Phone 0575-88759110 |  | Internal WeChat account "Zhende People" WeChat official account |
|  | Email tousu@zhende.com |  | Mailing address Zhende Medical Headquarters, Yuecheng District, Shaoxing, Zhejiang Province (open weekly on a regular schedule) |

In addition, the Company regularly communicates relevant policies and provides training on the prevention of harassment and abuse, ensuring that all managers and employees understand and comply with behavioral standards. During the reporting period, the coverage rate of diversity and human-rights-related training reached 100%, and there were zero discrimination incidents.

the coverage rate of diversity and human-rights-related training reached

100%

Prevention of Child Labor and Forced Labor

The Company strictly prohibits the use of child labor and any form of forced or compulsory labor and treats this as a non-negotiable bottom line. In accordance with the Non-Contract Worker Management Rules, original ID documents must be verified during recruitment to ensure all employees are at least 16 years old. Zhende has established clear child labor remediation procedures. In the event of accidental recruitment of a minor, the Company will arrange for the individual to return home in accordance with the law, covering travel expenses and re-education costs, and will notify parents or guardians to ensure safe return.

The Company strictly prohibits withholding employees' ID documents, collecting deposits or restricting personal freedom as a means of forced labor. Overtime work must be voluntary. We also conduct regular social responsibility audits of labor dispatch suppliers, including clauses prohibiting forced labor.

Freedom of Association and Collective Bargaining

Zhende Medical fully respects and legally safeguards employees' rights to freedom of association and collective bargaining, recognizing these rights as important institutional guarantees for building harmonious and stable labor relations and achieving win-win outcomes between labor and management. The Company maintains regular communication and consultation mechanisms with trade unions. The key outcomes of these consultations are formalized as legally binding *Collective Agreements*, which set out core provisions on issues directly affecting employees' interests, including employment contracts, remuneration, working hours, occupational health and safety, and employee protection.

In addition, in line with the Regulations of the Employee Representative Congress of Zhende Medical, the concept of democratic management is implemented through the Employee Representative Congress at all organizational levels. Employee representatives are democratically elected by all employees, and at least one meeting is held each year. Through the dual mechanism of the "Collective Agreement + Employee Representative Congress", employees' collective views are expressed and discussed through institutionalized and organized channels.

In 2025, **100%** of employees were covered by the terms of the *Collective Agreement*.

Work-Life Balance

The Company strictly complies with national laws and regulations on working hours and, in line with the *Collective Agreement*, implements an eight-hour workday. Working hours are adjusted seasonally according to local operational needs to align with natural rhythms. We promote work-life balance through scientific working hour management and comprehensive leave benefits.

The Company encourages employees to balance work and family responsibilities. Flexible working arrangements are piloted for positions requiring cross-time-zone collaboration. Where conditions permit, employees may work remotely or from home. For employees with children, the Company offers summer child-care programs and awards "Talent Scholarships" to help them better coordinate work and family obligations.

During the reporting period:

49 employees received Talent Scholarships Bonus, totaling RMB **161,000**. A five-day summer

child-care program was held for **120** children of employees in Shaoxing and Xuchang, providing

learning, fun and growth experiences at the Company.

Employee Communication

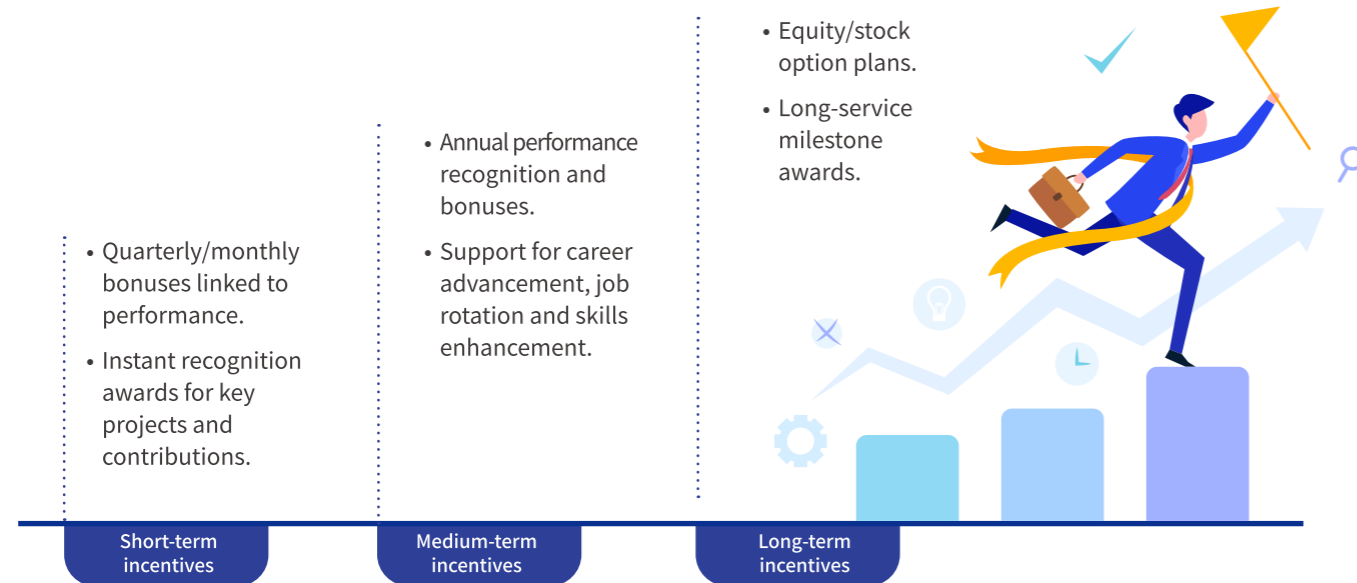
The Company has established diversified democratic communication channels, including democratic forums, the President's suggestion box and employee satisfaction surveys, to gather employee opinions and needs extensively. At the same time, we are committed to building two-way communication channels, enabling employees to express views and feedback to management and to receive responses, with feasible suggestions being implemented in practice.

Compensation and Benefits

Based on a structured job grading framework and precise performance evaluation, the Company has established a salary growth linkage mechanism and offers diversified benefits. We ensure that employees' base salaries are not lower than local minimum wage standards. Overtime wages are calculated in accordance with the law; skill allowances are granted based on annual assessments; and performance-based pay is distributed within defined ranges by grade, ensuring that employees' contributions are reasonably rewarded and grow in line with the Company's development.

The Company firmly adheres to the principle of equal pay for equal work. To ensure pay equity, we strictly implement the Compensation Management Measures and stipulate in the Collective Agreement that male and female employees performing the same work must receive equal pay. We use objective job value evaluation tools and unified criteria to determine starting salaries based on position and experience, and have established approval mechanisms to continuously monitor pay equity and avoid gender-based bias.

On this basis, the Company has established a comprehensive incentive system covering the short, medium and long term:



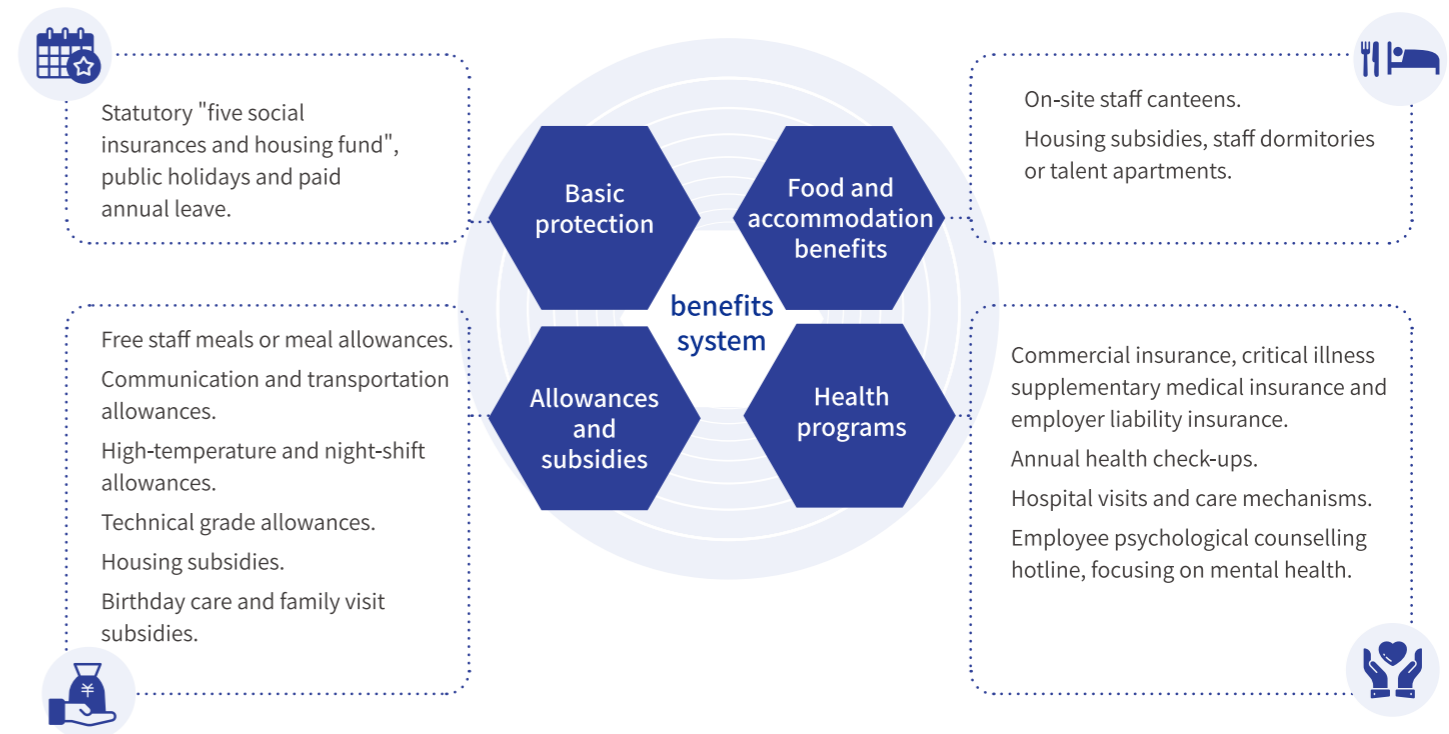
The unadjusted pay ratio between male and female employees is

1:1

The ratio of the total annual compensation of the highest-paid individual to the median of total annual compensation for all employees is

23.72

In addition to fully paying statutory social insurance for all employees, the Company extends its benefits system to multiple aspects of employees' lives and continuously improves benefit levels to provide tangible support:



During the reporting period, the Company further optimized its shared service capabilities by establishing a physical Employee Shared Service Center, providing employees with convenient, efficient and consistent services.

The Company also offers targeted support for female employees. The trade union has set up "Caring Mother and Baby Rooms" equipped with baby cots, play mats and other facilities, as well as baby wipes, cushions, toys and storage boxes, enabling breastfeeding employees to work with peace of mind. Dedicated parking spaces in the basement are reserved for pregnant employees, facilitating commuting for working mothers. In addition, parenting books and children's toys are available, demonstrating the Company's care and respect for women in the workplace.

The Company is dedicated to providing comprehensive support to employees facing life challenges. We have established an Employee Care Fund to provide timely assistance to employees and families affected by serious illness or hardship. We also continue to advance the "Five Essential Visits" care mechanism, focusing on employees who may encounter special difficulties in life or work, including illness, disasters and family changes. At the end of 2025, the Company organized a centralized assistance campaign to provide financial support to employees in hardship.

In 2025, the Company conducted Five Essential Visits for **54** employees, providing total assistance of RMB **24,200**.

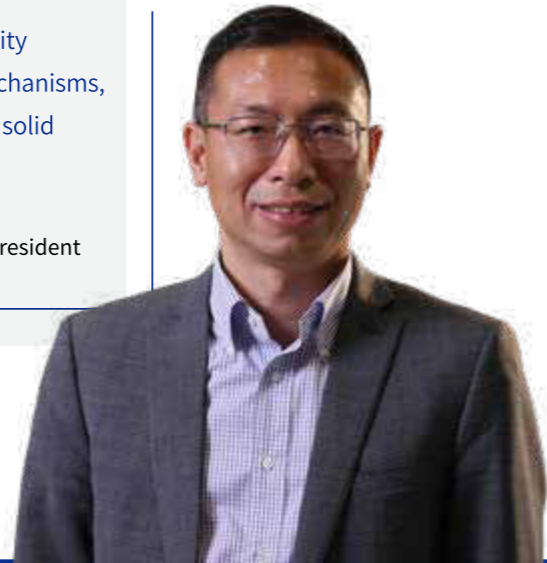
During the year-end centralized assistance campaign, **25** employees in hardship received financial support totaling RMB **77,000**.

Employee Training and Development

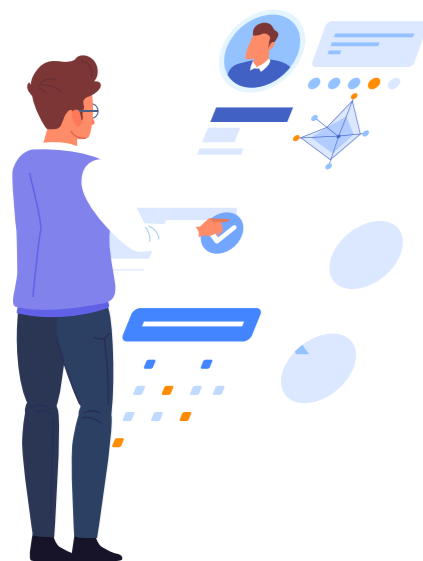
Talent Introduction and Cultivation

Talent is the core engine driving innovation and sustainability development. Through systematic talent development mechanisms, we unlock organizational innovation potential and provide solid support for high-quality transformation.

— Jason Hu, Vice President



The Company attracts employees of different professions, ages and backgrounds through diversified channels, combining campus-enterprise cooperation with social recruitment to build a diverse workforce while providing opportunities for fresh graduates and other emerging talent.







Campus-enterprise cooperation

Zhende cooperates with universities to establish "Zhende Classes", offering students internship positions and selectively hiring them upon graduation to facilitate a smooth transition from student to employee.

Social recruitment

Open recruitment channels are available for experienced professionals. The Company offers "management trainee allowances" to attract talent, with allowance levels increasing with length of service.

The Company has established and continuously optimizes a three-tier internal training system ("Company-Department-Position") with clear roles and responsibilities, underpinned by a self-developed E-learning platform. We emphasize the relevance and effectiveness of training to ensure precise allocation of training resources. At the beginning of each year, training needs are systematically collected through surveys, based on which annual training plans are formulated to balance "Company strategy-driven" and "department-specific" needs, meeting differentiated development needs across employee levels.

|  Company-level training |  Department-level training |  Position-level training |
|--|--|--|
| <p>Focuses on the Company's strategy, core values, corporate culture, general management capabilities and compliance knowledge, including:</p> <ul style="list-style-type: none"> • Regular leadership development programs for all managers; • Multi-month onboarding programs for new graduates under the "Zhende New Talent" program, covering corporate culture, product knowledge and professional conduct. | <p>Designed and delivered by each center/department based on business strategy and team capability gaps, with a focus on professional knowledge, business processes, industry trends and team collaboration.</p> | <p>Focuses on job-specific operational skills, safety standards and technical norms, delivered through mentoring, on-the-job practice and skills competitions, ensuring employees meet job requirements and continuously improve proficiency and work quality.</p> |
| <p> During the reporting period, average training hours per employee reached 63.21 hours</p> | | |

The Company has also established an internal trainers system at three levels (junior, intermediate and senior). Through tiered certification, dynamic management and teaching incentives, we maintain the vitality of internal trainers. During the reporting period, junior trainer certification programs were conducted, and the "two years without teaching leads to automatic exit" mechanism was implemented. Teaching fees are paid monthly based on teaching hours, effectively promoting knowledge retention and cross-department learning and supporting business efficiency through internal talent.

The Company also supports employees in attending external training. During the reporting period, we provided long-term leadership programs at business schools for managers and cooperated with Fudan University on doctoral training programs, effectively promoting the continual growth of key and specialist talent. The Company strongly supported participation in advanced technical seminars, professional regulatory training (such as MDR/QSR for medical devices) and information security certification, ensuring that the team's knowledge remains aligned with international standards and strengthening the depth and compliance capabilities of the talent pipeline.

During the reporting period,

18 new internal trainers were added

delivering a total of

1,095.8 teaching hours.

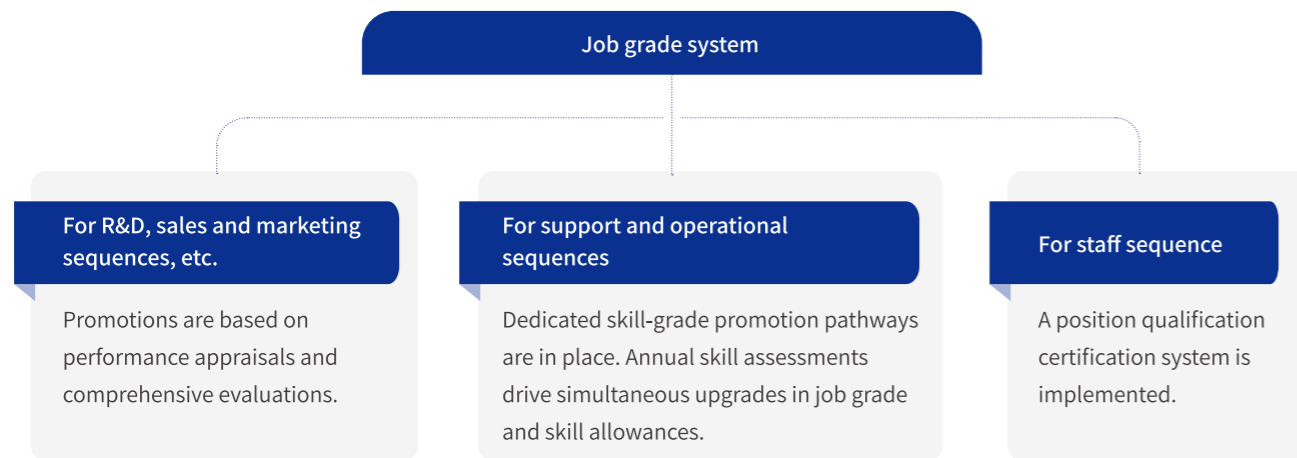
Total external training investment in 2025 exceeded

RMB 1 million

Career Development

Employee career development is built on a clear performance appraisal and qualification framework, ensuring that promotion, transfer and rewards are closely tied to individual contribution and capability. The Company implements a rigorous annual behavioral and performance appraisal system, using a forced distribution approach to categorize performance. Appraisal results form the core basis for job grade adjustments, compensation incentives, promotion nominations and training plans, reflecting the performance orientation of "promoting the capable, supporting the average and adjusting the underperforming".

