

# Wellell 2021 Sustainability Report

Be well, Live well

**Wellell**

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## **About the Report**

(I) Report Time and Scope

The information covered and disclosed in this Report was from January 1, 2021 to December 31, 2021. Both the financial and non-financial information covered in this Report were based on Wellell Inc., including Taiwan and overseas business bases.

(II) Report Preparation Principles

On the basis of transparency and sharing, this Report was compiled in compliance with the GRI standards, published by the Global Sustainability Reporting Initiatives and in the appendix of this Report, a cross reference table of GRI Standards was provided for index reference.

(III) Management of Report Information

All information and data in this Report were collected and prepared by each internal department of the Company, which submitted the same to the sustainable development task force for review and confirmation of its correctness; the financial data in this Report were those in the financial report attested by the CPA firm.

(IV) This Report is regularly issued once a year. The last publication date was September 2021 and the next publication date is expected to be in September 2023.

If you have any questions or suggestions about this Report, you are welcome to contact us and our contact detail is as follows:

Wellell Inc.

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Tel: 02-2268-5568

Company's Website: <https://tw.wellell.com/zh-tw>

## Letter from the Chairman



Since founded in 1990, Wellell Inc. has been adhering to the initial intention of respecting life, providing a wide range of customers with high-quality products and fast services. The brand transformation in 2022 is based on the past achievements, demonstrating the determination to establish a global foothold and evolve the corporate organization, and looking forward to the next thirty years, and aiming to achieve even more ambitious goals.

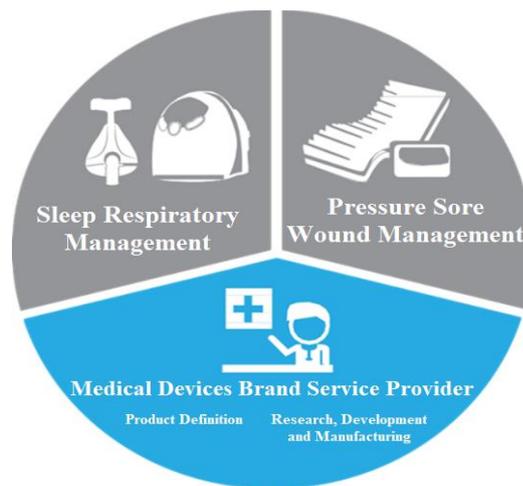
In 2022, the new brand of “Wellell” was announced, the name of which is a new phrase created by combining Wellbeing and Wellspring, symbolizing a healthy spring. By virtue of fully considering the products and services experienced by the users to attain to the patient’s health and comfort, we continuously hold by the belief of “respecting the value of life”. Wellell strives to help all patients and their relatives enjoy a healthier, easier, and more carefree life.

Being a brand company, Wellell not only carries out the corporate governance and professional specialization, but also develops the sustainable environment, maintains the social welfare, reinforces the disclosure of information on the corporate social responsibility and fulfills the responsibilities as a social citizen. Moreover, through the preparation of the sustainability report, Wellell enables the corporation operation information to be transparent and public, and gathers the medical wisdom to achieve sustainable development.

## **Chapter I: About Wellell**

## 1.1 Company Profile

Wellell Inc. was established in 1990 as a professional company, specializing in design and manufacturing of the medical devices for home care. We provide products and services in wound management, respiratory therapy and medical equipment. We have been patient-centered and innovative technology-based. After more than 30 years of hard work, we aim to become one of the best professional medical equipment brands in the world.



Wellell provides a variety of medical solutions for the medical institutions and home care. Our brand footprint covers the whole world with the sales channels and service networks in more than 60 countries. Since our establishment in 1990, we have integrated the wound management program with sleep respiratory therapy and smart medical technology in order to provide the patients, the medical personnel and the medical institutions with better medical quality and improve their digital healthy life. Adhering to the belief of "respecting the value of life", Wellell exerts efforts in assisting all patients and their relatives with owning a healthier, easier, and more carefree life.

The headquarters of the Group is located in Tucheng, Taiwan with 8 sales-type subsidiaries all over the world, 4200 retailers, and 142 brand agents in 60 countries.



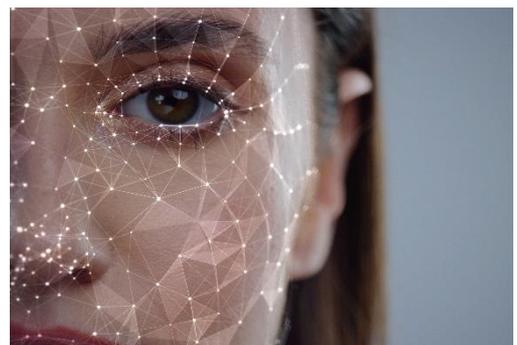
## 1.2 Financial Performance

Unit: NT\$ thousands

Category	Item	2019	2020	2021
Generated Economic Value	Operating Revenue	2,036,232	2,004,025	2,374,055
	Operating Margin	853,817	847,631	986,952
	Operating Expenses	725,054	748,696	882,629
	Operating Income	128,763	98,935	104,323
	Non-operating Income and Expenses	-337	25,908	33,758
	Net Profit before Tax	128,426	124,843	138,081
	Net Profit after Tax	87,921	104,588	102,247
Distributed Economic Value	Salary and Welfare for Employees	493,123	554,918	666,362
	Distributed Dividends for Shareholders	45,410	55,501	55,501
	Taxes Paid to the Government	39,622	19,466	34,570

## 1.3 Product and Service

Three major lines of Wellell's products include: Wound Management Products, Respiratory Therapy Products, and other Medical Equipment. We resort to the in-depth channels to understand the needs of patients or medical personnel and define the different products which can resolve the pain points. Besides, we live by in the human-based belief together with the three elements of "technology, clinical, and human factors" to develop those comfortable medical products which have therapeutic effect for the purpose of caring for the users around the world and letting people have a healthy and easy life.