Zhende has formulated the *Job Grade Management Rules* and the *Assistant Employee Compensation and Skills Evaluation Management Rules*, and uses internationally recognized job evaluation tools to build a detailed job map and a comprehensive job grade system.



For management roles, the Company has established the *Management Appointment and Removal Rules*. Candidates are nominated from a succession pool and go through a complete process including evaluation, assessment, appointment probation and performance reporting, ensuring fairness and quality in management promotions.

To support employees in obtaining professional qualifications, the Company has developed a multi-layered incentive system. We support participation in external training related to regulations and information security, as well as in mandatory certifications such as fire safety and inspector licences. Employees who obtain senior worker, technician or senior technician certificates receive corresponding cash rewards

to encourage capability enhancement. For academic advancement, the Company implements a tuition reimbursement policy covering various forms of study, including college-to-undergraduate upgrades, self-study diplomas and part-time postgraduate programs, and provides dedicated financial support for high-level talent pursuing degrees.

Furthermore, the Company also operates a horizontal mobility mechanism and has formulated the *Employee Transfer and Labor Contract Amendment Management Rules* to encourage internal talent mobility, stimulate organizational vitality and develop multi-skilled employees. Subject to meeting certain conditions, employees can apply for transfers between departments, positions and even locations.

Through the *Retirement and Reemployment Management Rules*, the Company offers reemployment opportunities to retired employees, allowing them to continue contributing through mentoring while reflecting the Company's humanistic care.



During the reporting period, there were **342** re-employed retirees.

Occupational Health and Safety

"We have established a comprehensive occupational health and safety management system that covers all employees and the entire employment lifecycle. By putting risk prevention up front and dynamically eliminating hazards, we embed safety culture into daily operations and effectively protect the health and rights of every employee."

— Anthony Dong, Director of the ESG Office



Zhende Medical has established an occupational health and safety management system based on proactive prevention, full participation and continuous improvement. Through systematic risk identification, stringent hazard rectification, in-depth safety culture building and comprehensive prevention of occupational hazards, the Company protects the health and safety rights of all employees.

Governance

The Company has set up an EHS (Environment, Health and Safety) management structure led by top management, ensuring that OHS matters receive the highest level of attention and resources. The ESG Office acts as the coordinating department, responsible for the top-level design, revision and supervision of EHS policies. EHS liaisons are appointed in all headquarters departments, and dedicated environment, health and safety departments have been established at each subsidiary to execute and oversee EHS work on site.



During the reporting period: **100%** of the Company's operating sites maintained ISO 45001 occupational health and safety management system certification.

The Company issued the *Detailed Rules for Chemical Safety Management* and the *Detailed Rules for Inspections and Hazard Rectification*, and revised the *Detailed Rules for Hazard Identification, Assessment and Control* and the *EHS Incident Management Detailed Rules*. These measures further clarified "the safety production responsibility system of all employees". EHS target responsibility agreements were signed at all levels, forming a cross-functional and end-to-end responsibility network in which "those who manage business must manage safety, and those who manage production must manage safety".

Strategy

Zhende Medical adheres to a prevention-first OHS policy. The Company implements tiered control of safety risks, regularly identifies hazards and conducts inspections to promptly detect and eliminate OHS risk points, forming a complete closed-loop management mechanism. On this basis, Zhende continues to cultivate an OHS culture by organizing regular theme activities to enhance employees' safety awareness and create a safe, healthy and sustainable working environment.

In terms of target management, the Company sets quantitative annual EHS performance indicators and cascades them through *EHS Target Responsibility Agreements* to each center, department and plant, linking them to performance appraisals. Regular ESG meetings are held to report on safety performance and ensure effective process control.

| 2025 EHS Target | Performance |
|---|-------------|
| The work-related injury rate per one thousand employees ≤ 0.5 | 0.37 |

Impact, Risk and Opportunity Management

The Company has established a multi-level, ongoing mechanism for hazard identification and rectification. Systematic safety inspections, specialist checks and quarterly audits are carried out on a regular basis. A rigorous incident reporting, investigation and handling mechanism is in place. Frontline employees are encouraged to report potential hazards via email, phone, WeChat and other channels and are positively incentivized for proactive reporting.

In 2025, the Company carried out **12** quarterly audits covering all plants, issued **12** inspection reports and followed up on the rectification of **20** Category A (priority improvement) issues.

100% of operating sites were covered by OHS risk assessments.

For key risks such as ethylene oxide sterilization, dedicated checklists were developed and inspections and rectifications were conducted across **6** regions in China and overseas.

The Company applies internationally recognized risk management methods to systematically identify, scientifically evaluate and classify hazards in production and operations. Following the hierarchical control principle of "engineering controls first, supported by management measures and complemented by personal protection", Zhende defines corresponding control levels and measures for each risk category to ensure effective occupational hazard protection.

According to the *Catalogue of Occupational Disease Hazard Factors*, the main occupational hazards at the Company include dust, chemical factors (such as ethylene oxide, ethyl acetate, toluene, petroleum ether, gasoline and various solvent-based adhesives), physical factors (primarily noise generated by equipment operation and high temperatures at certain posts). All of these are incorporated into a unified risk identification and assessment system.

Key Occupational Health and Safety Management Measures

Risk classification

Apply the LEC (Likelihood-Exposure-Consequence) risk assessment method for quantitative risk grading.
Develop four-color (red, orange, yellow, blue) safety risk maps to visualize risk distribution.

Notification and warnings

Post chemical safety information cards in prominent locations where hazardous chemicals are used, clearly indicating physical and chemical properties, health hazards, protective measures and emergency handling methods.
Install noise warning signs in areas where noise levels exceed limits.

Regular audits and inspections

Conduct quarterly, monthly and routine audits.
Carry out routine, periodic, special and comprehensive inspections, and set deadlines for rectifying identified hazards.
Require managers at all levels to conduct monthly or quarterly site visits and, in accordance with the Behavior-Based Safety Observation and Communication Guidelines, promptly correct unsafe behaviors.

Source control

Use enclosed equipment and local exhaust systems for volatile chemicals such as adhesives and ethylene oxide.
Install vibration-damping pads and sound enclosures or apply layout isolation for high-noise equipment.
Provide emergency showers and eyewash equipment near areas where corrosive or irritant chemicals are used.

Personal protective equipment (PPE)

Arrange pre-employment, periodic and exit occupational health examinations for employees exposed to occupational hazards and maintain occupational health records.
Provide PPE such as dust masks, gas masks/respirators, hearing protection (earplugs or earmuffs) and safety goggles.
Provide training to help employees select and correctly use PPE according to job hazards and supervise proper use.

Production line optimization

Deploy robotic arms and AGV driverless vehicles to replace manual work in certain high-risk and repetitive production tasks.
Introduce automatic sewing equipment so that employees only handle minor equipment anomalies (such as re-threading or bobbin changes), reducing prolonged bending and head-down postures.

Safety awareness and emergency preparedness

Organize all-employee hazard recognition activities, with team leaders conducting at least one hazard prediction (KYT) training session per month to help frontline employees manage risks independently, identify potential hazards and jointly develop preventive measures.
Develop emergency response plans and conduct regular evacuation drills at all subsidiaries.
Establish ESG recognition programs and budgets to commend teams and individuals with outstanding safety performance.

Contractor safety

Implement EHS oversight for external contractors, approve hazardous work activities and ensure that corresponding safety measures are in place.

Occupational Safety Performance

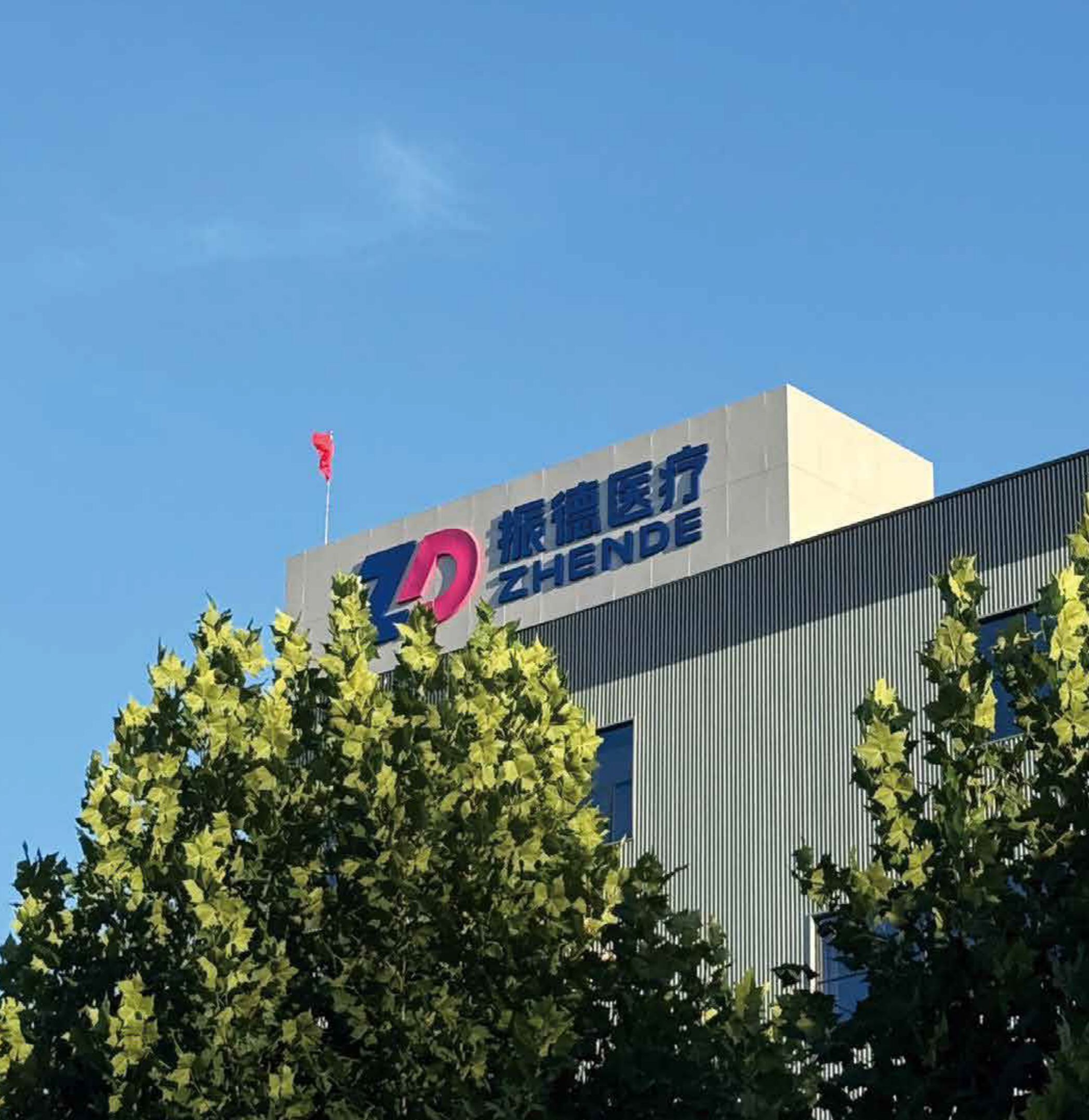
In 2025, the Company held **4** Group ESG meetings, **1** "learning from others' incidents" session, **8** ESG Office meetings and **8** ESG meetings for overseas plants.

The Company organized **32** STOP safety observation competitions and conducted **2** special observation campaigns during National Safety Production Month, identifying **17** hazards and defining **19** control measures.

A total of **9** monthly safety campaigns on different themes were conducted, covering all employees.

Across **10** plants, **81** teams participated in KYT competitions with **13** teams advancing to the finals, significantly enhancing frontline employees' risk prediction and prevention capabilities.

In Xuchang, **1,133** SIT (Safety Improvement Team) projects were initiated, with **999** hazard items closed, resulting in a closure rate of **88.2%**.



06

Promoting Green Development

| | |
|--|----|
| Environmental Management System | 65 |
| Resource Use and Circular Economy | 70 |
| Climate Change Mitigation and Adaptation | 73 |



"Guided by the Science Based Targets initiative (SBTi), we are advancing the low-carbon transition of our value chain through clean energy substitution, energy efficiency optimization and supplier enablement."

— Steven Shen, Director



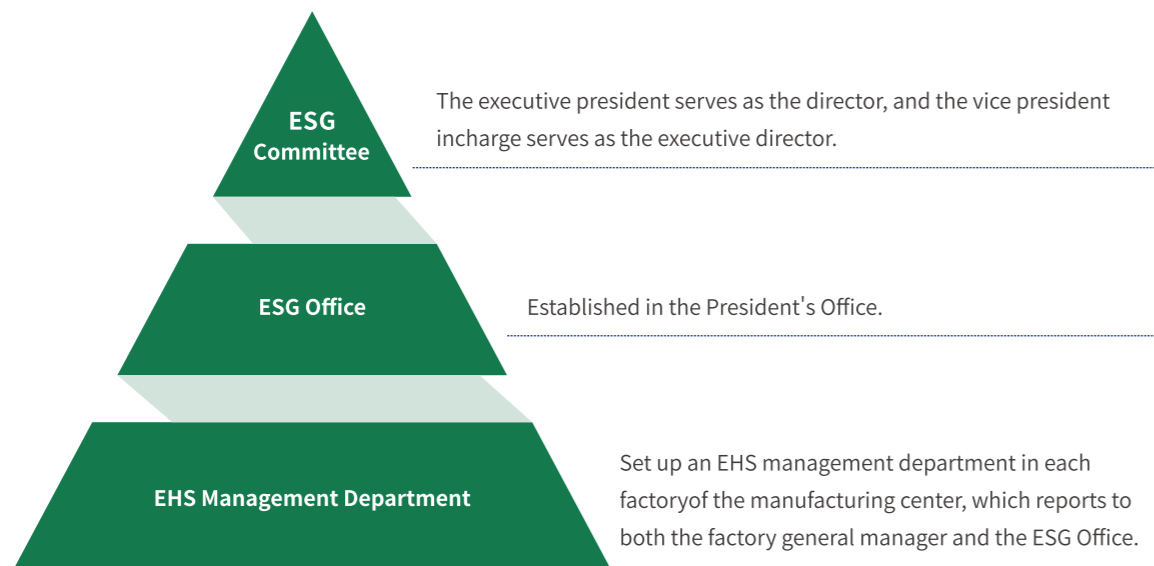
Environmental Management System

Environmental Compliance Management

Governance

To ensure effective management, the Company has established an environmental management structure covering headquarters and all subsidiaries and formulated internal policies such as the Environmental Protection Facilities Management Measures. These policies set clear requirements for the prevention and control of air emissions, wastewater, solid waste and noise. Through regular reporting and supervision mechanisms, we ensure that the environmental management system is effectively implemented at all levels.

Environmental Governance Framework of Zhende Medical



Strategy

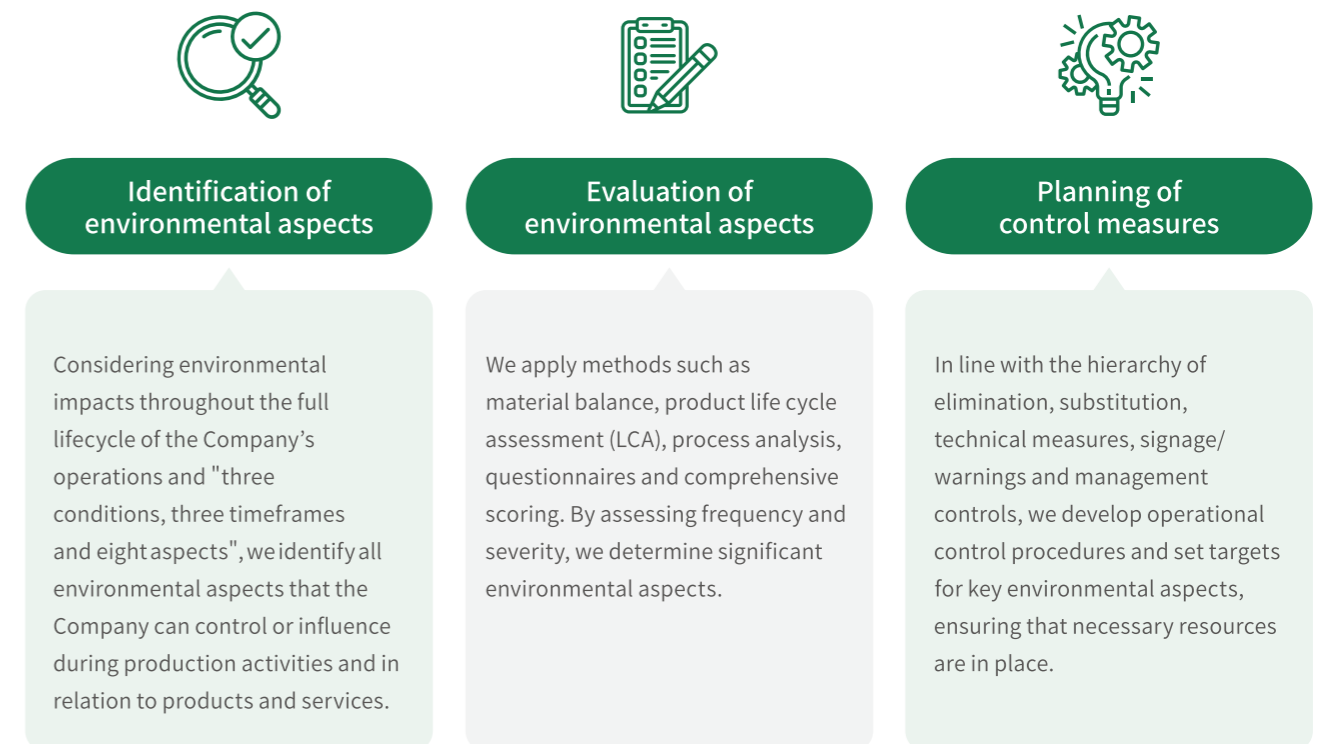
Zhende Medical is committed to building a systematic and standardized environmental management system. In terms of compliance management, the Company strictly follows national and local environmental regulations, clearly defines environmental compliance principles and conducts regular compliance assessments to ensure that business activities are lawful and compliant throughout their lifecycle.



Zhende is dedicated to reducing wastewater and air emissions, solid waste generation and noise during production, and is committed to using less hazardous or less toxic substitute materials to minimize environmental impacts.

Management of Impact, Risk and Opportunity

The Company has developed the *Procedure for Identification of Environmental Factors and Risk Assessment and Control* to periodically identify environmental factors and risks, standardize the processes and methods for environmental impact assessment, and provide a basis for setting environmental targets and indicators, thereby ensuring effective control of environmental risks.



To improve employees' environmental management capabilities and awareness, the Company has established an *Emergency Response Plan for Environmental Incidents* and conducts regular emergency drills. We organize environmental awareness training covering environmental laws and regulations, major pollution sources, impacts and control measures. Daily 5S management is promoted to reinforce environmental awareness and improve environmental management performance.

Number of employees participating in environmental training:

3,172

During the reporting period



100%

of the Company's operating sites maintained ISO 14001 environmental management system certification



100%

of sites were subject to specific environmental risk assessments.

In 2025, the Company's environmental protection investment was RMB 14.59 million. Environmental protection facilities operated properly during the reporting period, and all new investment projects carried out environmental management in accordance with local laws, regulations and policy standards. There were no violations of environmental protection laws and regulations.

Pollutant Emissions

The Company has formulated the *Air Pollution Prevention and Control Management System*, the *Water Pollution Prevention and Control Management System* and the *Solid Waste Pollution Prevention and Control Management System*, and established an end-to-end pollutant control system that covers source, process and end-of-pipe management. Air emissions, wastewater, solid waste and noise are managed in an integrated manner.



Air emissions

Source control and compliant treatment

During process design and modification, priority is given to low-volatility raw and auxiliary materials and clean production technologies.

For process exhaust and combustion flue gas that cannot be avoided, the Company deploys efficient collection and treatment facilities such as dust removal, adsorption and scrubbing systems to ensure that all organized discharge points consistently meet national and local emission standards.

Different types of exhaust gases are treated using scrubbers plus activated carbon adsorption systems, multi-stage (sulfuric acid) scrubbers and other facilities. For exhaust containing cotton dust, dedicated dust removal equipment is used.

Exhaust treatment facilities are regularly maintained, and third-party testing agencies are engaged to perform supervisory monitoring to ensure continuous and effective operation of control facilities.

Major emission factors include: non-methane hydrocarbons, nitrogen oxides, particulate matter, sulfur dioxide, ethylene oxide and odorous compounds.



Wastewater

Classification, tiered treatment and real-time monitoring

The Company strictly implements "clean/dirty separation" and "rain/sewage diversion". All industrial wastewater is collected via dedicated pipelines and transferred to on-site wastewater treatment stations for tiered treatment.

Combined physical, chemical and biological treatment processes are used to ensure key parameters such as chemical oxygen demand (COD) and ammonia nitrogen consistently meet discharge or sewer connection standards.

Discharge outlets are managed in a standardized manner, equipped with online monitoring devices connected to regulatory authorities, enabling real-time monitoring and transparency of discharge data.

Major discharge indicators include: pH, ammonia nitrogen, suspended solids, COD and BOD₅.



Solid waste

Reduction, harmless treatment and refined management

Hazardous waste is strictly identified and classified based on the national hazardous waste catalogue and stored in dedicated temporary storage facilities with anti-seepage and anti-leakage measures, with complete management records. All hazardous waste is transferred to qualified third-party contractors for treatment and disposal, implementing an electronic manifest system to ensure traceability and prevent environmental impact from improper disposal.

General industrial solid waste and domestic waste are handled through compliant recycling or harmless disposal channels. Scrap plastics from injection molding are crushed and reused. Recyclable general solid waste such as waste cartons, other product offcuts and non-conforming products are handed over to third-party recyclers or solid waste contractors.

Main solid waste types include general waste (recyclable materials, offcuts, non-conforming products generated from production and office activities) and hazardous waste (e.g. waste acrylic adhesive, spent activated carbon and chemical packaging drums).



Noise

Source reduction and transmission control

Low-noise equipment is prioritized during selection and procurement. Engineering controls such as sound insulation, noise reduction and vibration damping are applied to major noise sources. Reasonable plant layout planning and greenbelt buffers help reduce noise impacts beyond the plant boundary.

Boundary noise monitoring is carried out regularly to ensure compliance with the *Emission Standard for Industrial Enterprises Noise at Boundary*.

Through these systematic environmental management practices, the Company has achieved compliant operations and earned external recognition. Plants such as Xuchang Zhende have been awarded provincial-level "GreenFactory" and city-level "Zero-Waste Factory" titles.

Biodiversity Protection

All new, modified and expanded projects of Zhende Medical and its subsidiaries are subject to ecological impact assessments in accordance with the *Technical Guidelines for Environmental Impact Assessment: Ecological Impacts (HJ 19-2022)*. Assessment results indicate that the Company's production bases and operational sites do not occupy ecological protection redlines or ecological control zones.

The Company has formulated the *Management Procedure for Ecosystem and Biological Diversity Protection*. Using the LEC method, we conduct annual risk classification and develop corresponding prevention and response measures for different risk levels. We conduct environmental impact monitoring in accordance with regulations and policies such as the *Opinions on Further Strengthening Biodiversity Conservation* issued by the General Office of the State Council, and the *Law of the People's Republic of China on Prevention and Control of Soil Contamination*.



Zhende is committed to respecting and protecting local biodiversity and strives to reduce negative impacts of its operations on wildlife species and habitats.

To respond to the *EU Deforestation Regulation (EUDR)*, the Company has established a special response team to closely monitor legislative developments, ensure compliance with EU review requirements and support stable and compliant business operations.

EUDR Response Team – Key Responsibilities

| | |
|-------------------------|---|
| Internal learning | Organize internal training for relevant employees on the content and requirements of EUDR. |
| Risk assessment | Establish a risk assessment mechanism for new products to ensure from the outset that products do not violate EUDR requirements and that relevant evidence is retained. |
| Due diligence | Set up a due diligence team to collect compliance documentation for products using wood or other materials covered by EUDR, and conduct internal reviews of wood, rubber and other related raw materials. |
| Supply chain management | Establish sustainable supply chain due diligence and risk assessment systems, and work with stakeholders to optimize relevant processes. Third-party agencies are engaged to assess suppliers to avoid deforestation risks in the supply chain. |

During the reporting period, the Company traced relevant products back to their origin and obtained complete supply chain information from production to the specific forest plots (including latitude and longitude) of the wood used. The Company reviewed FSC certificates and other documents from supply chain partners, completed data entry and questionnaire surveys on client information-sharing platforms for these products, and uploaded relevant documents to client platforms.

Resource Use and Circular Economy

Water Resource Management

Water used in Zhende Medical's operations comes from municipal water supply, surface water and recycled water. For surface water, the Company applies for water abstraction permits in accordance with regulations and pays water resource fees on time. Our water sourcing activities do not have significant adverse impacts on the environment.



The Company is committed to reducing water consumption, improving resource use efficiency, minimizing waste and managing water and other natural resources responsibly, including reducing wastewater generation in production.

During the reporting period, the Company established multi-level water circulation networks and implemented various measures to recover and reuse water in the production process. These measures have reduced water resource waste while lowering operating costs.

Case: Recovery of Steam Condensate to Raw Water Tanks

Steam condensate typically has a relatively high temperature and low impurity content. To avoid wasting thermal energy and water resources through direct discharge, steam condensate from workshops is collected via pipelines and returned to raw water tanks. This practice utilizes the residual heat and low impurity content of condensate to replace part of the fresh water and reduce the energy required for heating, achieving savings in both heat and water resources.

Case: Recovery and Reuse of Concentrated Water at the New Site of Xuchang Zhende

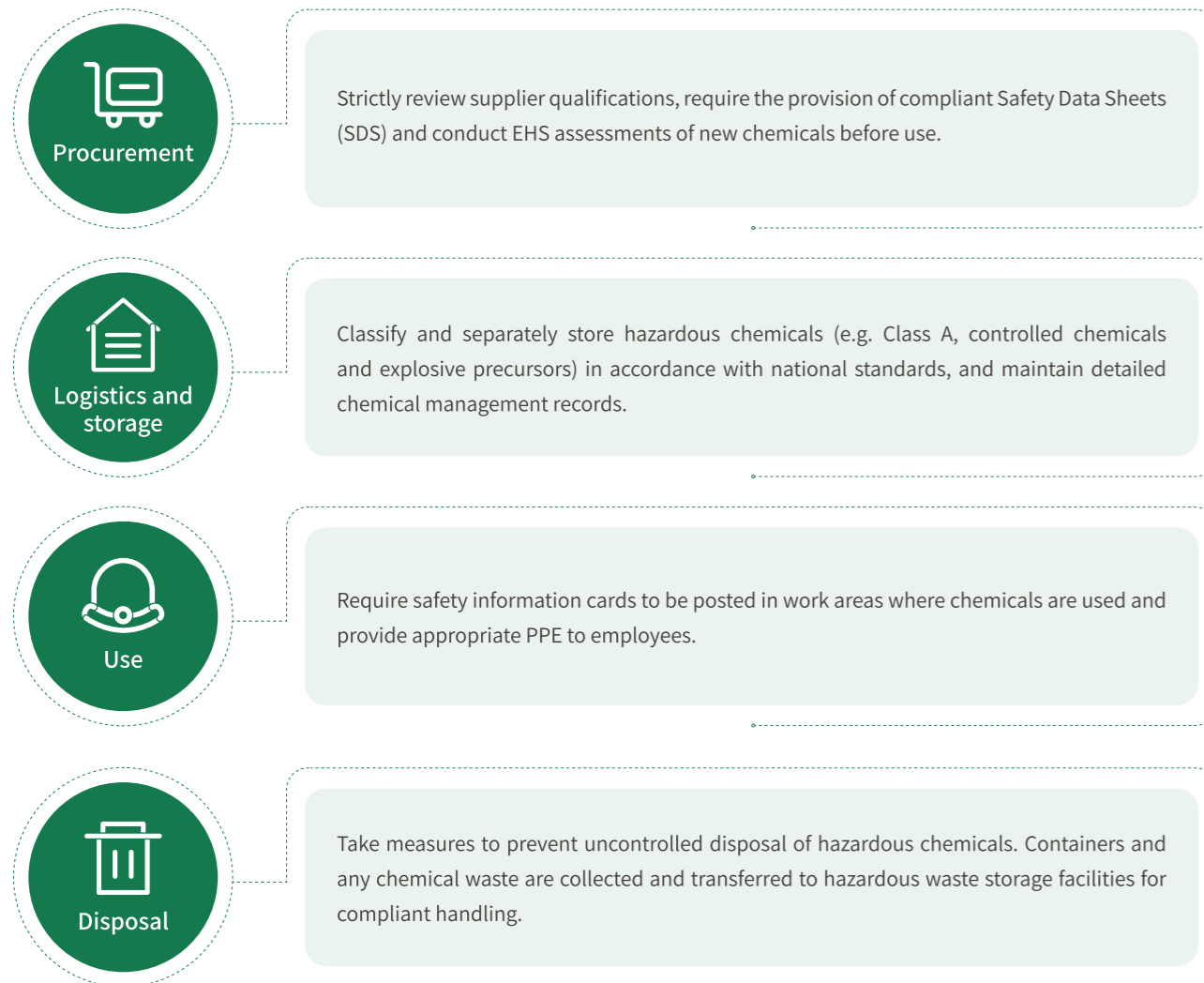
Reverse osmosis (RO) systems generate concentrated water with high levels of dissolved salts and impurities. Direct discharge of this concentrated water wastes water resources and may cause environmental pollution. The Company recovers and treats concentrated water, separating it into reusable water and brine. The reusable water is fed back into the RO system as supplementary feedwater, while the brine is used as make-up water for cooling towers and firefighting systems. This solution promotes water recycling and significantly reduces wastewater discharge.

Case: Reuse of Reclaimed Water from Wastewater Treatment Plants

Treated reclaimed water from on-site wastewater treatment plants is used for cooling towers and partially for toilet flushing on site. By substituting reclaimed water for fresh water, the Company effectively reduces water costs and improves water resource utilization efficiency across the value chain.

Chemical Management

Adhering to the principle of "prevention first and continuous improvement", the Company has issued and implements the *Detailed Rules for Chemical Safety Management*. We are committed to systematic management of chemicals throughout their lifecycle, including procurement, transportation, storage, use and disposal. Regular drills are conducted to enhance emergency response capabilities and minimize the impact of potential incidents.



The Company organizes systematic safety inspections of hazardous chemical storage and use areas at least once per quarter. Departments using and storing hazardous chemicals conduct routine checks of containers, tanks and pipelines. For major risks such as chemical spills, dedicated emergency plans have been formulated and regular drills are conducted to verify and enhance on-site emergency response capabilities.

Circular Economy

The Company is committed to promoting efficient resource circulation through innovation and technology, contributing actively to the development of a circular economy and sustainable resource use.

Recycling and Reuse of PP Scrap

For polypropylene (PP) scrap generated during injection molding, the Company has established a comprehensive recycling and reuse system. Using high-efficiency plastic shredders, collected PP scrap is processed into pellets or powder. The shredded PP is washed and dried to remove impurities and ensure the quality of the recycled material meets production requirements. The processed recycled PP is then reintroduced into production. Through collection, shredding and reuse, the Company has achieved a 100% recycling rate for PP scrap.



The Company is committed to minimizing resource waste and environmental impact from operations and to advancing its circular economy transition. Our product packaging is designed based on the principles of "lightweighting, recyclability and degradability". Lightweight design strategies are used to reduce material consumption, enhance recyclability and lower packaging loss and waste, thereby reducing resource use and environmental pollution. The Company also selects environmentally friendly raw materials and packaging materials to minimize environmental impacts and provide more sustainable products and services.

During the reporting period, 4 projects related to the development of environmentally friendly materials were successfully completed.

Case: Converting Traditional Cubic Bags to Degradable Materials

Traditional cubic bags are typically made from non-degradable plastics such as polyethylene (PE) or polypropylene (PP), which can take decades or even centuries to degrade. If not properly managed, used cubic bags can cause long-term pollution to soil, water and ecosystems.

During the reporting period, the Company developed a degradable material to replace the non-degradable plastics used in traditional cubic bags. The new cubic bags match traditional bags in performance and meet the requirements of medical device packaging and logistics, while offering good degradability. Under industrial composting conditions, they can break down efficiently into carbon dioxide and water.

Total volume of environmentally friendly packaging materials used for finished products: **30,611** tons, accounting for **69.00%** of total packaging material use.

Total packaging material use for finished products: **44,365** tons, of which **31,901** tons were renewable materials.

Climate Change Mitigation and Adaptation

The Board of Directors has explicitly incorporated climate issues into its strategic oversight responsibilities and requires management to report semi-annually on the assessment and management of climate-related risks. This includes emergency response plans and capital expenditure plans for typhoons and flooding at Zhejiang production sites, cost assessments and supply chain adjustment plans in response to EU carbon border adjustment mechanisms (CBAM), as well as progress on emission reduction targets and clean technology investments.

Based on the TCFD framework, Zhende Medical systematically assesses climate-related risks and opportunities and integrates them into its strategic planning and operational management. By improving compliance management, implementing low-carbon transition measures, optimizing resource efficiency and strengthening risk management, the Company reduces climate-related risks and captures opportunities arising from the green economic transition, supporting sustainable development.