## Wound Management Products

The bread-winning product of the wound management products is the support surface of medical decompression air mattress for prevention of pressure sore, which makes use of such various functions as alternate, turn over and zone pressure control, etc. to meet the pressure-relieving needs of patients with different risk levels and effectively prevent the pressure sore. According to the researches and surveys, if the decompression air mattress is used in the early stage of pressure sores, the treatment cost can be extensively reduced. Therefore, under the trend of continuous reduction of medical insurance budgets in various countries, the support surface of medical decompression air mattress have become a choice that can take into consideration both the medical benefits and costs.



## Respiratory Therapy Products

The respiratory therapy products mainly include the continuous positive airway pressure (CPAP), which treats the obstructive sleep apnea (OSA), and the masks exclusively for the continuous positive airway pressure. At present, more and more clinical studies have confirmed that intermittent hypoxia caused by sleep apnea will increase the risk of chronic cardiovascular disease, Alzheimer's disease and other related diseases, so more and more people are aware of the importance of sleep breathing. In addition to ensuring the function and effectiveness of the product, Wellell's continuous positive airway pressure puts more focus on the user's convenience and comfort, hoping to improve the compliance of the patients when they use it, so that the patients can have a good sleep at night.



## 1.4 Governance Structure

### 1.4.1 Framework and Operation of the Board of Directors and each Functional Committee

The Board of Directors is the highest decision-making department of the Company, in charge of supervising the overall operation and management of the company. In order to improve the operational efficiency of the Board of Directors and consolidate the corporate governance, the Company established the "Remuneration Committee" and the "Audit Committee" in 2011 and 2012 respectively.

The Remuneration Committee has 3 members who are experts and with the professional knowledge and work experience, appointed by the Board of Directors via the resolution according to the law to assist the Board of Directors in reviewing and evaluating the company's overall remuneration and welfare policies and the performance evaluation and remuneration of the Company's directors and managers. The "Audit Committee" is composed of all independent directors, with a total of five members and at least one of them has accounting or financial expertise; the main responsibility of the committee is to assist the Board of Directors in supervising the company's quality and integrity in the implementation of accounting, auditing, financial reporting processes, and financial control.

#### 1.4.2 Professionalism and Independence of the Board of Directors

The Company has appointed a total of 9 directors and 5 independent directors, accounting for 56% of all directors, including one female director, accounting for 11%.

The Company's directors (including the independent directors) actively participate in the internal and external training courses, and in 2021 they all completed the training hours required by statutory regulations. Please refer to the 2021 Annual Report of Wellell Inc. for the background experience and concurrent positions of the directors.

#### 1.4.3 Performance Evaluation of the Board of Directors

As a public company, the Company regularly conducts the performance evaluations of the Board of Directors every year and submits the performance evaluations including improvement suggestions to the Board of Directors for discussion and continuous tracking. For details of the evaluation results, please refer to the 2021 Annual Report of Wellell Inc.

### 1.5 Public Participation

Wellell Inc. actively participates in the industrial associations and guilds and continues to care about the development of Taiwan's medical device industry for a long time. As a small and medium-sized manufacturer of medical devices operating its own brand, we are well aware that there are huge resources in brand management and medical clinical research. We strive to stay in Taiwan and establish a stage for the next generation. Wellell Inc. is pleased to share with the medical and brand related industrial associations and guilds, the government or legal entities and companies and enterprises the brand management experience to serve as a nutrient for the development of medical devices brands of the government and society of Taiwan.

Name of Departments	Representative	Department Title
New Taipei City Biotechnology Alliance	LEE, YUNG-CHUAN	Chairman
Taiwan Medical and Biotech Industry Association (TMBIA)	LEE, YUNG-CHUAN	Vice Chairman
Taiwan Excellent Brand Association (TEBA)	LEE, YUNG-CHUAN	Managing Director
National Association of Small & Medium Enterprises, R.O.C.	LEE, YUNG-CHUAN	Managing Director
Small and Medium Enterprise Foundation, Taiwan	LEE, YUNG-CHUAN	Director
Welfare Organization for the Elderly, Taiwan, R.O.C.	LEE, YUNG-CHUAN	Honorary Chairman
Central and South America Economic and Trade Association	LEE, YUNG-CHUAN	Member
National Biotechnology and Medical Industry Policy Promotion Association	LEE, YUNG-CHUAN	Member

Taiwan Assistive Technology Development Association	LEE, YUNG-CHUAN	Managing Director
New Taipei City Industrial Development Advisory Committee	LEE, YUNG-CHUAN	Advisory Committeeman

## Chapter II: Stakeholders and Major Issues

### 2.1 Communication with the Stakeholders

The stakeholders of the Company include the employees, suppliers, customers, investors and shareholders, etc. In order to fulfill corporate social responsibilities and value the rights and interests of the stakeholders, through the following good communication platforms with the stakeholders, Wellell Inc. understands the reasonable expectations and needs of the stakeholders, such as the diversified communication channels as the arrangement of various meetings in the company, employee communication channels, customer visits, supplier surveys, and the public information on the internet for the investors, etc. We widely solicit opinions from the stakeholders and refer to and collect the feedbacks and suggestions from the stakeholders, and incorporate the relevant good suggestions into the long-term goal of the company's development.