Climate Risks and Opportunities Analysis for Zhende Medical

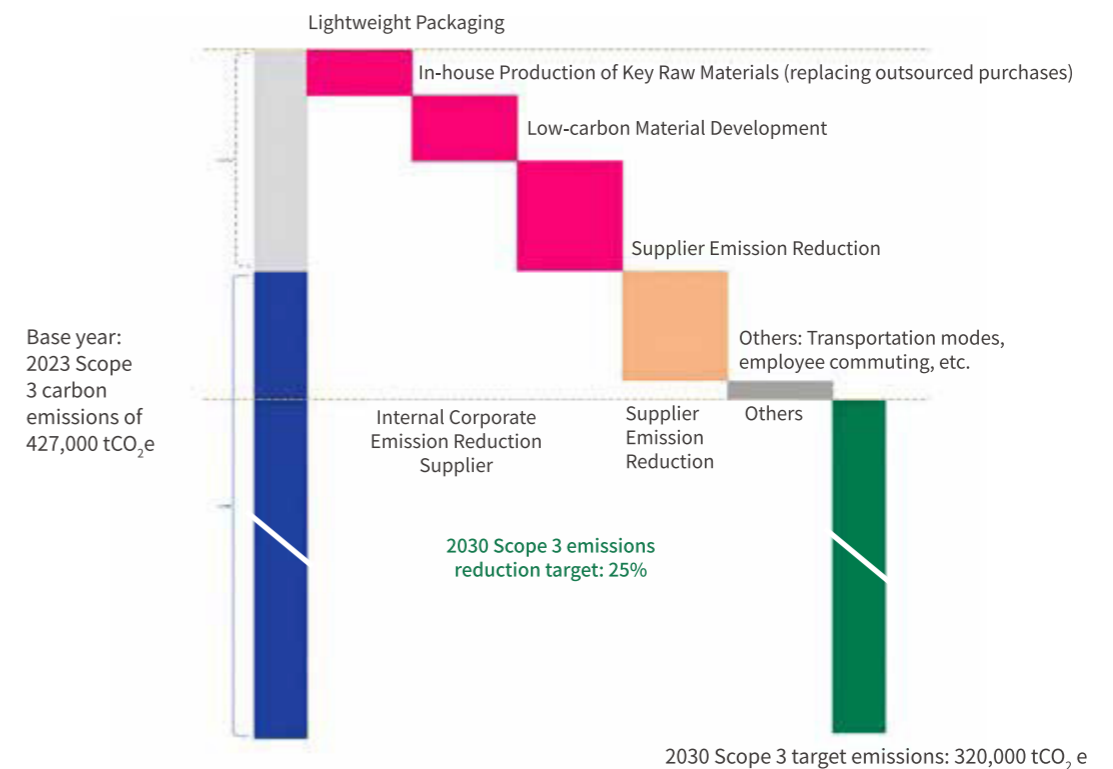
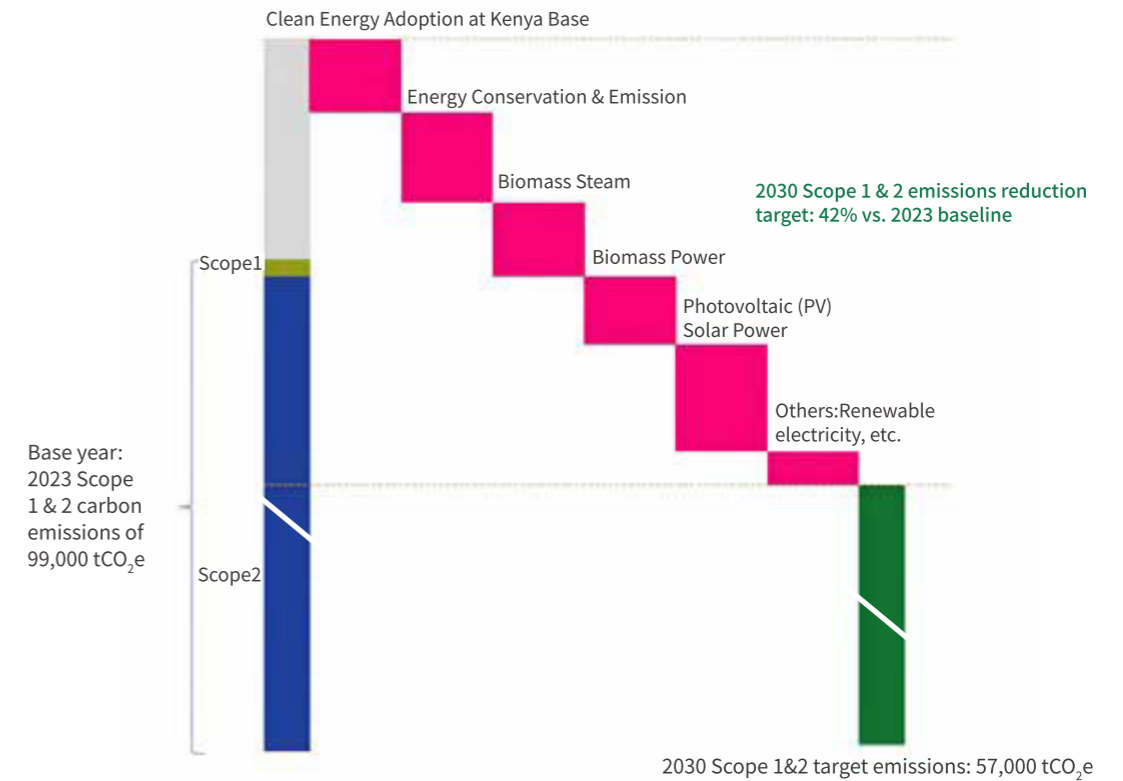
| Physical Risks | | | |
|--|-------------------------|------------|------------|
| Risk Description | Timeframe | Likelihood | Risk Level |
| <p>Acute Risk</p> <p>Typhoons and flooding during typhoon season may cause production outages at Zhejiang sites due to flooding or power outages, directly impacting quarterly revenues. Typhoons and heavy rains may damage precision equipment (e.g. CNC machines) and sterile warehouse inventory. Production disruptions may delay delivery of key medical device orders, trigger contractual penalties and affect supply commitments to regulators.</p> <p>Measures: Develop emergency plans and conduct regular drills for typhoons, flooding and heatstroke; continuously improve storage conditions for critical precision components.</p> | Short term (1-3 years) | High | High |
| <p>Chronic Risk</p> <p>Increasing frequency of extreme high-temperature days in Zhejiang during summer leads to rising annual air-conditioning energy consumption, eroding gross margins.</p> <p>Measures: Implement centralized intelligent control of central air-conditioning systems; use predictive algorithms to dynamically adjust operating frequencies and start/stop schedules to maintain operation in the highest efficiency range and avoid overcooling and energy waste.</p> | Medium term (3-7 years) | High | Medium |
| <p>Chronic Risk</p> <p>Sea-level rise and stronger storm surges pose long-term risks to the asset safety of coastal production sites in the Yangtze River Delta, potentially driving insurance costs higher or necessitating relocation.</p> <p>Measures: Establish long-term climate risk assessment mechanisms; regularly inspect drainage systems and water retention facilities to prevent seawater backflow.</p> | Long term (7+ years) | Low | High |
| Physical Risks | | | |
| Risk Description | Timeframe | Likelihood | Risk Level |
| <p>Policy and legal risk</p> <p>The EU CBAM enters into a substantive levy phase. Exported products containing regulated raw materials such as steel and aluminum will incur carbon tariff costs. If verified supplier emission data are unavailable, higher default emission factors must be used, potentially increasing costs by more than 10%.</p> <p>Measures: Develop and apply a dedicated supplier ESG evaluation model to assess supplier carbon management and reduction commitments, product carbon footprint and use of environmentally friendly materials; prioritize suppliers with comprehensive data.</p> | Short term (1-3 years) | High | High |
| <p>Market and technology tendency</p> <p>Stricter green procurement standards of major hospital groups in Europe and the US may require suppliers to disclose full life cycle product carbon footprints, otherwise they risk losing bidding opportunities. Traditional sterilization processes may face stricter restrictions due to high energy use and emissions, forcing investment in lower-carbon alternatives (e.g. irradiation sterilization), which may require significant production line modifications.</p> <p>Measures: Conduct product life cycle carbon footprint assessments as needed; increase R&D investment in low-carbon sterilization technologies (e.g. irradiation and plasma sterilization) to ensure technological advancement and applicability.</p> | Medium term (3-7 years) | Medium | High |
| <p>Systemic transition risk</p> <p>If the global decarbonization process accelerates and the Company fails to achieve deep emission reductions, high-carbon assets overseas (e.g. plants reliant on traditional energy sources) may experience declining valuations or become stranded assets.</p> <p>Measures: Submit science-based targets to SBTi for validation and clarify emission reduction pathways; reduce GHG emissions through energy conservation and efficiency, energy structure transition, supply chain collaboration and employee low-carbon behavior management.</p> | Long term (7+ years) | Medium | High |

Climate Risks and Opportunities Analysis for Zhende Medical

| Opportunities | | | |
|---|----------------------------------|------------|------------|
| Risk Description | Timeframe | Likelihood | Risk Level |
| <p>Resource efficiency</p> <p>By improving the efficiency of energy, water and raw material use and building robust resource management systems, the Company can significantly reduce waste, lower operating costs and drive steady low-carbon development.</p> <p>Response Measures: Promote green production models by adopting energy-efficient equipment and technologies and optimizing production processes to reduce energy and resource consumption; advance circular economy practices by increasing resource recycling and reducing raw material use.</p> | Short term (1-3 years) | High | Medium |
| <p>Climate resilience</p> <p>Selecting environmentally responsible suppliers and strengthening carbon measurement and management capabilities will enable the Company to adapt more quickly to climate change, capture climate-related business opportunities and gain a competitive advantage in the future.</p> <p>Response Measures: Establish supplier environmental performance evaluation systems and give preference to low-carbon and environmentally friendly suppliers.</p> | Medium term (3-7 years) | Medium | High |
| <p>Energy transition</p> <p>With technological advances in green energy and favorable policies, access to renewable energy is expanding and costs are expected to steadily decline. Proactively adjusting the energy mix helps the Company reduce energy expenses and effectively respond to low-carbon requirements from regulators and end-markets.</p> <p>Response Measures: Gradually increase the share of clean energy such as solar, geothermal and biomass in the energy mix and accelerate the energy transition.</p> | Medium to long term (3-7+ years) | High | High |
| <p>Market opportunities</p> <p>Growing attention to climate issues domestically and internationally, combined with China's "dual carbon" goals, is increasing demand for green and sustainable products and services. Offering environmentally friendly products will inject new momentum into business growth and revenue expansion.</p> <p>Response Measures: Increase R&D investment in green products and develop low-carbon, environmentally friendly and sustainable product offerings to meet market demand for green solutions.</p> | Long term (7+ years) | Medium | High |



To achieve its SBTi-aligned targets, the Company has formulated a comprehensive carbon reduction roadmap. By optimizing the energy mix and improving energy use efficiency, Zhende reduces energy consumption, and by implementing Six Sigma projects focused on Scope 3 emissions, the Company addresses high-emission segments of the value chain to significantly reduce both direct and indirect greenhouse gas emissions.



07

Being a Reliable Partner

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"Trust is built on professionalism, and value is created through collaboration. Together with our partners, we are building a transparent and resilient sustainable supply chain, embedding high ESG standards throughout the entire procurement lifecycle to enhance the overall resilience and sustainable competitiveness of our value chain."

— Lydia Li, Director



Sustainable Supply Chain

Governance

During the reporting period, the Company formulated and issued the *Supplier Risk Management Measures* and established a full-cycle risk management process based on multi-dimensional indicators such as purchase value and dependency. This enables systematic identification, assessment and mitigation of risks related to supply chain disruptions, compliance and other issues, safeguarding the continuity of production and operations.

Strategy

A safe, reliable and resilient supply chain is the cornerstone of sustainable business development. Zhende Medical continuously improves its supplier management system and embeds sustainability principles throughout the procurement process, building a responsible, transparent and mutually supportive supply chain ecosystem. This approach ensures supply chain security while driving a green and low-carbon transition across the value chain.

Management of Impact, Risk and Opportunity

The Company attaches great importance to potential supply chain risks. To ensure supply chain stability and compliance, Zhende Medical has established a full-lifecycle supplier risk management mechanism covering admission, assessment, management and exit, and actively leverages digital tools to enhance management efficiency.



Admission

- After a business unit initiates a procurement development or change request, a supplier shortlist review is conducted. Procurement engineers collect and maintain supplier qualifications and information.
- The Procurement Department initiates onboarding for shortlisted suppliers for new material development and conducts both document review and on-site audits.
- The CRM (Customer Relationship Management) system is used to support supplier admission reviews, enabling online workflows and full data traceability.



Assessment

- Supplier performance assessment is carried out in accordance with the supplier relationship management plan.
- An information system is used to calculate performance scores, which are then calibrated to generate the *Qualified Supplier Periodic Assessment Report*.
- Supplier performance review meetings are organized.
- Based on performance ratings and review outcomes, targeted supplier management actions are defined and annual reassessments are conducted.



Management

- Irregularly organize supplier management meetings to assess the current status of at-risk suppliers.
- Monthly and annual allocation plans are set and adjusted by comprehensively considering supplier assessment results, latest material prices, and supplier quality and delivery performance.
- Quality review meetings are conducted with suppliers, with root causes and improvement plans documented. Suppliers that improve their quality performance are allocated a higher share of orders.



Exit

- Suppliers with abnormal delivery or poor performance are required to implement corrective actions, and their progress is tracked regularly.
- For suppliers that fail re-evaluation, supplier switching and risk control plans are proposed, and elimination is carried out based on agreed transition plans.

Indicators and targets

In 2025, the Company had 783 suppliers in total, forming a diversified supply network with a primary focus on domestic sourcing and a global perspective. This helped mitigate regional risks and ensured stable supply of raw materials and services.

The Company established a stable communication mechanism with suppliers, and close interaction helped improve product quality consistency:

Procurement team: more than **16** technical exchange sessions per person with suppliers;

Quality team: more than **15** supplier audit activities per person annually.

Supply Chain Social Responsibility Management

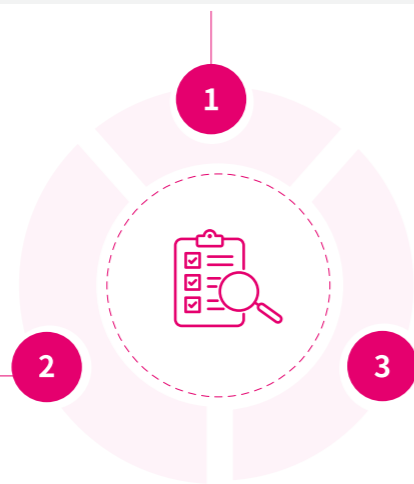
Zhende Medical integrates sustainability into procurement decisions to systematically reduce environmental and social impacts in the supply chain, and contractually specifies supplier responsibilities in areas such as business ethics, labor rights, environmental protection and health and safety. During the reporting period, the Company formally established and implemented a Supplier ESG Scorecard, incorporating ESG performance into the annual supplier assessment system.

In addition, the Company actively explores digital solutions to enhance supply chain management effectiveness. In 2025, we developed and applied an AI-based supplier ESG scoring mechanism for core suppliers. This data-driven model enables more efficient and objective ESG performance assessments.

Supply Chain Social Responsibility Management Framework

Prerequisites

- All target suppliers must sign the *Supplier Code of Conduct*.
- Commercial contracts must include specific clauses on environment, labour and human rights.
- Suppliers must sign a *Social Responsibility Commitment* before being qualified and approved as vendors.
- During SRM (Supplier Relationship Management) system registration, suppliers are required to provide information on ISO 14001, ISO 45001, FSC certification, human rights audits and complete an ESG questionnaire.



Assessment and Audits

- Conduct ongoing on-site audits to verify suppliers' practical performance.
- Classify suppliers based on ESG evaluation questionnaires and apply differentiated management.

Rectification and Improvement

- Follow up on corrective actions for suppliers identified as needing improvement.
- Identify improvement opportunities based on assessment results, and promote ESG capability enhancement through training and communication.

During the reporting period, to communicate Zhende's sustainability expectations and practices to partners, the Company launched a supplier ESG empowerment initiative themed "Symbiosis · Sharing · Co-progress", extending sustainability concepts and practices upstream in the value chain and jointly building a responsible and resilient industrial ecosystem with partners.

"Symbiosis · Sharing · Co-progress" Supplier Empowerment Workshop

In August 2025, Zhende Medical held a supplier empowerment workshop in Shaoxing under the theme "Symbiosis · Sharing · Co-progress". At the event, Zhende shared its strategic development plans and future vision, highlighting the critical importance of building a safe, agile and resilient supply chain system in the new era.

The workshop covered several key topics, including sustainability practices, process digitalization for operational excellence, lean six sigma management, co-development of quality systems and cost optimization across the value chain. Through keynote speeches, case studies and interactive discussions, Zhende provided partners with cutting-edge concepts, practical tools and rich implementation experience.

This empowerment workshop marked an important step in opening Zhende's experience and resources in quality management, operational efficiency and digital transformation to supplier partners, laying a solid foundation for a more innovative, competitive and resilient industrial ecosystem.

The Company complies with the *Law on the Promotion of Small and Medium-sized Enterprises of the People's Republic of China* and the *Regulations on Ensuring the Payment of Accounts to Small and Medium-sized Enterprises*, strictly safeguarding the legitimate rights and interests of SME suppliers and actively supporting their growth and development.

Admission phase

- Provide equal opportunities for SMEs and ensure fair treatment in competitive processes.

Cooperation phase

- Proactively provide technical support to SMEs to help enhance their production capacity and quality management.
- Alleviate operating pressures and stabilize partnerships through long-term and stable order arrangements.
- Promote SRM system implementation to help SMEs improve digital management capabilities and operational efficiency.

Daily operations

- Encourage SMEs to participate in product R&D and innovation. Through joint R&D and technical cooperation, fully unleash their innovation potential and jointly promote technological progress in the healthcare industry.
- Build learning platforms for SMEs to support their sustainable development in the medical sector.

As of the end of the reporting period, the balance of trade payables (including notes payable) and its proportion of total assets did not exceed the thresholds set in the *Regulatory Guidelines*. Neither the Company nor its controlled subsidiaries had any overdue payments to SMEs requiring public disclosure through the National Enterprise Credit Information Publicity System.

To build a transparent and sustainable supply chain, the Company also attaches great importance to internal governance and the prevention of fraud in procurement and tendering. Systematic ESG training for procurement helps strengthen employees' professional capabilities and sense of responsibility.

Procurement Staff Management

- Conduct requirements
 - Sign the *Integrity and Clean Practice Commitment Letter* and the *Professional Ethics Commitment Letter*.
 - Clearly specify whistleblowing channels in the *Supplier Social Responsibility Commitment Letter*.
 - Conduct regular training and awareness campaigns on integrity and ethical conduct.

- Capability building
 - Deliver training on sustainable procurement to enhance buyers' skills in supply chain social responsibility management.

To respond to the *EU Deforestation Regulation (EUDR)*, the Company established an EUDR working group and a dedicated due diligence team, defined a zero-deforestation due diligence process and set up a new product risk assessment mechanism. The Company traced relevant products back to their origin, continuously optimized supply chain sustainability due diligence and risk assessment systems, and engaged third parties to investigate suppliers. Documentation such as contracts and invoices between legal entities in the supply chain, and each entity's FSC certificate, is collected to avoid deforestation risks in the supply chain.

Key Performance Indicators

The signing rate for the Supplier Code of Conduct among target suppliers reached **100%** for the third consecutive year.

A total of **126** key suppliers signed the *Social Responsibility Commitment* with relevant clauses, with a signing rate of **94.7%**.

100% of supplier contracts contained clauses on environment, labour and human rights requirements.

The completion rate of sustainable procurement training for procurement staff was **100%**.

The proportion of target key suppliers that underwent on-site corporate social responsibility audits increased to **94%**.

Among suppliers evaluated, **37%** agreed to and implemented improvement plans.

Product Quality and Safety

Governance


Zhende Medical regards product quality and patient safety as the lifeline of its sustainable development. The Company has established a Quality and Regulatory Affairs Center and built an integrated quality management system led directly by the Chief Quality Officer, covering the entire product lifecycle. Through continuous process validation, risk control, closed-loop management of customer feedback and alignment with leading industry standards, we ensure that every step—from raw material receipt to product delivery—is under effective control, consistently delivering safe, effective and high-quality products to customers and patients.

Our quality management system is not a static set of compliance documents, but a dynamic and continuously improving framework. During the reporting period, we carried out a series of system-strengthening initiatives:



System certification and upgrades

Building on the effective operation of our existing global core quality certifications—including ISO 13485, US FDA QSR 820, EU MDR, EU MDD, US FDA company and product registrations, ISO 13485 sterilization certificates and PPE CE—Zhende actively applied for MDSAP certification and has passed on-site audits, thereby meeting regulatory requirements in the United States, Canada, Brazil, Australia and Japan.



Internal audits and process refinement

The Company conducted comprehensive internal audits of the entire quality system, covering all processes from design and development, procurement and manufacturing to inspection and after-sales service. These audits are designed to proactively identify potential risks and improvement opportunities and to ensure that every aspect of system operation is robust and reliable.

Overview of Zhende Medical Quality Management System Certifications

| | |
|-------------------------------------|---|
| ISO 13485 Certificate | Zhende Medical, Xuchang Zhende, Xuchang Zhengde, Henan Zhengde and other subsidiaries, achieving 100% operational coverage. |
| ISO 13485 Sterilization Certificate | Zhende Medical and its subsidiaries, including Xuchang Zhende, Xuchang Zhengde, etc. |

Strategy

The Company promotes a quality culture of "fully effective, right-first-time, continuous improvement, and quality ownership for all employees", and upholds the quality principle that "providing safe, effective and competitive medical products is the responsibility of every person at Zhende". We ensure that products meet stringent quality requirements and embed quality awareness into every stage of production and sales. Our goal is to build a comprehensive, end-to-end quality assurance system that provides safe, effective and high-quality medical products and supports the high-quality development of the healthcare sector.

Management of Impact, Risk and Opportunity

Quality control is extended upstream to the supply chain and throughout the entire manufacturing process. The Company rigorously enforces internal quality management requirements, implementing inspection and oversight at all stages from incoming materials to production. Through multi-level inspection, supervision and process validation, and in accordance with the *Non-Conforming Product Control Procedure*, we apply "zero tolerance" closed-loop management to non-conforming products, forming a solid quality defense.

| | | |
|---|--|--|
| <p>Incoming materials and process control</p> <ul style="list-style-type: none"> All incoming materials are subject to stringent inspection to ensure that only compliant raw materials are released for production. During production, strict process validation and real-time monitoring are implemented. Key process parameters are continuously recorded and analyzed to ensure that manufacturing remains stable and under control. | <p>New product introduction</p> <ul style="list-style-type: none"> During new product introduction, the Company and customers conduct on-site mutual learning and confirmation of product standards. Factory personnel visit customers' sites for learning, and when new products are launched, customers' representatives are invited to the plant to verify first production lots. | <p>Non-conforming product management</p> <ul style="list-style-type: none"> Any product that does not meet specified requirements is clearly identified and immediately segregated, and a root cause analysis is conducted. Disposition decisions (such as rework, scrap or downgraded use) are made through a structured review process. All disposition activities are fully documented, and corrective and preventive actions (CAPA) are implemented to prevent recurrence and ensure that non-conforming products do not enter subsequent processes or the market. |
| <p>Quality audits</p> <ul style="list-style-type: none"> Full-scope audits are carried out against the <i>Good Manufacturing Practice for Medical Devices</i> of China, ISO 13485, EU MDR and US FDA regulations, among others. The Company successfully passed multiple audits conducted by third-party agencies and customers. | <p>Ongoing process optimization</p> <ul style="list-style-type: none"> Plants continue to implement "proposal improvement" initiatives, encouraging frontline employees to submit rationalization proposals on work methods, production processes, equipment efficiency and material use. | <p>Quality culture building</p> <ul style="list-style-type: none"> Targeted training is provided to all production and quality personnel on topics such as quality regulations and standards, CAPA management, medical device adverse event monitoring and microbiological control, ensuring that employees understand both "what" and "why". The Company promotes "Quality Month" activities, including quality improvement case competitions and company-wide quality knowledge contests. Posters, workshops and skills contests are used to deepen employees' understanding of quality concepts. |

During the reporting period, the Company collected Lean quality improvement proposals under the "I CARE" initiative, covering efficiency improvement, cost reduction and risk elimination. At the same time, we strengthened the design and implementation of standardized operating procedures (SOPs) on the shop floor. By integrating new product quotations with data from industrial engineering (IE) motion libraries, we developed more scientific and accurate work standards, reducing human variability and fundamentally ensuring product consistency.

Quality Improvement Case: Digitalizing the Real-Time Aging Test Process

Real-time aging tests were previously handled mainly through offline manual operations, which made traceability difficult and exposed gaps in review, efficiency and timeliness. This created risks of delayed information transfer, data entry errors or missed tests, with potential quality and compliance implications.

To address these issues, the Company deployed a standardized "Real-Time Aging Process" module in its existing OA system. Through digitalization, the entire process was optimized. Intelligent reminders and data validation functions significantly reduced the risk of human error, effectively prevented missed tests and data inaccuracies, and further mitigated quality risks.

As a medical device manufacturer, Zhende Medical attaches great importance to how product quality and safety affect the health of customers and end-users. The Company has established a comprehensive product recall procedure, covering health hazard evaluation, severity classification, recall planning, recall notification, implementation, corrective measures and verification, in order to minimize potential impacts.

Indicators and targets

By integrating leadership, systems, execution and culture, the Company has built a robust quality management framework. Key quality performance indicators met or exceeded their targets.

| Indicator | 2025 Target | Performance |
|--|-------------|-------------|
| First-order "zero complaint" rate for general new products | ≥ 98% | 99.3% |
| Major claims (> RMB 1 million) and regulatory-required recalls | 0 | 0 |

Quality Performance Highlights

 Domestic customer satisfaction score: **80**

 International customer satisfaction score: **42**

Customer Services




Governance

Zhende Medical's customers include both domestic and overseas institutional clients and individual consumers. The Company's Quality and Regulatory Affairs Center has established a Customer Quality Service (COS) function and an After-sales Quality Service Department, and formulated a series of management procedures, including *Procedure for Control of Customer-Related Processes*, *After-sales Monitoring and Control Procedure*, *Medical Device Adverse Event Control Procedure*, *Customer Complaint Management Measures*, *Customer Satisfaction Survey Control Procedure*.

The Company regards customer feedback as a critical resource for quality improvement and has established an efficient and transparent complaint handling and closed-loop improvement mechanism. In line with the *Customer Complaint Control Procedure* and the *Vigilance System Management Procedure*, we ensure that every piece of feedback is treated seriously and handled systematically.

Strategy

Zhende conducts regular customer satisfaction surveys and continuously improves its customer service system. By building diversified communication channels and optimizing feedback handling processes, we aim to respond promptly to customer needs and resolve issues efficiently, thereby enhancing customer satisfaction and building long-term, stable relationships.

| | | |
|--|---|---|
|  Customer service hotline 0575-88086666 |  Corporate email zhende@zhende.com |  Online message www.zhende.com |
|--|---|---|

Management of Impact, Risk and Opportunity

| | | |
|--|---|--|
| <h4>Rapid response and risk assessment</h4> <p>The Company has established a linkage mechanism between customer service personnel and manufacturing plants. Upon receipt of a customer complaint, relevant departments immediately conduct a rapid and professional risk assessment in accordance with the <i>Risk Control Procedure</i> to determine the severity of the issue and required emergency measures.</p> | <h4>Standardized handling and escalation</h4> <p>Based on the assessment results, the corresponding investigation, analysis and handling processes are initiated.</p> <p>For incidents that may involve significant safety risks, a clear escalation mechanism is in place to ensure timely involvement of senior management.</p> | <h4>Root cause analysis and continuous improvement</h4> <p>All complaints are subject to thorough root cause analysis. Effective corrective and preventive actions are then defined and systematically integrated into relevant processes, standards or training programs to prevent recurrence.</p> |
|--|---|--|

During the reporting period, the Company optimized its tiered management process for domestic customer complaints. Complaints are now classified more precisely based on "harm risk" and "business risk", which has unified response standards and significantly improved handling efficiency, thereby enhancing service quality and customer satisfaction.

Indicators and targets

To continuously improve customer service quality, the Company has established a set of quantitative customer service indicators and set clear targets.

| Indicator | 2025 Target | 2025 Performance |
|------------------------------------|-------------|------------------|
| Export customer complaints (CPM) | ≤ 72.1 | 70.16 |
| Domestic customer complaints (CPM) | ≤ 428 | 420.97 |

Access to Healthcare

Zhende Medical is committed to overcoming regional and channel barriers to serve a broader range of medical institutions and consumers worldwide. Beyond pursuing excellence in product quality and safety, we work continuously to improve access to medical products and services. By building a diversified global market network, deeply penetrating domestic hospital and offline retail channels, and developing a robust online retail ecosystem, we enable users in different regions and with different needs to conveniently access high-quality medical and nursing products.

Globalization Strategy



The Company actively implements a globalization strategy and adopts ODM (Original Design Manufacturer) and OEM (Original Equipment Manufacturer) cooperation models in international markets. Zhende has established long-term, stable partnerships with many well-known global medical device brands, enabling rapid response to and fulfillment of varying requirements for product standards, regulatory compliance and customization across markets.

Through this model, our products and services have expanded to Europe, North America, Asia, South America, Africa and Oceania, providing safe and reliable medical and nursing products to patients and medical institutions in more than 70 countries and regions. By delivering high-standard medical products worldwide, the Company has made tangible contributions to improving access to essential medical supplies in regions at different stages of development.

Integrated Online–Offline Service Network



Zhende has built a comprehensive service network spanning medical institutions, offline retail pharmacies and online e-commerce platforms, ensuring efficient coverage of both professional medical scenarios and everyday home care.

Medical institutions: Zhende focuses on serving domestic medical institutions at all levels and has built an extensive in-hospital distribution network. Its products are supplied to nearly 10,000 hospitals across all provinces, municipalities and autonomous regions in China, including more than 1,200 tertiary Grade-A hospitals. In daily clinical activities—such as wound care, surgical infection control and basic nursing—Zhende provides professional support to tens of millions of patients.

Retail pharmacies: To serve household and community healthcare needs, Zhende has established robust partnerships with the Top 100 pharmacy chains in China. Its products are available in more than 210,000 retail pharmacy outlets nationwide, covering urban communities and county-level and township areas, significantly enhancing the accessibility and convenience of household medical supplies.

Online platforms: To meet evolving digital healthcare consumption trends, the Company is actively expanding across major e-commerce platforms such as Tmall, JD.com and Pinduoduo, building a strong online retail portfolio. Through official flagship stores and authorized outlets, Zhende offers consumers one-stop services, including anytime, anywhere product purchases, health education and professional consultation.

Through the "hospital–pharmacy–online" three-pillar strategy, Zhende Medical has successfully built a complete value chain from professional medical care to home consumption. During the reporting period, the Company entered into a strategic cooperation agreement with JD Health, further extending the breadth and depth of its healthcare service network.

Zhende Medical and JD Health: Jointly Building a New Internet Healthcare Ecosystem

On 9 April 2025, Zhende Medical and JD Health signed a strategic cooperation agreement at the 91st China International Medical Equipment (Spring) Fair (CMEF) in Shanghai. The two parties will cooperate deeply and provide mutual enablement in areas such as on-demand retail and nurse-at-home services, jointly expanding new service scenarios and delivering "better products + more convenient services" to consumers.

From basic wound care to advanced dressing applications, and from home health protection to long-term bedridden care, Zhende Medical continues to broaden and innovate its service scenarios to meet diverse medical needs and provide customers with high-quality products and integrated health solutions.

Innovative Solutions

"R&D and innovation are the lifeline of corporate sustainability. New products enable us to better support patients and provide safer, healthier and more comfortable treatment outcomes."

— Eric Zhang, Director



Governance

Zhende regards R&D and innovation as a core driver of its development. The Company has established a Technology Committee and issued standard documents such as the *Project Management Guidelines*, *Decision Review Guidelines*, *Technical Review Guidelines* and *Work Instructions*. Leveraging its technology platforms, Zhende continues to enhance its innovation capabilities and capacity to undertake key R&D projects. Through the *New Product Project Incentive Management Measures*, the Company defines clear principles for allocating incentives across all levels of personnel involved in new product development, using a fair and structured incentive mechanism to encourage broad participation in R&D and innovation.

Zhende maintains a provincial-level key enterprise research institute and its own in-house R&D teams. The Company has jointly established a postdoctoral research workstation with universities and conducts horizontal research cooperation with institutions such as the Chinese Academy of Sciences, Zhejiang University and Beijing Hospital of Traditional Chinese Medicine. These partnerships provide strong technical and clinical support for R&D and innovation. Zhende's laboratory has obtained CNAS accreditation and the Company has been recognized as a National High-Tech Enterprise.

Strategy

Zhende Medical adheres to the R&D philosophy of "originating from the market and returning to the market" and implements an R&D strategy of "deep in-house R&D, broad and in-depth cooperation, and ownership of core technologies". Guided by industry development trends and driven by market needs, the Company focuses on key product areas such as ostomy and advanced wound care, surgical infection control and health protection, and is actively building a diversified R&D portfolio across medical and health-related domains.

The Company continuously optimizes its new product development processes and plans the digitalization of its R&D systems to advance the professionalization of R&D and project management. By participating in collaborative projects with research institutions such as Zhejiang University, Zhende establishes joint research topics and integrates multidisciplinary resources through in-house R&D and industry-academia-research cooperation, enhancing R&D efficiency over time. The Company continues to enrich its product portfolio, accelerate product iterations and drive technological innovation. Through international expansion and the upgrading of medical consumer products, Zhende further broadens its business footprint and strengthens its core competitiveness.

Management of Impact, Risk and Opportunity

In its R&D activities, Zhende strictly observes regulatory requirements and has built a comprehensive management system covering the entire product development process, from needs analysis to market launch. Clear objectives and standards are defined for each phase to accelerate innovation, shorten time-to-market and enhance product quality, thereby meeting customer needs and strengthening competitiveness.

The Company has introduced Failure Modes and Effects Analysis (FMEA) to accurately identify potential risks and implement timely mitigation measures. An Integrated Product Development (IPD) model has been adopted to establish product line management and a matrix management structure, enabling market-oriented, data-driven decision-making. Through market research, requirements management and rigorous project initiation, product design and testing are advanced in parallel, with a focus on strategic projects to improve R&D efficiency. In addition, Zhende has introduced an early-stage "task brief" phase to concentrate on core technology breakthroughs. With relatively modest initial investment, exploratory research is conducted to comprehensively assess technical, regulatory, market and supply feasibility before moving to full-scale development.

R&D Achievement: Class III Registration for Absorbable Collagen Hemostatic Sponge

In 2025, the absorbable collagen hemostatic sponge innovated by Zhende Medical obtained registration as a Class III medical device in China, representing the Company's first Class III implantable medical device. This approval further enriches the Company's high-value medical consumables portfolio and demonstrates its R&D strength in biomaterials.

The product is an advanced, absorbable hemostatic material made from high-purity, bioactive collagen extracted from bovine achilles tendon. It offers both hemostatic and tissue repair functions and is indicated as an adjunctive hemostat in surgical procedures. Removal at the end of surgery is not required; once implanted, it degrades and is absorbed in line with tissue healing.

Prior to launch, the product underwent clinical studies conducted simultaneously across multiple tertiary Grade-A hospitals nationwide. Clinical trial results confirmed its safety and efficacy. The launch of this product reflects Zhende's continued investment and expertise in technology, further enhancing its competitiveness in the high-end medical dressing market, providing clinicians with a superior option and ultimately benefiting a broader patient population.

New Product Showcase: Upgrading from Core Products to Scenario-Based Solutions

During the reporting period, Zhende Medical presented new products and solutions at the 91st China International Medical Equipment Fair (CMEF).



Medical Warming System

Under the concept of "scenario-based solutions", Zhende launched a medical warming system featuring rapid temperature control, stable output and intelligent regulation. It provides a perioperative hypothermia management solution, significantly reducing the risk of intraoperative hypothermia and enhancing patient safety during and after surgery.



Waterless Surgical Hand Antiseptic

Zhende's newly developed waterless surgical hand antiseptic offers up to six hours of prolonged antimicrobial effectiveness. Using imported active ingredients, the formulation delivers rapid bactericidal action while being mild and low-irritant. At the exhibition, live demonstrations were used to simulate real hand-hygiene scenarios for medical staff, enhancing visitor experience and professional confidence.



Key Performance Indicators

During the reporting period, R&D expenditure totaled RMB **142.43** million.

As of the end of the reporting period:

Total domestic patent applications: 926, including 284 invention patents, **552** utility model patents, 90 design patents.

Total patents granted: **992**.

734 Patents were granted to date, 440 Valid patents were in force by the end of the reporting period, 127 invention patents were applied in core business.

International patent applications via PCT and Paris Convention routes: **34**, of which 21 have been granted, covering multiple key overseas markets.

Industry Exchange and Cooperation

Zhende Medical adheres to an open, collaborative and win-win philosophy and is deeply integrated into the global healthcare ecosystem. In addition to focusing on its own product and technology innovation, the Company actively participates in standard-setting, attends high-level academic conferences and industry exhibitions, and organizes industry exchange activities. Through close cooperation with academia, healthcare providers, industry peers and regulators, Zhende promotes continuous improvement in quality, safety, technology and sustainability in the medical consumables sector.

Leading Industry Standards to Build a Strong Foundation

Zhende is shifting its role from a passive follower to an active participant and leader in standardization. By contributing to the formulation and revision of national, industry and association standards, the Company translates its accumulated experience in R&D, manufacturing and quality control for medical dressings and protective products into replicable best practices and common industry language, thereby enhancing product safety and quality consistency across the sector.

In 2025, Zhende made solid progress in standardization:



Participation in key standards development and revision

Company technical experts took part in drafting and reviewing multiple important standards, including:

- 1 national standard (for medical gauze dressings, currently at the approval stage);
- 2 industry standards (both at the approval stage);
- 3 association standards (all officially released).

These standards cover basic materials, test methods and specific product categories, and are directly relevant to regulating the market and safeguarding patient safety.



Driving standards evolution

In light of rapid technological advances and evolving clinical needs, Zhende actively assumes responsibility for updating standards. The Company is currently applying to revise 2 national standards and 1 industry standard to ensure that these documents reflect the latest technological developments and best practices and continue to guide industry progress.

Active Presence in Academic and Industry Forums

Zhende actively participates in leading global conferences and specialized exhibitions, with a presence across domestic and international academic and trade platforms that span clinical nursing, infection control and global medical device markets.