Stakeholders	Important Issues Concerned	Communication Channels, Response Method and Frequency
Employee Relations	Educational Training Labor Relations Employee Rights	Newcomer: Once/quarter The Employee Welfare Committee sponsors the freshman party: Once/quarter Newcomer Living Counsellor Mechanism: Irregular Capital and Labour Meeting: Once/half a year Personal Concern: Irregular Publication of the "Wellell Hot Newspaper": Once/month Contact Method: Mr. Liao of the Human Resources Division Email:recruit@wellell.com
Supplier Relations	Supplier Relations Quality Management	Purchase Contact: Irregular Visit and Exchange of Visits: Irregular Contact Method: Mr. Tan of the Material Purchasing Division Email:Supplier@wellell.com
Customer Relations	Product Quality	Customer Service Hotline: Irregular Visit and Exchange of Visits: Irregular Contact Method: Ms. Shih and Ms. Yang of the Customer Service Hotline 02-22685600#1106,1107 Email:customer@wellell.com
Investor Relations	Financial Performance of Operation Investment Strategy	The revenue of the previous month is announced on the Market Observation Post System and the Company's website: Once/Per Month Investor Conference Hosted: Twice/Per Year Publication of Information on the Market Observation Post System: Irregular General Shareholders' Meeting: Once/Per Year Contact Method: Mr. Chen of the Financial and Accounting Division Email:IR@wellell.com

## 2.2 Major Issues Management

In order to accurately grasp the issues of concern of the stakeholders, the Company refers to the international trends, the GRI disclosure standards, the investors' viewpoints and the internal management feedback to identify the important sustainable issues. Considering that the issues concerned by different stakeholders have their own importance, and each has its own measurement basis and value, the members of the sustainable development task force will evaluate the impact of each issue on the economy, environment and society and the degree of concern of the stakeholders. Major issues are divided into five levels: corporate governance, operational performance, customer satisfaction, ethical management, and regulatory compliance.

Major Issue	Corresponding GRI Topic/ Self-formulated Topic	Impact Scope
Corporate Governance	Corporate Governance	<ul style="list-style-type: none"> <li>◎ Wellell</li> <li>◎ Employees</li> <li>◎ Investors</li> <li>◎ Customers</li> </ul>
Operational Performance	201 Economic Performance	<ul style="list-style-type: none"> <li>◎ Wellell</li> <li>◎ Employees</li> <li>◎ Investors</li> <li>◎ Customers</li> </ul>
Customer Satisfaction	Customer Satisfaction	<ul style="list-style-type: none"> <li>◎ Wellell</li> <li>◎ Employees</li> <li>◎ Customers</li> </ul>
Ethical Management	205 Anti-corruption	<ul style="list-style-type: none"> <li>◎ Wellell</li> <li>◎ Employees</li> <li>◎ Customers</li> <li>◎ Suppliers</li> </ul>
Regulatory Compliance	307 Regulation Compliance Related to Environmental Protection 419 Compliance with Social and Economic Regulations	<ul style="list-style-type: none"> <li>◎ Wellell</li> <li>◎ Customers</li> <li>◎ Suppliers</li> </ul>

## Chapter III: Sustainable Management

### 3.1 Brand Management

Wellell Inc. adheres to the international channels and the brand value, adopts the strategy of "channel layout and local operation", adjusts the brand structure, deploys the international channels, and cares about and provides customers with the high-quality solutions for the purpose of a healthy life, so as to meet the needs of customers and make the popularity and designation of the Wellell brand continue to expand as the designated brand manufacturer of mid-and-high-end decompression air mattresses in hospitals in Italy, Northern Europe, and Spain, etc.

The operational policies of the Company include:

- (1) Deepen the market operation, foster the long-term partnership with the brand agents, lay out the marketing channels in order to offer the momentum for the revenue growth.
- (2) Establish the clinical research, cooperate with KOL and define the differentiation-featured products.
- (3) Deploy the digital marketing and operation capabilities to meet the needs of digital transformation.
- (4) Optimize the supply chain efficiency, continuously reduce the cost and increase the margin.
- (5) Reinforce the key technology research and development and conduct the fundamental research and development of the key components and technology; establish the management standards of the parent and subsidiary companies, optimize the operational efficiency within the Group and improve the cooperation synergy.

### 3.2 Sustainable Development Task Planning and Promotion

The Company promotes the structure of sustainable development, with the general manager as the general convener, and a report will be submitted to the Board of Directors on the planning timeframe of the parent company (individual company) in May 2022, and a task force will be set up to carry out the relevant planning. In the future, the planning and progress of sustainable development promotion will be regularly reported to the Board of Directors in accordance with the regulations, and the Board of Directors will supervise and guide the environmental, social and corporate governance issues of sustainable development.

### 3.3 Product Development

Wellell Inc. convinces that the product power is an important cornerstone for promoting international brands. We invest an average of nearly 7% of the revenue in product research and development and innovation every year. In terms of the development of medical equipment,

the most important thing is how to understand pathology from human factors, verify efficacy from the clinical aspect, and integrate the pathological research, clinical efficacy, and key technology into the most suitable products for users. Wellell upholds the people-oriented belief of integrating the three elements of "technology, clinical, and human factors", develops the curative and comfortable medical products, cares for users all over the world, and enables people to live a healthy and comfortable life.

Wellell Inc. continues to strengthen the medical basis of products through the preliminary market research design thinking and active clinical evaluation. We use the basic research and development of key components and technologies as the foundation for product development improvement. For the wound management and respiratory therapy, we carry out the in-depth research and development, and introduce the products with the differentiated characteristics.

In the field of wound management, Wellell Inc. will meet the needs of the professional healthcare workers in the major markets, and continue to develop the value-added high-end products, so as to make a clear distinction from low-priced competitors.

In terms of the respiratory therapy products, Wellell Inc. is actively developing a new generation of respiratory therapy medical device, investing in the establishment of a human factors engineering team, and enhancing the competitiveness of the mask products.

### 3.4 Quality Safety Certification

The medical devices need to meet the requirements of the medical quality system and regulations of various countries. Wellell Inc. has invested in a professional regulatory department and clinical certification team for many years, and obtained ISO 13485 quality management system certification. In addition, we comply with the international standards and norms to design and manufacture the high-quality and reliable products; so far, we have obtained 190 world-class safety certifications and 337 medical product certifications, including the 510(K) of the US Food and Drug Administration (FDA) and the 93/42/EEC of the EU Medical Device Directive (MDD); meanwhile our products have been licensed by the China National Medical Products Administration (NMPA), the Australia Therapeutics Administration (TGA), the Health Canada (Health Canada), and Taiwan Ministry of Health and Welfare Food and Drug Administration (TFDA), so it can be used with confidence by the end customers.