In China, Zhende engages deeply with professional academic communities, participating in events such as the National Operating Room Nursing Annual Meeting, the 21st Academic Meeting on the Development of Central Sterile Supply Departments, the 22nd Wound, Ostomy and Continence Nursing Academic Conference, the Chinese Society of Dermatology Annual Meeting, and the Chinese Nursing Association's Interventional Radiology Nursing Academic Exchange Conference. Through academic dialogue, Zhende ensures its products remain closely aligned with realworld clinical needs.

The Company also showcases the strength and brand image of "Intelligent Manufacturing in China". Domestically, Zhende presented its innovative product lines and integrated solutions at major events including the 91st CMEF (one of the world's largest medical device exhibitions) and the 7th International Conference on Medical Device Cooperation. Internationally, Zhende expanded its presence along the Belt and Road and other global markets by participating in the 2025 Dubai medical supplies exhibition, the 2025 Hospitalar trade fair in Brazil and MEDICA 2025 in Germany, a bellwether event for global medical trade.

In addition to participating in external events, the Company also builds its own platforms for industry exchange. In 2025, Zhende successfully hosted the "Zhende Medical 2025 National Key Distributor Conference", further strengthening relationships with channel partners.



Community Communication and Development

Zhende Medical extends its mission of "protecting health" beyond products to the broader community. Leveraging its professional capabilities and guided by community needs, the Company carries out a range of impactful and empathetic public welfare initiatives worldwide.

Total social welfare expenditure in 2025: RMB **912.5** thousand

Butterfly Baby Care Program

Zhende has provided long-term, systematic support to patients affected by rare diseases facing severe hardship.

Since establishing cooperation in 2024 with the Shanghai DEBRA Butterfly Children Care Center, the project entered a deepening phase in 2025. Key initiatives included providing ongoing dedicated financial donations to support the Center's operations and patient service programs; officially launching a dedicated "Butterfly Children Protection Plan" direct purchase channel, offering substantial price reductions to alleviate the financial burden on families of patients with epidermolysis bullosa (EB); donating thousands of tailored professional wound care kits and a total of 1,600 pieces of acetate fiber oil gauze, which are used in the Center's "Newborn Care Kit" and "Targeted Patient Support" programs.

This program received the certificate of "Outstanding Case" on 520 Social Responsibility Day 2025 for its innovation, professionalism and profound social impact.



Kenya Afya Kesho Project

Since July 2024, Zhende Medical has jointly launched the Afya Kesho project with the Innovations for Health Equity in Africa (IHEA). The project focuses on adolescent health education and capacity building in Kenyan communities and schools as an ongoing initiative. It has evolved from a pilot to a community-based health education program with stable operating mechanisms, now covering multiple primary and secondary schools and forming an implementation network jointly supported by schools, universities, enterprises and community organizations.

Systematic Health Education

Centered on primary and secondary schools, the project continuously delivers health education activities for adolescents. Through classroom teaching, interactive discussions and on-site exchanges, topics such as puberty health, menstrual health, sexual and reproductive health, gender awareness and self-protection are systematically introduced into school environments.

Establishing Academic Alliances

Zhende has signed memoranda of understanding with the School of Public Health at Kenyatta University and the Centre for Innovation in Medical Education at Aga Khan University. University teams provide professional support in curriculum development, teaching observation, data analysis and digital education innovation, ensuring the scientific rigor and professionalism of the project.

Improving School Infrastructure

To support effective education outcomes, Zhende donated a 10,000-litre water storage tank to Auckland Primary School in Kiambu County during the reporting period, alleviating water shortages during the dry season.

Employee Volunteer Engagement

Leveraging its Kenya plant, the Company is gradually building a corporate volunteer team. Volunteers have participated in multiple health education sessions at Ngewe Primary School, exploring practical pathways for employee engagement in health education initiatives.

The Afya Kesho project is not only a philanthropic initiative, but also an investment in sustainable community value. It has created a self-reinforcing and continuously operating community health education support network, laying a solid foundation of social trust for Zhende Medical's long-term sustainable development in Africa.

Community Relations

Zhende regards local communities where it operates as close partners and homes. The Company is committed to building harmonious, trusting and inclusive relationships through regular, diverse and meaningful engagement.



Bringing Health Services into Communities

To explore new models integrating primary-level governance and health services, Zhende signed an agreement with the Gaobu Sub-district Community Health Service Center.

During the reporting period, the two parties jointly organized a large-scale community health service day, where medical experts and Zhende's health advisory team provided hundreds of community residents with free health consultations, blood pressure and blood glucose testing, household medication guidance and wound care education, effectively delivering professional health services "to residents' doorsteps".



Respecting the Elderly

On the Double Ninth Festival (Chongyang) in 2025, Zhende's volunteer team visited a local nursing home with carefully prepared care packages.

Volunteers assisted staff with environmental cleaning and spent time talking with elderly residents, listening to their stories and presenting self-produced cultural performances. The full-day event brought joy and warmth to the elderly and helped deeply embed the traditional virtues of respecting, honoring and caring for older people in employees' values.

Zhende's community and public welfare initiatives are rooted locally and oriented globally. In local communities where we operate, we actively fulfil our role as a community partner. Employees visit nursing homes on the Double Ninth Festival to bring care and companionship to the elderly. Within the Company, the "Blue Sea, Clear Sky · Zhende Action" campaign mobilizes employees to participate in beach clean-ups, protecting marine environments through concrete actions and promoting environmental awareness among the public. Zhende also carries out joint Party-building with the Gaobu Sub-district Community Health Service Center, connecting professional resources to extend health services deep into local communities.

Medical Philanthropy

Zhende leverages its professional strengths and supply chain capabilities in healthcare to proactively respond to critical social needs in areas such as disaster relief, rare disease support and global health promotion, delivering both professional competence and human warmth.

Emergency Humanitarian Assistance

In response to severe floods and mudslides that struck Gansu, North China and other regions in the summer of 2025, Zhende Medical immediately activated its highest-level emergency response mechanism.

Within 24 hours of the disasters, Zhende rapidly formed a "Health Disaster Relief Alliance" with strategic partners such as JD Health and Meituan Pharmaceutical & Healthcare. Relying on efficient logistics networks and overcoming challenges such as transport disruptions, the alliance organized multiple batches of urgent air and land shipments of hundreds of thousands of medical protective items—including sterile dressings, disinfectants, medical masks and protective clothing—to the hardest-hit areas.

These supplies were delivered directly to frontline rescue teams and resettlement sites for affected residents, providing a strong "medical shield" for protecting lives and preventing post-disaster epidemics.

Rural Revitalization

Zhende believes that investing in rural health and education is one of the most far-reaching and fundamental investments in the future. In 2025, the Company launched a dual-track support program combining medical resource donations and rural education initiatives. By the end of 2025, rural support projects had benefited more than 4,000 people.

Medical Resource Donations

The Company donated clinically needed medical dressings, protective supplies and basic first-aid kits to primary-level medical institutions in multiple counties, and provided complementary online training on the appropriate use of medical consumables. These efforts aim to enhance basic emergency care and infection prevention capabilities in rural areas.

Education Support

Zhende provided targeted support for building and updating rural school libraries and organized employee volunteers to deliver "health knowledge into classrooms" activities, teaching children basic hygiene and protection knowledge.

Rural revitalization investment in 2025: RMB **686.0** thousand

Number of rural beneficiaries: **4,373** people

ESG Performance Tables

Environmental Performance

| Disclosures | Unit | 2023 | 2024 | 2025 |
|--|-------------------|--------------|--------------|--------------|
| Environmental Management System | | | | |
| Number of employees participating in environmental protection training | Person | 3,102 | 3,267 | 3,172 |
| Percentage of employees who have received training on specific environmental issues | % | 5.60 | 5.70 | 5.90 |
| Percentage of workplaces that have undergone environmental risk assessment | % | 100.00 | 100.00 | 100.00 |
| Percentage of operational sites with environmental certification | % | 100.00 | 100.00 | 100.00 |
| Number of incidents punished for violating environmental protection laws and regulations | Case | 0 | 0 | 0 |
| Total fines imposed for violations of environmental protection laws and regulations | RMB 10,000 | 0 | 0 | 0 |
| Annual investment in environmental protection | RMB 10,000 | 1,504.00 | 1,048.14 | 1,458.88 |
| Energy Management ¹ | | | | |
| Direct energy consumption | Ton standard coal | 3,037.58 | 4,928.48 | 4,533.49 |
| Liquefied petroleum gas consumption | Ton | 5.26 | 6.33 | 3.60 |
| Fixed source diesel consumption | Ton | 4.15 | 11.15 | 7.30 |
| Diesel consumption for official vehicles | Liter | 22,191.01 | 55,963.00 | 61,241.84 |
| Gasoline consumption of official vehicles | Liter | 72,940.00 | 82,378.45 | 80,345.00 |
| Natural gas consumption ² | m ³ | 1,252,191.00 | 1,621,451.60 | 3,275,528.00 |
| Indirect energy consumption | Ton standard coal | 24,822.49 | 23,164.57 | 22,885.95 |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|--|-------------------------------|----------------|--------------|--------------|--------------|
| Total purchased electricity | MWh | 81,270.89 | 84,685.12 | 114,676.44 | |
| Purchased electricity from non-renewable sources | MWh | 81,270.89 | 83,539.37 | 87,171.18 | |
| Purchased electricity from renewable sources | MWh | 0.00 | 1,145.76 | 27,505.27 | |
| Purchased steam consumption | GJ | 434,558.75 | 373,660.98 | 204,264.52 | |
| Purchased biomass steam | GJ | 0 | 0 | 54,643 | |
| Self-produced renewable energy consumption | Ton standard coal | 1,250.18 | 2,585.79 | 1,822.71 | |
| Comprehensive energy consumption | Ton standard coal | 27,860.07 | 28,093.05 | 27,419.43 | |
| Comprehensive energy consumption intensity (per unit operating income) | Ton standard coal /RMB 10,000 | 0.07 | 0.07 | 0.06 | |
| Renewable energy consumption | MWh | 10,165.05 | 22,170.52 | 27,505.57 | |
| Percentage of renewable energy in total energy consumption | % | 5.78 | 9.70 | 12.33 | |
| Clean energy consumption | MWh | 23,706.24 | 39,204.89 | 62,927.67 | |
| Clean energy consumption by energy type | Natural gas | m ³ | 1,252,191.00 | 1,621,451.60 | 3,275,528.00 |
| | Solar energy | MWh | 10,165.05 | 21,024.76 | 25,592.49 |
| | Other | MWh | 0.00 | 645.76 | 1,913.07 |
| Proportion of clean energy by energy type | Natural gas | % | 57.12 | 44.72 | 56.29 |
| | Solar energy | % | 42.88 | 53.63 | 40.67 |
| | Other | % | 0.00 | 1.65 | 3.04 |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|--|----------------------------|----------------|--------------|--------------|--------------|
| Circular Economy | | | | | |
| Total usage of finished product packaging materials | Ton | 25,600 | 36,971 | 44,365 | |
| Packaging material usage by type | Paper | Ton | 25,000 | 26,584 | 31,901 |
| | Plastic | Ton | 600 | 10,387 | 12,464 |
| Usage of environment-friendly packaging materials for finished products | Ton | 16,640 | 25,140 | 30,611 | |
| Percentage of environment-friendly packaging materials for finished products | % | 65 | 68 | 69 | |
| Total usage of non-renewable materials | Ton | 600 | 10,387 | 12,464 | |
| Total usage of renewable materials | Ton | 25,000 | 26,584 | 31,901 | |
| Water Resources Management | | | | | |
| Total water withdrawal | m ³ | 1,321,508.00 | 1,014,871.24 | 1,512,931.51 | |
| Water consumption by source | Surface water | m ³ | 884,940.00 | 622,036.00 | 999,921.00 |
| | Municipal water supply | m ³ | 436,568.00 | 392,835.24 | 513,010.51 |
| Total water discharge | m ³ | 1,104,704.68 | 816,720.34 | 1,127,303.00 | |
| Water discharge by destination | Surface water | m ³ | 0.00 | 1200.00 | 3,244.00 |
| | Municipal water supply | m ³ | 1,104,704.68 | 815,520.34 | 1,124,059.00 |
| Total water consumption | m ³ | 216,803.32 | 198,150.90 | 385,628.51 | |
| Water consumption rate | m ³ /RMB 10,000 | 0.53 | 0.45 | 0.90 | |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|---|----------------------------------|----------------|----------------|----------------|----------|
| Total recycled water usage | m ³ | 745,372.90 | 528,270.80 | 785,394.90 | |
| Percentage of recycled water | % | 56.40 | 52.05 | 51.91 | |
| Wastewater Management | | | | | |
| Industrial wastewater discharge | Ton | 483,204.46 | 357,821.02 | 265,169.00 | |
| Chemical oxygen demand (COD) discharge | Ton | 46.68 | 44.28 | 37.27 | |
| NH ₃ -N discharge | Ton | 1.75 | 2.97 | 2.00 | |
| Air Pollution Management | | | | | |
| Total emissions of waste gases | m ³ | 303,726,592.86 | 278,059,230.65 | 507,420,639.00 | |
| Nitrogen oxides (NOx) emissions | Kg | 311.00 | 446.36 | 951.00 | |
| Volatile Organic Compounds (VOC) emissions | Kg | 3,624.84 | 3,645.80 | 9,650.00 | |
| Waste Management | | | | | |
| Total amount of non-hazardous waste | Ton | 4,735.77 | 4,148.27 | 5,306.75 | |
| Amount of non-hazardous waste by disposal method | Incinerated with energy recovery | Ton | 394.44 | 474.53 | 848.39 |
| | Landfill | Ton | 0.00 | 71.59 | 6.00 |
| | Recycling/reuse | Ton | 4,314.03 | 3,574.05 | 4,452.36 |
| | Other | MWh | 27.30 | 28.10 | 0.00 |
| Non-hazardous waste density (per unit of revenue) | Ton/RMB 10,000 | 0.0110 | 0.0095 | 0.0124 | |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|---|----------------------------------|-------------|------------|------------|--------|
| Total amount of hazardous waste ³ | Ton | 65.58 | 89.11 | 217.92 | |
| Amount of hazardous waste by disposal method | Incinerated with energy recovery | Ton | 29.74 | 32.49 | 64.32 |
| | Landfill | Ton | 0.00 | 0.06 | 42.00 |
| | Recycling/reuse | Ton | 27.30 | 28.10 | 111.60 |
| | Other | MWh | 35.84 | 56.56 | 0.00 |
| Hazardous waste density (per unit of revenue) | Ton/RMB 10,000 | 0.0002 | 0.0002 | 0.0005 | |
| Total waste generated | Ton | 4,806.15 | 4,237.38 | 5,524.67 | |
| Total waste recycled | Ton | 880.84 | 995.21 | 1,352.69 | |
| Percentage of total operational waste transferred from landfills | % | 18.33 | 23.49 | 24.48 | |
| Climate Change Mitigation and Adaptation⁴ | | | | | |
| Scope 1 GHG emissions | tCO ₂ e | 2,974.48 | 3,913.52 | 7,501.87 | |
| Scope 2 GHG emission (location-based) | tCO ₂ e | 93,053.09 | 86,544.74 | 67,775.51 | |
| Scope 2 GHG emission (market-based) | tCO ₂ e | 96,092.62 | 90,023.36 | 57,287.57 | |
| Total GHG emission (Scope 1 + Scope 2) (location-based) | tCO ₂ e | 96,027.57 | 90,458.26 | 75,277.38 | |
| GHG emission density (Scope 1 + Scope 2) (per unit of revenue) (location-based) | tCO ₂ e / RMB 10,000 | 0.23 | 0.21 | 0.17 | |
| Scope 3 GHG emissions | tCO ₂ e | 426,694.254 | 418,600.60 | 406,622.75 | |
| Reduction compared to the base year (2023) | % | 0 | 1.9 | 4.7 | |

1 Data note: The statistical scope of energy management-related data covers all operational sites. Conversion factors are determined in accordance with GB/T 2589-2020 General Principles for Calculation of Comprehensive Energy Consumption.

2 During the reporting period, the Company launched a new product production line that requires a large amount of natural gas; therefore, natural gas consumption increased significantly.

3 Data note: The increase in total hazardous waste was mainly due to the centralized disposal associated with the relocation of the old factory.

4 Data note: For detailed data on greenhouse gas emissions, please refer to the carbon verification report to be published by the Company at a later stage.