Wellell Inc. aspires to put forward the innovative ideas, focuses on developing various possibilities, and even insists on quality assurance as the top-priority goal. We launch the highest quality products and strive to "Do It Right the First Time". After a series of design verifications and validations (V&V) procedure, a reliable and effective test process focuses on functionality, such items as operating temperature, pressure, noise, fabric durability, compressor life test, etc., in compliance with the International Electrotechnical Commission (IEC) 60068-2 standard, so as to provide the users with the products that meet the world's safety standards.



### 3.5 Customer Satisfaction

Wellell Inc. has a complete marketing, R&D, manufacturing and operation management group, and has established subsidiaries in Spain, the United Kingdom, France, Germany, China, Thailand and the United States, as well as the marketing bases in Egypt. Wellell is mainly based on exportation, so how to maintain a good relationship with the foreign customers is an important issue. In addition to visiting the customers from time to time, the management team has also set up the overseas subsidiaries to serve customers nearby, and actively collect the information on the market trends and product techniques in order to clearly grasp the market demands and maintain a long-term cooperative relationship with the customers. Since 2020, Wellell has actively created and established the Wellell brand, and promoted it to the countries in the Greater China region, Spain, Portugal, and other countries in the Middle East, Central and South America, Eastern Europe, etc. with a view to meeting the customers' needs for a full range of product lines, fast delivery, and one-time purchase.

The company's products and services, including customer health and safety, customer privacy, marketing and labeling, all comply with the relevant laws and the international standards. We have a customer service department and formulate the customer complaint handling rules to improve customer satisfaction. Moreover, the department of Customer Service conducts the

customer satisfaction surveys every year to understand the conditions of customer satisfaction and puts forward the relevant suggestions for improving customer satisfaction. Additionally, a special area for the stakeholders is also set up to provide the channels for the customers to ask questions, complain or make suggestions. Wellell Inc. holds by the principle of good faith to properly handle and give feedback to protect the rights and interests of the customers.

### 3.6 Sustainable Supply

The suppliers are one of the important partners in the operation of Wellell Inc. By adhering to the concept of "win-win cooperation", we make efforts in building up a mutual cooperative relationship with the supply chain partners, and jointly practice the corporate social responsibility with the partners. The company internally uses the "Purchasing Operation Management Rules" and the "Purchasing Operation Standards" as the supplier management policy, and arranges the evaluation of the suppliers every year. In the future, in keeping with the planning of the sustainable development framework, we will include the compliance with the relevant regulations in such issues as environmental protection, occupational safety and health, or labor human rights in the selection and evaluation of the suppliers.

Besides, Wellell Inc. understands the difficulty in the establishment of the international channels for small and medium-sized medical device manufacturers in Taiwan, as well as the huge costs with the huge risks. Most Taiwanese medical materials manufacturers are unable to manage their brands because of the lack of overseas channels and markets and they are also incapable of investing in the legal and clinical verification resources. As such, Wellell Inc. provides an international medical materials platform that has been invested for many years, so that Taiwan's high-quality medical materials start-up teams can have the last-mile delivery of products, and there is no need to invest the huge resources to establish a clinical regulatory team. In addition, we can grasp the overseas needs and assist the Taiwanese manufacturers with defining and developing the new differentiated products in order to achieve the goal of building a Taiwan medical materials platform and a complete industrial chain, and promoting the industrial upgrading.

### 3.7 Environment-friendly

The Company's medical products comply with the ISO13485 certification standards. The production type is mainly based on the product assembly and we request the process raw material suppliers to meet the requirements of customers and the European Union's Restriction of Hazardous Substances (RoHS) Directive regulations on electronic products to reduce the pollution of the environment. The industrial characteristics are not classified in the high-energy-consuming industries, and all products and process outputs of the company are free from environmental pollution, and we are striving towards the direction of developing green

products.

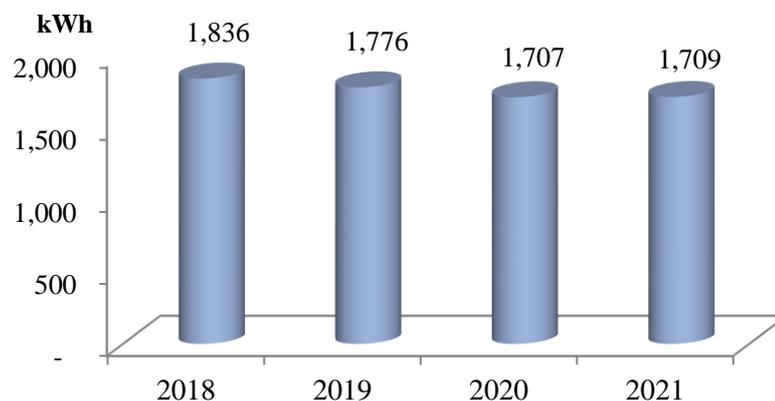
The Company also abides by various environmental protection laws and regulations. Our factory's environmental management systems are all consistent with the requirements of the environmental protection laws and regulations. Based on the concept of environmental protection, we are committed to complying with various international laws and certification standards in the process of research and development, design, manufacturing, sales and distribution. We also comprehensively promote the energy-saving and carbon-reduction measures within the company, and fulfill our corporate environmental protection responsibilities and obligations.

The Company is not a high-energy-consuming industry, so we do not install and use a large number of greenhouse gas facilities. However, we control the temperature of the air conditioner in summer to effectively use energy and achieve energy-saving and carbon-reduction goals. We fully support the relevant policies of the competent authority in terms of the energy management of office buildings and computer rooms.

### 3.7.1 Energy Saving

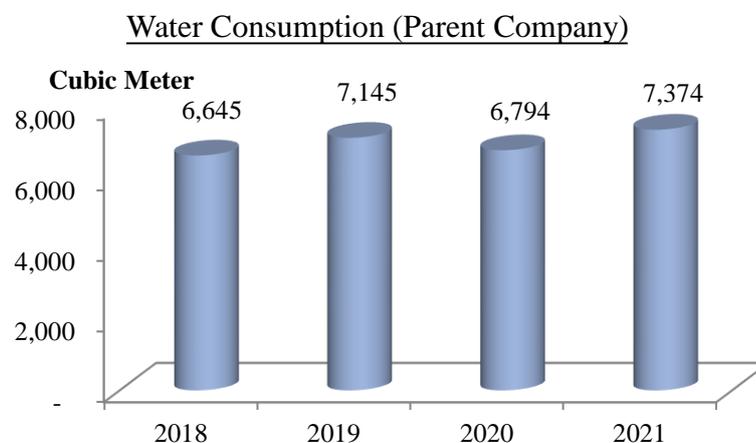
The Company's total electricity consumption in 2020 and 2021 was 1,709,100 kWh and 1,741,100 kWh respectively with little difference for these two years. The power saving is mainly achieved by changing the air compressor drain from a mechanical type to a non-gas consumption type. Since the air compressor does not need to run continuously throughout the day, it can reduce power consumption, and we gradually replace the LED tubes in batches to uniformly set the indoor temperature control, and then adjust the outlet water temperature of the ice water host in the hope of reducing the power consumption year by year through the relevant measures. In the future, through the sustainable development framework and the promotion planning, we will gradually set up the target of greenhouse gas reduction.

Electricity Consumption (Parent Company)



### 3.7.2 Reduction of Water Consumption

The Company belongs to the non-water resources-consuming industry. Our water is mainly consumed for the service life. The water consumption in 2020 and 2021 was 7,374 tons and 7,417 tons respectively, and the water intensity in 2021 was 0.0063 (metric tons/revenue in NT\$ thousands). The water-saving management is carried out mainly by saving the domestic water through the installation of sensor-type faucets, water-saving devices, and two-stage toilet flushing devices; currently the manufacturing process is mainly for assembly and testing, so there is no need for a large amount of water for the process.

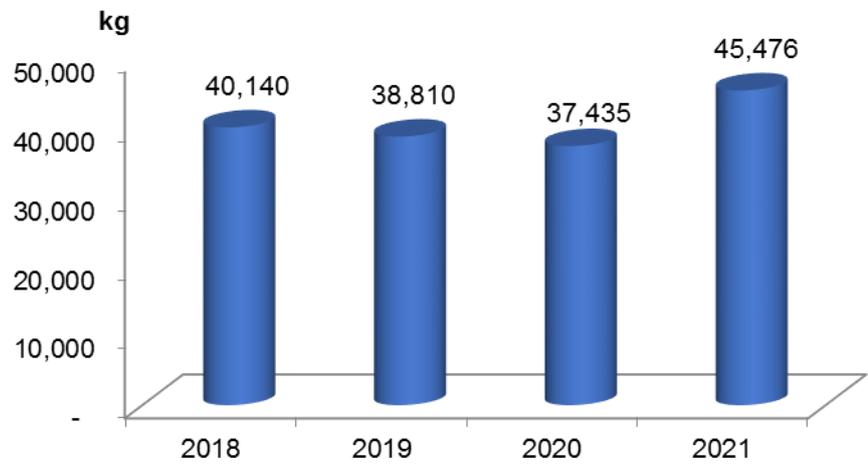


### 3.7.3 Reduction of Waste

The general waste in 2020 and 2021 was 37,435 kg and 45,476 kg respectively. In 2021, mainly due to the impact of the COVID-19, the demand for disposable non-cleaning tableware and disinfection slightly increased the waste. The waste intensity in 2021 was 0.0549 (metric tons/revenue in NT\$ millions).

The company thinks highly of the internal waste management. In addition to implementing waste classification, various recycling measures are also used to reduce waste generation. In the past two years, the weight of waste fabrics that was generated during the product development and manufacturing processes was 24,634 kg and 18,790 kg respectively. In addition to using the internal R&D and production process management to reduce the generation of waste fabrics, we also allow the colleagues to reuse the waste fabrics.

Weight of General Waste(parent company)



## Chapter IV: Corporate Responsibility

### 4.1 Sustainable Management

#### 4.1.1 Ethical Management

Wellell Inc. regards "integrity, professionalism, and innovation" as its business philosophy, among which integrity is more valued by the founder, Chairman LEE, YUNG-CHUAN, who encourages all colleagues in the Group to follow the business philosophy of integrity and fully fulfill the "Ethical Corporate Management Principles".

In order to strengthen the company's corporate culture of ethical management, good business operations, and sound development, the ethical corporate management principles are formulated with reference to the "Ethical Corporate Management Principles" for TWSE/TPEX Listed Companies. Wellell Inc. requires the directors, managers, employees, appointees, and those with substantial control ability not to directly or indirectly provide, promise, request or accept any improper benefits, or involve other unethical acts such as violation of integrity, illegality, or breach of fiduciary duties in order to obtain or maintain benefits.

In order to consolidate the management of ethical corporate management, the human resources department is authorized by Wellell Inc. to take charge of the formulation, supervision and execution of the ethical corporate management policy and the prevention program; the report will be presented to the Board of Directors once a year on a regular basis. The Board of Directors fulfills the obligation of a good manager to supervise and prevent the unethical acts and review the implementation effect and continuous improvement at any time to ensure the fulfillment of the ethical corporate management policy.

#### 4.1.2 Risk Management

Wellell Inc. regularly identifies and evaluates various types of risk management within the enterprise, including finance, research and development, changes in policies and laws, changes in technology, changes in corporate image, reinvestment or asset acquisition/disposal, concentration of purchases/sales, changes in equity/management rights, legal related matters, etc. In the future, we will further formulate the "Risk Management Best-Practice Principles" to establish a sound risk management system and steadily operate the business towards the goal of sustainable development of the enterprise.