Employee-related Performance

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|--|---|--------|-------|-------|-------|
| Employee Recruitment and Hiring | | | | | |
| Number of incidents punished for violating employment and labor laws and regulations | Case | 0 | 0 | 0 | |
| Total number of employees ¹ | Person | 6,717 | 7,807 | 7,909 | |
| By employment form | Full-time employees under a labor contract | Person | 6,717 | 7,807 | 7,909 |
| | Full-time employees under labor dispatch | Person | 621 | 616 | 921 |
| By gender | Male | Person | 2,085 | 2,645 | 2,640 |
| | Female | Person | 4,632 | 5,162 | 5,269 |
| By work area | Chinese Mainland | Person | 6,185 | 6,281 | 6,715 |
| | Hong Kong, Macao, Taiwan, and overseas ² | Person | 532 | 1,526 | 1,194 |
| By age | <30 | 人 | 1,211 | 2,405 | 2,704 |
| | 30-50 | 人 | 5,133 | 5,094 | 4,749 |
| | >50 | 人 | 373 | 308 | 456 |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|---|--|--------|-------|-------|-------|
| By management level | Front-line employees | Person | 6,422 | 7,467 | 7,577 |
| | Mid-level management | Person | 232 | 283 | 273 |
| | Senior management | Person | 63 | 57 | 59 |
| Percentage of female employees | % | 68.96 | 66.12 | 66.60 | |
| Percentage of female senior executives (above director level) | % | 23.81 | 26.30 | 27.20 | |
| Percentage of female directors on the Board of Directors | % | 33.33 | 33.33 | 33.33 | |
| Percentage of ethnic minorities and vulnerable groups in all employees | % | 0.19 | 0.37 | 1.23 | |
| Percentage of ethnic minorities and vulnerable groups in senior management team | % | 1.85 | 1.80 | 1.69 | |
| Coverage of diversity-related training | % | 100 | 100 | 100 | |
| Total number of new hires ² | Person | 1,886 | 2,517 | 3,421 | |
| By employment form (new hires) | Full-time employees under a labor contract | Person | 1,886 | 2,517 | 3,421 |
| | Full-time employees under labor dispatch | Person | 248 | 325 | 456 |
| By gender (new hires) | Male | Person | 485 | 948 | 852 |
| | Female | Person | 1,401 | 1,569 | 2,569 |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|-------------------------------------|---|--------|-------|-------|-------|
| By work area (new hires) | Chinese Mainland | Person | 1,886 | 1,237 | 2,865 |
| | Hong Kong, Macao, Taiwan, and overseas ² | Person | 0 | 1,280 | 556 |
| By age (new hires) | <30 | Person | 773 | 1,245 | 1,626 |
| | 30-50 | Person | 1,094 | 1,260 | 1,786 |
| | >50 | Person | 19 | 12 | 9 |
| Total number of turnover | Person | 3,654 | 1,950 | 2,943 | |
| By gender (turnover) | Male | Person | 1,316 | 781 | 854 |
| | Female | Person | 2,338 | 1,169 | 2,089 |
| By age (turnover) | <30 | Person | 1,097 | 675 | 664 |
| | 30-50 | Person | 2,375 | 1,209 | 2,034 |
| | >50 | Person | 182 | 66 | 245 |
| Employee turnover rate ³ | % | 54 | 25 | 37 | |
| By gender (turnover rate) | Male | % | 38.69 | 25.75 | 30.91 |
| | Female | % | 33.54 | 18.77 | 39.65 |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|--|------------|---------|--------|---------|----|
| Employee Rights and Benefits | | | | | |
| Labor contract signing rate | % | 100.00 | 100.00 | 100.00 | |
| Social Insurance Coverage Rate | % | 100.00 | 100.00 | 100.00 | |
| Employee compensation and benefits expenses ⁴ | RMB 10,000 | 100,365 | 92,240 | 101,208 | |
| Unadjusted average gender pay gap ⁵ | % | 5.03 | 0.00 | 0.00 | |
| Ratio of highest annual salary to median annual salary | / | 13.40 | 14.00 | 23.72 | |
| Percentage of employees covered by collective bargaining agreements | % | 100.00 | 100.00 | 100.00 | |
| Percentage of operational sites assessed for human rights impacts or risks | % | 100.00 | 100.00 | 100.00 | |
| Percentage of operational sites with labor and human rights certification | % | 63.64 | 75.00 | 75.00 | |
| Number of employees eligible for parental leave | Person | 59 | 108 | 121 | |
| By gender | Male | Person | 19 | 35 | 32 |
| | Female | Person | 40 | 73 | 89 |
| Number of employees taking parental leave | Person | 59 | 35 | 42 | |
| By gender | Male | Person | 19 | 12 | 11 |
| | Female | Person | 40 | 23 | 31 |

| Disclosures | Unit | 2023 | 2024 | 2025 | |
|---|----------------------|------------|------------|------------|--------|
| Number of employees returning to work after parental leave | Person | 59 | 35 | 42 | |
| By gender | Male | Person | 19 | 12 | 11 |
| | Female | Person | 40 | 23 | 31 |
| Employee Training and Development | | | | | |
| Number of employees receiving training | Person | 6,717 | 7,807 | 7,909 | |
| By gender (training participants) | Male | Person | 2,085 | 2,645 | 2,640 |
| | Female | Person | 4,632 | 5,162 | 5,269 |
| Employee training coverage ⁶ | % | 100.00 | 100.00 | 100.00 | |
| Total hours of employee training | Hour | 435,075.60 | 506,409.90 | 499,927.89 | |
| Average duration of employee training ⁷ | Hour | 64.77 | 64.87 | 63.21 | |
| Percentage of employees receiving regular performance and career development appraisals | % | 100.00 | 100.00 | 100.00 | |
| By gender | Male | % | 100.00 | 100.00 | 100.00 |
| | Female | % | 100.00 | 100.00 | 100.00 |
| By management level | Front-line employees | % | 100.00 | 100.00 | 100.00 |
| | Mid-level management | % | 100.00 | 100.00 | 100.00 |
| | Senior management | % | 100.00 | 100.00 | 100.00 |
| Training Expenditure of the Company | RMB 10,000 | / | 264 | 309 | |

| Disclosures | Unit | 2023 | 2024 | 2025 |
|--|-----------|------------|------------|------------|
| Occupational Health and Safety | | | | |
| Number of incidents punished for violating occupational health and safety laws and regulations | Case | 0 | 0 | 0 |
| Total working hours | Hour | 13,057,848 | 16,271,766 | 17,140,800 |
| Number of safety incidents | Case | 3 | 3 | 3 |
| Number of injury incidents | Case | 3 | 3 | 3 |
| Number of severe injury incidents | Case | 0 | 0 | 0 |
| Number of recordable work-related health issues | Case | 0 | 0 | 0 |
| Number of deaths due to work-related health issues | Person | 0 | 0 | 0 |
| Number of workplace injuries | Person | 3 | 3 | 3 |
| Number of deaths due to work-related injuries | Person | 0 | 0 | 0 |
| Percentage of deaths due to work-related injuries | % | 0.00 | 0.00 | 0.00 |
| Injury rate per thousand employees ⁸ | / | 0.45 | 0.38 | 0.37 |
| Number of lost-time incidents | Case | 3 | 3 | 3 |
| Recordable injury rate per million working hours ⁹ | Case/Hour | 0.23 | 0.21 | 0.18 |
| Total work hours lost due to injuries | Hour | 624 | 936 | 872 |

| Disclosures | Unit | 2023 | 2024 | 2025 |
|---|--------|--------|--------|--------|
| Number of employees with occupational diseases | Person | 0 | 0 | 0 |
| Percentage of operational sites with health and safety risk assessments | % | 100.00 | 100.00 | 100.00 |
| Percentage of employees receiving occupational health and safety training ¹⁰ | % | 75.21 | 100.00 | 100.00 |

Notes:

- The total number of employees and the total number of new hires are consistent with data disclosed in the Company's annual report and include fulltime labor contract employees from both the parent company and major subsidiaries. Part-time and other types of employees are not included.
- Ratio of new employees by category = number of new employees by category in the reporting period / (total number of employees by category at the end of the reporting period + number of employees lost by category in the reporting period) * 100%.
- Employee turnover rate by category = number of employees lost by category during the reporting period / (total number of employees by category at the end of the previous reporting period + number of new employees by category during the reporting period) * 100%.
- Based on salaries, bonuses, allowances, subsidies and other benefits paid to employees.
- Unadjusted average gender pay gap = (Average salary of men - average salary of women) / average salary of men * 100%.
- Coverage of employee training = (Number of employees who received training / Total number of employees) * 100%.
- Average training hours per employee = Total training hours / Total number of employees.
- Injury rate per thousand employees = Number of workplace injuries / (Total number of employees / 1,000).
- Recordable injury rate per million working hours = Number of workplace injuries / Total number of working hours * 100%.
- Percentage of employees receiving occupational health and safety training = (Number of employees receiving occupational health and safety training / Total number of employees) * 100%

Supply Chain Management Performance

| Disclosures | Unit | 2023 | 2024 | 2025 |
|---|------|--------|--------|--------|
| Supply Chain Management | | | | |
| Total number of suppliers | # | 684 | 762 | 783 |
| Total number of new suppliers | # | / | 78 | 21 |
| Mainland China | # | 653 | 730 | 744 |
| Hong Kong, Macao, Taiwan and overseas | # | 31 | 32 | 39 |
| Percentage of target suppliers that have signed the <i>Supplier Code of Conduct</i> | % | 100.00 | 100.00 | 100.00 |
| Percentage of suppliers signing contracts with environmental, labor, and human rights provisions | % | 10 | 88 | 94 |
| Percentage of target suppliers that have undergone on-site CSR audits ¹ | % | 80 | 88 | 94 |
| Number of suppliers assessed for environmental, labor, and ethical aspects and failed | # | 0 | 0 | 0 |
| Percentage of suppliers assessed for environmental, labor, and ethical aspects and passed | % | 100.00 | 100.00 | 100.00 |
| Number of suppliers identified as having actual and potential significant negative social and environmental impacts and receiving support in implementing corrective action plans | # | 0 | 0 | 0 |
| Percentage of suppliers agreeing to improvements after environmental and social impact assessments | % | 66 | 50 | 37 |
| Percentage of procurement staff who have completed sustainable procurement training | % | 100.00 | 100.00 | 100.00 |
| Percentage of procurement spending on local suppliers ¹ | % | 96.39 | 93.31 | 96.83 |
| Number of target suppliers that have signed the <i>Supplier Code of Conduct</i> | # | / | 123 | 126 |
| ESG training coverage of suppliers | % | | 89 | 95 |

R&D & Intellectual Property Performance

| Disclosures | Unit | 2023 | 2024 | 2025 |
|--|------|-------|-------|-------|
| Intellectual Property Protection | | | | |
| Number of patent applications during the reporting period | # | 32 | 33 | 208 |
| Number of patents granted during the reporting period | # | 79 | 64 | 88 |
| Number of trademark applications during the reporting period | # | 159 | 170 | 10 |
| Number of trademarks granted during the reporting period | # | 17 | 106 | 26 |
| Number of invention patents applied to main business | # | 79 | 107 | 127 |
| Total number of patents granted | # | 1,152 | 1,216 | 1,424 |
| Total number of patent applications | # | 871 | 904 | 992 |

Notes:

1. The procurement spending on local suppliers is specifically for those located in the same area as the Company's key operational sites.

Community Public Welfare Performance

| Disclosures | Unit | 2023 | 2024 | 2025 |
|---|------------|--------|--------|--------|
| Charity and Volunteer Services | | | | |
| Total investment in public welfare and charity | RMB 10,000 | 324.6 | 230.0 | 91.25 |
| Number of employees participating in voluntary activities | Person | 320.00 | 334.00 | 245.00 |
| Total time of employee volunteer service | Hour | 1,953 | 2,004 | 1,470 |
| Rural revitalization | | | | |
| Amount of investment in rural revitalization | RMB 10,000 | 80.4 | 83.8 | 68.60 |
| Number of people benefited from rural revitalization | Person | 5,050 | 5,128 | 4,373 |

Governance Performance

| Disclosures | Unit | 2023 | 2024 | 2025 |
|--|--------------|--------|--------|--------|
| Anti-corruption and Anti-bribery | | | | |
| Number of management staff participating in anti-corruption training | Person | 295 | 340 | 308 |
| Percentage of management staff covered by anti-corruption training | % | 100 | 100 | 100 |
| Number of employees participating in anti-corruption training | Person | 3,102 | 3,219 | 3,168 |
| Percentage of employees participating in anti-corruption training | % | 46.18 | 44.19 | 39.44 |
| Total hours of anti-corruption training received by employees | Hour | 12,408 | 12,786 | 12,672 |
| Hours of anti-corruption training per employee | Hours/Person | 1.85 | 1.76 | 1.60 |
| Number of suppliers participating in anti-corruption training | # | 684 | 762 | 783 |
| Percentage of operational sites that have undergone corruption risk assessments | % | 100 | 100 | 100 |
| Percentage of sites audited for specific business ethics issues | % | 100 | 100 | 100 |
| Number of reported incidents of corruption and bribery received | # | 0 | 0 | 1 |
| Number of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period | # | 0 | 0 | 0 |
| Total number of confirmed incidents (in which employees were dismissed or disciplined due to corruption) | # | 0 | 0 | 0 |
| Total number of confirmed incidents (including violations related to corruption, and termination or non-renewal of contracts with business partners) | # | 0 | 0 | 0 |
| Anti-unfair Competition | | | | |
| Number of cases in which the Company was sanctioned by the relevant authorities for unfair competition practices in its operations or violations of the antitrust and anti-monopoly laws | # | 0 | 0 | 0 |
| Amount involved in litigation or major administrative penalties resulting from the Company's unfair competition practices during the reporting period | # | 0 | 0 | 0 |
| Total number of confirmed incidents, including cases where employees were dismissed or subject to disciplinary action due to corruption | # | 0 | 0 | 0 |
| Amount of litigation or major administrative penalties caused by the Company's unfair competition during the reporting period | RMB 10,000 | / | 0 | 0 |

| 披露项 | 单位 | 2023年 | 2024年 | 2025年 |
|--|------------|-------|-------|-------|
| Information Security | | | | |
| Number of penalized incidents of violating information security laws and regulations | # | 0 | 0 | 0 |
| Number of verified incidents of customer information leakage, theft or loss | # | 0 | 0 | 0 |
| Amount involved in data security incidents | # | 0 | 0 | 0 |
| Amount involved in customer privacy breach incidents | RMB 10,000 | / | 0 | 0 |

Economic Performance

| Disclosures | Unit | 2023 | 2024 | 2025 |
|---|------------|-------------|-------------|-------------|
| Economic Performance | | | | |
| Social contribution per share ¹ | RMB | 5.84 | 5.69 | 6.07 |
| Basic earnings per share | RMB/Share | 0.74 | 1.45 | 0.99 |
| Operating income | RMB 10,000 | 412,704 | 426,389 | 432,960 |
| Net profit attributable to ordinary shareholders after extraordinary gains and losses | RMB 10,000 | 18,958 | 31,640 | 24,031 |
| Total tax payments | RMB 10,000 | 33,172 | 24,620 | 33,790 |
| Total employee salaries and benefits paid by the Company | RMB 10,000 | 100,365 | 92,240 | 101,208 |
| Interest on borrowings from banks and other creditors | RMB 10,000 | 2,893 | 2,873 | 2,921 |
| Value created for other stakeholders, such as donations to external parties | RMB 10,000 | 324 | 230 | 91 |
| Other social costs due to environmental pollution, etc. | RMB 10,000 | 0 | 0 | 0 |
| Total shares issued by the Company | share | 266,451,202 | 266,451,202 | 265,835,535 |

Notes:

1. Social contribution per share = Basic earnings per share + (Total tax payments + Salaries paid to employees + Interest on borrowings from banks and other creditors + Value created for other stakeholders, such as donations to external parties - Other social costs due to environmental pollution, etc.) / Total shares issued by the Company.

Report Benchmarking Index Table

GRI Standards (2021)

| GRI content index | |
|-------------------|--|
| Statement of use | Zhende Medical has reported in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025, |
| Statement of use | GRI 1: Foundation 2021 |
| GRI 1 used | No applicable industry standards |

Zhende Medical has developed the Benchmarking Index Table based on the GRI principles combined with the material topics identified and the information disclosed in the *2024 Sustainability Report of Zhende Medical Co., Ltd.* The Company has determined that the following topics are non-material and thus will not be included in the Benchmarking Index Table: GRI 202 (Market Presence), GRI 207 (Tax), GRI 101 (Biodiversity), GRI 410 (Security Practices), GRI 411 (Rights of Indigenous Peoples), GRI 415 (Public Policy).