In the current internal risk management of the enterprise, the organizational structure of the enterprise involved: the Business Department, the Auditing Department, the Audit

Committee, and the Board of Directors; therein the internal audit is an independent department, which can independently check the implementation status of the organization's operations and report to the Board of Directors and the Audit Committee. All three organizations can assist in monitoring and controlling the risks and continue to pay attention to whether the internal control between the departments is operating effectively. When the defense line is implemented, the enterprise can achieve the goal of overall risk control.

As disclosed in the 2021 Annual Report, in the assessment and analysis of risk events, Wellell Inc. did not identify the major risk types, and the items and various types of risks are also continuously assessed by the responsible departments; the internal resources are allocated according to changes in the environment and the market for drawing up the response strategies and execution measures.

#### 4.1.3 Information Security

In Wellell Inc.'s information security management organization, the Information Technology (IT) department subordinated to the Knowledge Center is overall in charge of the establishment, execution of the cyber security and protection related policies, risk management and compliance audit; it also follows the PDCA (Plan-Do-Check) management cycle framework in accordance with the company's current management regulations to carry out planning, execution, check and audit. The IT Department and the Legal and Intellectual Property Department are subordinated to the Knowledge Center; the former is responsible for the formulation and execution of the cyber security policies, while the latter takes charge of the formulation, implementation and inspection of protection policies for exclusive data including personal information.

For the enterprise information security management strategy and framework of Wellell Inc., the IT Department uses the Plan-Do-Check-Act (PDCA) management cycle framework to carry out the operation planning, execution, inspection and review. The necessary deployment of the cyber security measures is conducted respectively in three dimensions of information system, operation execution, and personnel training. Another dimension is to establish the information security incident handling procedures to ensure proper reporting and management of incidents.

The cyber security goal is to continuously provide the information services and security defenses by starting from the four policy dimensions in the preceding paragraph for the conduct of information security risk management and ongoing improvement. From the planning stage of information system construction, the needs of continuous service provision and security defense will be taken into consideration, and the network monitoring and management will be carried out continuously to detect and eliminate potential security

threats as early as possible. The dynamic adjustment will be made according to the monitoring results such as the setup of the firewall.

In addition, the relevant management and control is carried out on the software and hardware of information technology equipment used by employees to prevent the threatening software from being installed in information technology equipment far from the source. We make use of the announcements for publicity and education and training to enhance the employees' information security awareness, so as to avoid the cyber security threats such as phishing or social engineering, so as to implement the cyber security management. Moreover, we review the internal regulations and make necessary updates according to the results of the observation.

#### 4.1.4 Regulatory Compliance

The medical devices need to meet the requirements of the medical quality system and regulations of various countries. Wellell Inc. has invested in a professional regulatory department and clinical certification team for many years, and obtained ISO 13485 quality management system certification. In addition, we comply with the international standards and norms to design and manufacture the high-quality and reliable products. So far, we have obtained 190 world-class safety certifications and 337 medical product certifications, including the 510(K) of the US Food and Drug Administration (FDA) and the 93/42/EEC of the EU Medical Device Directive (MDD). Meanwhile our products have been licensed by the China National Medical Products Administration (NMPA), the Australia Therapeutics Administration (TGA), the Health Canada (Health Canada), and Taiwan Ministry of Health and Welfare Food and Drug Administration (TFDA), so the end customers can use them with peace of mind.

Wellell Inc. aspires to put forward the innovative ideas, focuses on developing various possibilities, and even insists on quality assurance as the top-priority goal, launches the highest quality products, and strives to "Do It Right the First Time". After a series of design verifications and validations (V&V) procedure, a reliable and effective test process focuses on functionality of such items as operating temperature, pressure, noise, fabric durability, compressor life test, etc., in compliance with the International Electrotechnical Commission (IEC) 60068-2 standard, so as to provide the users with the products that meet the world's safety standards.

In 2021, Wellell Inc. and the company's directors, supervisors, general manager, de-facto person in charge, major shareholders with a shareholding ratio of more than 10% and subordinated companies did not involve major lawsuits, non-litigation or administrative disputes that have been judged or were still pending. There were no huge fines for violating laws and regulations, neither were there lawsuits involving violations of fair trade or anti-monopoly behavior.

## 4.2 Human Capital

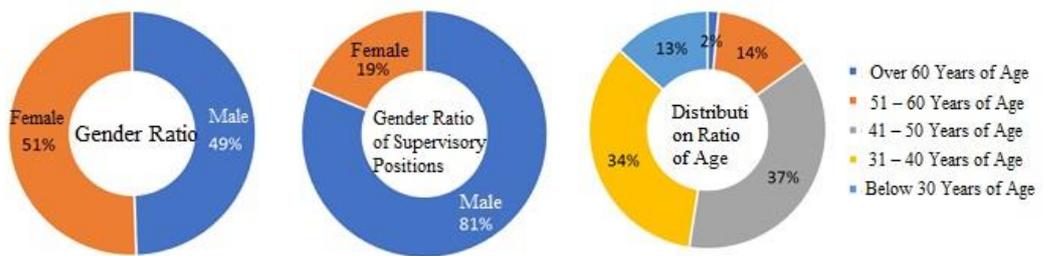
In 2021, in Wellell Inc., there were nearly 650 people in the world, of which 25% were in Europe. They are committed to providing the medical products and services on the front line along with the global brand partners, and to do their part for people's health. Our business philosophy is "integrity, professionalism, and innovation"; we create a challenging and caring workplace for our employees, and provide a diversified talent development system, the comprehensive care and benefits, the open communication channels, and a corporate culture of genuine care. We allow the colleagues to be in the right place and make themselves thrive in the global medical brand.



## 4.2.1 Composition of Employees

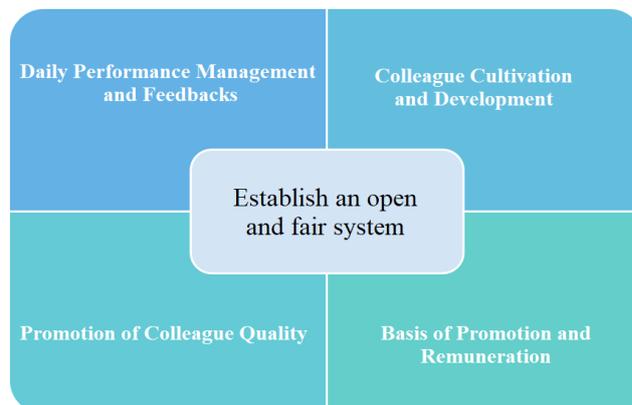
As of the end of 2021, the total number of people in Wellell Inc.'s parent company was 261. Among them, the women accounted for 51% and the women in management accounted for 19%.

Wellell Inc. adheres to the spirit of internationalization, diversity and inclusion to create a working environment where outstanding talents in various fields can develop and grow.



## 4.2.2 Performance Evaluation

Prevailing in the brand vision: In order to become an innovative and trustworthy leading brand in the medical industry, we aim to establish an inclusive and innovative performance culture in our work. Mainly through the establishment of an open and fair system, we implement the four aspects of the daily performance management and feedback, the employee training and development, even the improvement of the quality of colleagues, and salary packages for the purpose of strengthening the company's human resource competitiveness and further providing better medical products to serve the doctors, caregivers and patients.



## 4.2.3 Talent Cultivation

In order to optimize the quality of the company's human resources, Wellell Inc. uses the "management/professional dual-track system" and the "generalist/professional training plan" to build the cornerstone of the company's talent cultivation. The management and

professional dual-track system is there mainly to provide diversity in the career development direction of the company's talents, and to help the colleagues with different qualities to gradually grow into the management positions or the professional positions according to their own qualities and make them suitable for the right place. The generalist and professional training plan mainly focuses on activating the thickness of human resources in the organization, the deepening of specialists in the said specialty and the integration of generalists across fields, so that these two talents can complement each other to form the best match for the internal operation of the organization.



The company has established a complete training framework and training system for company's medium and long-term business strategies and annual goals. With a view of improving the employees' productivity and the business performance, the company trains talents needed for current and future business development. In addition to being encouraged to improve their own abilities independently, the employees also cooperate with their personal career planning and grow together with the company to create an atmosphere of lifelong learning in the company.

## 4.2.4 Educational Training

### (1) Newcomer Training for Blended Learning

Due to the particularity of the industry, in order to allow new R&D colleagues to exert their immediate prowess in the shortest time, we conduct the newcomer introduction training through a blended learning method, including online common courses on products, processes, and clinical courses, and then further plan the tailor-made exclusive OJT courses with one-on-one guidance by senior colleagues, so as to ensure that each newcomer can quickly integrate into work in the first month.

### (2) Core Platform of Knowledge Management

Wellell Inc. is a medical materials company with its own brand; all kinds of knowledge on the internal products, clinical aspect, R&D, and markets, etc. are the core of its competition. Through the e-Learning Platform, all knowledge is digitized and saved one by one in the form of audio and video. Because of the management and control of access authority, the colleagues with corresponding positions are allowed to directly obtain it on the learning website and supplement the professional knowledge through the systematic learning.

### (3) Depth and Width of Capability in Professional Fields



In order to keep upgrading the manpower in the professional field, we have gradually planned to expand the educational training courses from the product research and development to those of quality system, legal and intellectual rights. We hope to achieve a

new thinking in the self-owned brand and the product development through the brainstorming of the open platform cross-functional departments.

(4) Improvement of Chief Officer's Management Ability

The supervisor is endowed with the functions of assisting the subordinates in their work and engaging in performance management, problem solving, communication and coordination. Whether the supervisor's role-playing is appropriate, their management maturity is an important factor affecting the quality of human resources. We arrange human resources management express courses for the supervisors and retain and cultivate talents, starting from the perspective of human resources. We also arrange the external professional units to use "downward management" as the theme to increase the maturity of supervisors in management skills.

The statistics of the person time and the total hours of training for the internal and external physical educational training courses throughout 2021 were as follows:

Employees' Participation in Physical Educational Training	Participants	Total Hours (Hour)
Internal Training	1,561	3,429
External Training	32	188
Total	1,593	3,617



## 4.3 Health of Employees

The Company is committed to building a safe and healthy working environment, taking the health of the employees as the responsibility of the supervisors in a prudent attitude, and creating a friendly and healthy workplace. In addition to complying with the relevant local laws and regulations, we also support and respect the relevant international labor human rights norms, including the Tripartite Declaration of Principles of the International Labor Organization, the Universal Declaration of Human Rights of the United Nations, etc. We have established the safe work principles and the emergency response plans, and also stipulated the sexual harassment prevention measures in accordance with the Act of Gender Equality in Employment.

When the new brand "Wellell" was released in 2022, the office space of the parent company was also renovated. In response to the post-pandemic era, the trend of digital communication is becoming more and more apparent. Through the design of different discussion spaces, we hope to promote an atmosphere of interaction, discussion and innovation for the team. We also introduce a soundproof cabin to meet the needs of long-distance video and calls. The upgraded plant decorations are added in the hope of helping the employees reduce fatigue and enhance concentration. We integrate and introduce the warm and bright light and the related design and renovation, aiming to provide the employees with a more comfortable, stylish, dynamic and innovative working environment.



4.3.1 Healthy and Safe Workplace

In accordance with the following objectives, Wellell Inc. creates a healthy and safe working environment.

- (1) Comply with the domestic safety and health-related laws, regulations and standards to provide the employees with a safe working environment;
- (2) Promote the employees' safety at work as well as physical and mental health;
- (3) Deepen the entire employees' awareness, responsibilities, and liabilities in terms of safety and health.