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|---------------------------------|--|--|--|--------|-------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| General disclosures | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | About Zhende Medical | Reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available. | | |
| | 2-2 Entities included in the organization's sustainability reporting | About This Report | | | |
| | 2-3 Reporting period, frequency and contact point | About This Report | | | |
| | 2-4 Restatements of information | ESG Performance Tables | | | |
| | 2-5 External assurance | Independent Assurance Statement | | | |
| | 2-6 Activities, value chain and other business relationships | About Zhende Medical Being A Reliable Partner - Customer Service | | | |
| | 2-7 Employees | Caring for Employee Growth-Protection of Employees' Rights and Interests- ESG Performance Tables | | | |
| | 2-8 Workers who are not employees | ESG Performance Tables | | | |
| | 2-9 Governance structure and composition | Improving Governance System -Corporate Governance System Sustainable Development-Sustainability Governance Structure | | | |
| | 2-10 Nomination and selection of the highest governance body | Improving Governance System -Corporate Governance System | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|---------------------------------|--|--|------------------------|------------------------------|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| GRI 2: General Disclosures 2021 | 2-11 Chair of the highest governance body | Can be seen in <i>2025 Annual Report of Zhende Medical</i> for details | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Improving Governance System -Corporate Governance System Sustainable Development-Sustainability Governance Structure | | | |
| | 2-13 Delegation of responsibility for managing impacts | Improving Governance System -Corporate Governance System Sustainable Development-Sustainability Governance Structure | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | Sustainable Development-Sustainability Governance Structure | | | |
| | 2-15 Conflicts of interest | Improving Governance System -Corporate Governance System Improving Governance System -Compliance Operation Management | | | |
| | 2-16 Communication of critical concerns | Sustainable Development Management- Stakeholder Engagement | | | |
| | 2-17 Collective knowledge of the highest governance body | Sustainable Development-Sustainability Governance Structure | | | |
| | 2-18 Evaluation of the performance of the highest governance body | Omitted | 2-18-a2-18-b2-18-c | Confidentiality restrictions | This information will not be disclosed for the time being due to confidentiality requirements. |
| | 2-19 Remuneration policies | Omitted | 2-19-a2-19-b | Confidentiality restrictions | This information will not be disclosed for the time being due to confidentiality requirements. |
| | 2-20 Process to determine remuneration | Omitted | 2-20-a2-20-b | Confidentiality restrictions | This information will not be disclosed for the time being due to confidentiality requirements. |
| | 2-21 Annual total compensation ratio | ESG Performance Tables | | | |
| | 2-22 Statement on sustainable development strategy | Sustainable Development - Sustainable Development Management Strategy - We Care Message from the Chairman | | | |
| | 2-23 Policy commitments | Improving Governance System -Compliance Operation Management | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|-----------------------------------|--|---|---|------------------------------------|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| GRI 2: General Disclosures 2021 | 2-24 Embedding policy commitments | Improving Governance System -Compliance Operation Management | | | |
| | 2-25 Processes to remediate negative impacts | Sustainable Development Management- Stakeholder Engagement | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | Improving Governance System -Compliance Operation Management | | | |
| | 2-27 Compliance with laws and regulations | Improving Governance System -Compliance Operation Management | | | |
| | 2-28 Membership associations | Being a Reliable Partner-Industry Exchange and Cooperation | | | |
| | 2-29 Approach to stakeholder engagement | Sustainable Development Management- Stakeholder Engagement | | | |
| | 2-30 Collective bargaining agreements | Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| Material topics | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Sustainable Development Management- Stakeholder Engagement | | | |
| | 3-2 List of material topics | Sustainable Development Management- Stakeholder Engagement | | | |
| | 3-3 Management of material topics | Sustainable Development Management- Stakeholder Engagement ESG Performance Tables | | | |
| Economic performance | | | | | |
| GRI 201 Economic Performance 2016 | 201-1 Direct economic value generated and distributed | ESG Performance Tables | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Promoting Green Development-Climate Change Mitigation and Adaptation | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | Omitted | 201-3-a201-3- b201-3-c201- 3-d201-3-e | Information missing/ incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| | 201-4 Financial assistance received from government | Omitted | 201-4-a201-4- b201-4-c | Information missing/ incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|------------------------|--------|-------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| Indirect economic impacts | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management- Stakeholder Engagement Being a Reliable Partner- Community Communication and Development | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Being a Reliable Partner- Community Communication and Development | | | |
| | 203-2 Significant indirect economic impacts | Being a Reliable Partner- Community Communication and Development | | | |
| Procurement practices | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management- Stakeholder Engagement Improving Governance System -Compliance Operation Management | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | ESG Performance Tables | | | |
| Anti-corruption | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management- Stakeholder Engagement Improving Governance System -Compliance Operation Management | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | ESG Performance Tables | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | Improving Governance System -Compliance Operation Management | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | Improving Governance System -Compliance Operation Management ESG Performance Tables | | | |
| Anti-competitive behavior | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management- Stakeholder Engagement Improving Governance System -Compliance Operation Management | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | ESG Performance Tables | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|-----------------------------------|--|---|---|--------------------------------|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| Materials | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Promoting Green Development -Resource Use and Circular Economy ESG Performance Tables | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | ESG Performance Tables | | | |
| | 301-2 Recycled input materials used | ESG Performance Tables | | | |
| | 301-3 Reclaimed products and their packaging materials | ESG Performance Tables | | | |
| Energy | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | |
| | 302-2 Energy consumption outside of the organization | Omitted | 302-2-a302-2-b302-2-c | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| | 302-3 Energy intensity | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | |
| | 302-4 Reduction of energy consumption | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction | | | |
| | GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Promoting Green Development -Resource Use and Circular Economy ESG Performance Tables | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Promoting Green Development -Resource Use and Circular Economy ESG Performance Tables | | | |
| | 303-2 Management of water discharge-related impacts | Promoting Green Development -Resource Use and Circular Economy | | | |
| | 303-3 Water withdrawal | ESG Performance Tables | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | | |
|-----------------------------------|---|---|---|--------------------------------|---|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | |
| GRI 303: Water and Effluents 2018 | 303-4 Water discharge | ESG Performance Tables | | | | |
| | 303-5 Water consumption | ESG Performance Tables | | | | |
| Emissions | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | | |
| | 305-1 Direct (Scope 1) GHG emissions | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | | |
| GRI 305: Emissions 2016 | 305-3 Other indirect (Scope 3) GHG emissions | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction ESG Performance Tables | | | | |
| | 305-4 GHG emissions intensity | ESG Performance Tables | | | | |
| | 305-5 Reduction of GHG emissions | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction | | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | ESG Performance Tables | 305-6-a305-6-b305-6-c305-6-d | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | ESG Performance Tables | | | | |
| | Waste | | | | | |
| | GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Promoting Green Development -Resource Use and Circular Economy ESG Performance Tables | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|---|--|--|------------------------|--------------------------------|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Promoting Green Development-Environmental Management System | | | |
| | 306-2 Management of significant waste-related impacts | Promoting Green Development-Environmental Management System | | | |
| | 306-3 Waste generated | ESG Performance Tables | | | |
| | 306-4 Waste diverted from disposal | ESG Performance Tables | | | |
| | 306-5 Waste directed to disposal | ESG Performance Tables | | | |
| Supplier environmental assessment | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Being a Reliable Partner-Sustainable Supply Chain | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | Omitted | 308-1-a | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Being a Reliable Partner-Sustainable Supply Chain ESG Performance Tables | | | |
| Employment | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | ESG Performance Tables | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| | 401-3 Parental leave | ESG Performance Tables | | | |
| Labor/management relations | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | Omitted | 402-1-a402-1-b | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| Occupational health and safety | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Occupational Health and Safety | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|--|------------------------|--------|-------------|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-3 Occupational health services | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-5 Worker training on occupational health and safety | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-6 Promotion of worker health | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Caring for Employee Growth-Occupational Health and Safety | | | |
| | 403-8 Workers covered by an occupational health and safety management system | ESG Performance Tables | | | |
| | 403-9 Work-related injuries | ESG Performance Tables | | | |
| | 403-10 Work-related ill health | ESG Performance Tables | | | |
| Training and education | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Employee Training and Development | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | ESG Performance Tables | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Caring for Employee Growth-Employee Training and Development | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | ESG Performance Tables | | | |
| Diversity and equal opportunity | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | ESG Performance Tables | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | ESG Performance Tables | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|--|--|--|------------------------|--------------------------------|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| Non-discrimination | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| Freedom of association and collective bargaining | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Omitted | 407-1-a407-1-b | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| Child labor | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Caring for Employee Growth-Protection of Employees' Rights and Interests- ESG Performance Tables | | | |
| Forced or compulsory labor | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Caring for Employee Growth-Protection of Employees' Rights and Interests- | | | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Caring for Employee Growth-Protection of Employees' Rights and Interests- ESG Performance Tables | | | |
| Local communities | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Promoting Green Development- Environmental Management System | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Omitted | 413-1-a | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| GRI 413: Local Communities 2016 | 413-2 Operations with significant actual and potential negative impacts on local communities | Omitted | 413-2-a | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION | | |
|--|---|--|------------------------|--------------------------------|--|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| Supplier social assessment | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Being a Reliable Partner-Sustainable Supply Chain | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | Omitted | 414-1-a | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| | 414-2 Negative social impacts in the supply chain and actions taken | ESG Performance Tables | 414-2-c 414-2-e | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| Customer health and safety | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Being a Reliable Partner-Product Quality and Safety | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | Omitted | 416-1-a | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Being a Reliable Partner-Product Quality and Safety ESG Performance Tables | | | |
| Marketing and labeling | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Being a Reliable Partner-Product Quality and Safety | | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | Omitted | 417-1-a417-1-b | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | No violations involving product and service information and labeling were recorded by the Company during the reporting year. | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | Omitted | 417-3-a417-3-b | Information missing/incomplete | This information is temporarily unavailable so it cannot be fully disclosed. |
| Customer privacy | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Development Management-Stakeholder Engagement Improving Governance System- Information Security and Privacy Protection | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | ESG Performance Tables | | | |

Index Table of the Guidelines No.14 for Self-Regulation of Listed Companies on the Shanghai Stock Exchange: Sustainability Report (Trial)

| Terms and Disclosure Content | Report Chapter |
|--|--|
| Chapter 1 General Provisions | Sustainability management |
| Chapter II Disclosure Framework for Sustainability Information | Sustainability management |
| Chapters and sections in this report | |
| Chapter III Environmental Disclosure | |
| Climate change tackling | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction, Promoting green development - Climate change mitigation and adaptation |
| Section 2 Pollution Control and Ecosystem Protection | |
| Pollutant discharge | Promoting green development-environmental management system, ESG Performance Tables |
| Waste disposal | Promoting green development-environmental management system, ESG Performance Tables |
| Ecosystem and biodiversity protection | Promoting green development-environmental management system |
| Environmental compliance management | Promoting green development-environmental management system |
| Section 3 Resource Utilization and Circular Economy | |
| Energy usage | Promoting Green Development-Resource Use and Circular Economy, ESG Performance Tables |
| Usage of water resources | Promoting Green Development-Resource Use and Circular Economy, ESG Performance Tables |
| Circular economy | Promoting Green Development-Resource Use and Circular Economy, ESG Performance Tables |
| Chapter IV Social Disclosure | |
| Section 1 Rural Revitalization and Social Contributions | |
| Rural revitalization | Being a Reliable Partner-Community Communication and Development, ESG Performance Tables |


| | |
|---|---|
| Section 2 Innovation-Driven Development and Ethics of Science and Technology | |
| Innovation-driven | Being a Reliable Partner-Innovative Solutions, ESG Performance Tables |
| Ethics of science and technology | Not applicable. The Company does not engage in scientific research or technology development activities in the field of ethics of science and technology, such as life sciences and artificial intelligence, during its production and operation. |
| Section 3 Suppliers and Clients | |
| Supply chain security | Being a Reliable Partner-Sustainable Supply Chain |
| Equal treatment of small and medium-sized enterprises | Improving Governance System -Corporate Governance System, Being a Reliable Partner-Sustainable Supply Chain |
| Safety and quality of products and services | Being a Reliable Partner-Product Quality and Safety |
| Data security and customer privacy protection | Improving Governance System -Information Security and Privacy Protection |
| Section 4 Employees | |
| Employees | Caring for Employee Growth-Protection of Employees' Rights and Interests, Caring for Employee Growth-Employee Training and Development, Caring for Employee Growth-Occupational Health and Safety, ESG Performance Tables |
| Chapter V Corporate Governance Information Related to Sustainable Development Disclosure | |
| Section 1 Sustainability-Related Governance Mechanisms | |
| Due diligence | Improving Governance System -Compliance Operation Management, Being a Reliable Partner-Sustainable Supply Chain |
| Communications with stakeholders | Sustainable Development Management-Stakeholder Engagement |
| Section 2 Commercial Behaviors | |
| Anti-commercial bribery and anti-corruption | Improving Governance System -Compliance Operation Management |
| Anti- unfair competition | Improving Governance System -Compliance Operation Management |
| Chapter VI Supplementary Provisions and Interpretation | |

Benchmarking Index Table of SDGs

| SDGs | SDGs Sub-targets | Measures | Reporting Chapters |
|------|--|--|---|
| | <p>1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.90 a day.</p> <p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p> | Total social welfare expenditure reached RMB 921.5 thousand, allocated to donations for impoverished areas, community services and other public welfare initiatives. | Being a Reliable Partner-Community Communication and Development |
| | 3.8 Access to safe, effective, quality and affordable essential medicines and vaccines for all. | The Company pursues excellence in product quality and safety. It breaks geographical and channel barriers for medical products, builds a diversified global market network, and enables users in different regions with varied needs to access high-quality medical and nursing products conveniently. | Being A Reliable Partner - Customer Service |
| | 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. | The Company provides regular vocational skills training for employees, launches internship programs and competency improvement initiatives through university-enterprise cooperation, and establishes a comprehensive employee training and development system. | Caring for Employee Growth- Employee Training and Development |
| | 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. | The Company formulates and implements gender equality policies to ensure equal opportunities for female employees in recruitment, remuneration, promotion and career development. It sets up lactation rooms and offers flexible working arrangements for pregnant female staff. | Caring for Employee Growth- Protection of Employees' Rights and Interests- |
| | <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p> | <p>Wastewater discharge is strictly controlled to fully comply with environmental protection standards.</p> <p>Water efficiency is greatly improved and water resource waste reduced by optimizing production processes and introducing water-saving technologies.</p> <p>An internal water recycling system is deployed at factories; treated wastewater is reused for non-production purposes to achieve sustainable utilization of water resources.</p> | <p>Promoting Green Development-Environmental Management System</p> <p>Promoting Green Development-Resource Use and Circular Economy</p> |

| SDGs | SDGs Sub-targets | Measures | Reporting Chapters |
|------|--|---|--|
| | <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency.</p> | <p>The Company increases the proportion of renewable energy use, including photovoltaic power generation, geothermal energy, biomass energy and other clean energy sources.</p> <p>Energy-saving and technological upgrading projects are continuously implemented.</p> | Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction |
| | <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p> | <p>The Company creates more employment opportunities for local communities, especially for young people and persons with disabilities. It strictly implements the equal pay for equal work policy to ensure fair treatment of all employees in remuneration and benefits.</p> <p>A sound labor protection mechanism is established to eliminate forced labor and child labor.</p> <p>By implementing the occupational health and safety management system, the Company provides a safe and healthy working environment for all employees.</p> | <p>Caring for Employee Growth- Protection of Employees' Rights and Interests-</p> <p>Caring for Employee Growth- Employee Training and Development</p> <p>Caring for Employee Growth- Occupational Health and Safety</p> |
| | <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p> | <p>The Company reduces waste generation and improves waste recycling and reuse rates by optimizing production workflows, promoting digital office operations and adopting circular economy models.</p> <p>Sustainability reports are issued regularly to disclose the Company's environmental, social and governance (ESG) performance and accept supervision from stakeholders.</p> | <p>Zhende Intelligence: Reshaping Green Operations through Digitalization</p> <p>Promoting Green Development-Resource Use and Circular Economy</p> |
| | 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning. | The Company sets and delivers science-based emission reduction targets, including validation against the SBTi criteria, and actively participates in global climate action. It conducts regular climate-related risk and opportunity assessments and advocates low-carbon lifestyles among employees. | <p>Zhende Decarbonization: Solidify Energy Management, Commit to Carbon Reduction</p> <p>Promoting Green Development-Climate Change Mitigation and Adaptation</p> |

Independent Assurance Statement



Independent Assurance Statement

Introduction

Bureau Veritas Hong Kong Limited, a member of the Bureau Veritas Group in France (hereinafter referred to as "Bureau Veritas"), has been commissioned by Zhende Medical Co., Ltd. (hereinafter referred to as "Zhende") to conduct an independent external assurance of the Zhende Medical Co., Ltd. 2025 Environmental, Social and Governance Report (hereinafter referred to as the "Report"). The Bureau Veritas assurance team has performed the assurance engagement of this Report in accordance with the contract terms agreed with Zhende and within the scope of responsibilities defined by the contractual agreement.

The intended users of this statement are stakeholders concerned with the environmental, social, and governance performance and impacts of Zhende in the fiscal year 2025 (January 1, 2025, to December 31, 2025).

Assurance Principles and Standards

Bureau Veritas performed this assurance engagement according to the following standards from AccountAbility:

- AA1000 Accountability Principles 2018
- AA1000 Assurance Standard v3

Type and Level of Assurance

Bureau Veritas followed the "Type 2" and "Moderate" level requirements of the AA1000 Assurance Standard v3 to verify the information and data disclosed in the report. Specific performance information includes total amount of hazardous waste, total amount of non-hazardous waste, total energy consumption, total water intake, thousand-person injury rate.

The following standards were also used to implement this verification work:


- With reference to the the Self-Regulatory Guidelines No. 14 for Companies Listed on Shanghai Stock Exchange—Sustainability Report
- With reference to the Guideline No. 4 for Self-Regulation of Listed Companies of the Shanghai Stock Exchange — Preparation of Sustainability Reports (Revised January 2026)
- With reference to Global Reporting Initiative (GRI) by the Global Sustainability Standards Board (GSSB)

Assurance Methodology

Bureau Veritas performed this external assurance based on its ESG reporting assurance methodology. The assurance activities included:

- Conducting interviews with management and personnel responsible for the collection and consolidation of sustainability performance data to understand and evaluate key processes, systems, and internal controls over sustainability information and data.
- Reviewing the entity's environmental, social, and governance (ESG) management practices, processes, and specific information and data based on sampling principles to test the accuracy of the information and data.

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- Communicating the assurance findings to the company's management and providing the opportunities for the company to make relevant improvements prior to completing the assurance process.
- Collecting and evaluating supporting documentary evidence and management presentations to assess the company's level of adherence to the assurance principles.

Nature and Scope of Assurance

Bureau Veritas reserves the right to update the assurance opinion statement periodically, depending on the extent of differences between the content of the published version of the report and the agreed standard requirements.

The engagement team carried out this assurance from March 15th to April 13th, 2026.

Zhende is responsible for the preparation of the sustainability report, the collection of information, and the establishment of the internal control system.

Bureau Veritas has not been involved in the preparation of any materials for this report and has solely conducted an independent and impartial assurance of the published information based on the agreed scope.

Limitations

Bureau Veritas performed the assurance strictly within the agreed scope, type, and level of assurance defined in the assurance agreement. Information and data relevant to the assurance were limited to those disclosed in the report provided by the organization.


Bureau Veritas' assurance does not cover the company's annual financial reports, financial data, or other information unrelated to sustainability. If the company's report references financial information audited independently by accounting firm, Bureau Veritas will neither trace the original data nor provide opinions regarding its conformity during the assurance process.

Assurance Opinion

Based on the above methodology and scope of assurance, the Bureau Veritas assurance team concludes that, during the assurance process, no instances or information came to our attention contradicting the following statements:

- The report and its content presentation comply with the AA1000 Assurance Principles.
- The reporting organization has chosen an appropriate assurance level for the current report. The content of this report meets the requirements for the AA1000 AS v3 "Type 2" and "Moderate" assurance levels.
- The organization has implemented relevant management processes to collect and compile key information related to material topics within the reporting boundaries.
- The environmental, social, and governance (ESG) related information and performance indicators disclosed in this Report have been evaluated and supported by written evidence.

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Adherence to the AA1000 Accountability Principles

Inclusivity: Zhende has demonstrated a strong commitment to inclusivity by engaging with and responding to the views and expectations of stakeholders. A variety of communication and engagement methods, such as regular meetings and surveys, are used to communicate with stakeholders including government and regulatory bodies, shareholders and investors, employees, customers, suppliers, communities, and other relevant parties. This approach has allowed the organization to understand the issues that matter most to its stakeholders. We recommend that the company further develop its stakeholder engagement processes and strategies, as well as disclose the feedback from stakeholders participating in these processes.

Materiality: Zhende has established and implemented effective processes to identify material issues. The company systematically identifies and considers stakeholder opinions and the company's sustainability context to evaluate significant impacts on governance, the environment, and society, as well as the extent of impact on stakeholders' assessments and decisions.

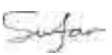
Responsiveness: Zhende has shown its responses to major issues in the report. The company has addressed significant issues and made declarations about the policies and strategies responding to stakeholder concerns.


Impact: Zhende has monitored, measured, and evaluated the impact of its actions, performance, and outcomes on the economy, environment, society, stakeholders, and the organization itself, with reference to the relevant standards.

Disclosure of Key Performance Indicators

Based on the requirements for Type 2 Moderate Assurance, Bureau Veritas' assurance conclusions regarding the reliability and quality of specific performance information are as follows:

- We observed that Zhende has implemented relevant processes and appropriate measures to collect and provide reliable source data related to the selected specific performance information .
- During the assurance process, no material misstatements were identified regarding the specific performance indicators and data.


 Su Fan | Technical Manager of China Sustainability Service
 Bureau Veritas Hong Kong Limited
 April 20th, 2026



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