Fire Drills in First Half of 2021	A total of two batches were held on March 5, 2021 and March 8, 2021.
Lecture – Office Relaxation and Stretching Exercise Skill	Sponsored on April 23, 2021.
Fire Drills in Second Half of 2021	Held on October 15, 2021.
General Safety and Hygiene Education	Online Courses Irregular Update and Publicity Courses
“Say No to Sexual Harassment in the Workplace” , “ A Guide to Self-protection Against Employment Discrimination” and “ Act of Gender Equality in Employment”.	
Introduction to Promotion of Workplace Health, Workplace Safety Propaganda, Occupational Safety and Health Training	
Fire Safety Training, Fire Propaganda	

In addition, the company conducts the hazardous substance test every six months to check whether the concentrations of xylene and n-hexane are below the standard values. We conduct the self-defense fire group drills twice a year, so that the colleagues can conduct the emergency drills and the group task exercises for fire-fighting, notification, safety protection, evacuation guidance, ambulance and command personnel to ensure that everyone can escape safely during an emergency.



## 4.3.2 Healthy Working Environment

The Company provides on-site services of the doctors and nurses. The number of the on-site services for the whole year of 2021: 48 times by the registered nurses and 4 times by the doctors. The categories of actual related consultation contents cover maternity, human factors, overload, occupational injury and others. After the annual health checkup, the on-site doctors and nurses also strengthen the tracking and reminder of the analysis and evaluation of the health status of the colleagues. As a "bridge between the enterprise and the medical end", the on-site medical doctors and nurses hope to help the employees work in a safer and more appropriate manner, avoid health hazards in the workplace or at work, and implement the personal health protection and health management, etc.

The health promotion activities are held from time to time to promote the health knowledge and concepts from the daily life, gather the colleagues' emotions through games and activities, and share the healthy habits with each other through interaction.



## 4.3.3 Maternity Health Protection

Wellell Inc. hopes that the colleagues can obtain the best support from the workplace and co-workers at different stages of life and becomes the “protector of the happy family” of the employees.

### (1) Maternity Health Protection

According to the notification of the number of pregnant mothers in each department, the occupational safety personnel provide the relevant health education information, interviews, psychological care, breastfeeding needs and satisfaction surveys during pregnancy, prenatal and postnatal stages.

Mother’s Care Kit in 2021



### (2) Improvement of the Nursing Room Environment



#### 4.3.4 Welfare of Employees

In addition to providing basic benefits in accordance with the law, Wellell Inc. also established an employee welfare committee which was responsible for the planning and implementation of various employee welfare matters on March 12, 1999. On top of that, the Company also emphasizes the harmonious labor-management relations, opens up two-way channels, and provides various employee welfare measures, including group insurance, birthday parties, employee leisure centers, club activities, etc. In the future, we will continue to cooperate with the revision of laws and regulations, social changes and the operational conditions of the company to make the appropriate adjustments.

For relevant welfares, please refer to:

<https://www.apexmedicalcorp.com/tw/msg/message-Careers-6.html#hr-section4>

## Chapter V: Inclusive Society

### 5.1 Social Participation

Adhering to the concept of taking from the society and using it for the society, Wellell Inc. actively participates in social programs, hoping to assist the government and society with building up a platform for the elderly to rely on and the young to develop.

#### 5.1.1 Welfare of the Elderly

In face of the rapid population aging phenomenon in Taiwan and various care issues derived from it, Mr. LEE, YUNG-CHUNG, the president of the Welfare Organization for the Elderly, establishes the association to care for the elderly and give feedbacks to the society. He hopes he can attract ideas by combining the public departments, and the social welfare organizations, etc. to conduct various activities to arouse the government and the public to pay attention to the problems of the elderly, and then promote the formulation of relevant laws and regulations, fight for the rights and interests of the elderly, and improve the quality of the elderly's life, so that our elders can have a safer and more dignified old-age life.

The main service items include:

- (1) Sponsor the educational promotion of the products and assistive devices for the elderly welfare.
- (2) Host the activities for the elderly or conduct charitable activities in keeping with the related groups.
- (3) Sponsor the foreign simulation activities for the elderly welfare and promote the domestic welfare service.
- (4) Initiate and propagate the policy for the elderly welfare.

The relevant activities hosted by the Welfare Organization for the Elderly in 2021 were as follows:

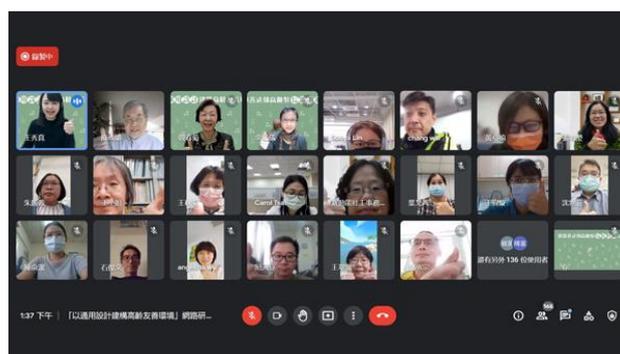
In May 2021, the seminar of "Application Practice of Assistive Devices in Rehabilitation and Independent Living Training".



Webinar on “Infection Prevention Strategies for the Institutions under the COVID-19” in September 2021



Webinar on “Build up an Old-age Friendly Environment with the Universal Design” in November 2021



Webinar on “Swallowing Care and Safe Eating Strategies for the Elderly” in December 2021



## 5.1.1 Medical Care

In June 2021, facing the peak of the COVID-19 in Taiwan, the severe COVID-19 patients developed collapsed lungs and needed to receive the high-flux oxygen therapy by lying on their stomachs for 12-16 hours, and at least 5 nursing staff were required to wear the isolation gowns to assist them in turning-over and routine treatment. In order to solve the acute respiratory distress caused by the respiratory problems such as the coronavirus pneumonia, Wellell Inc. launched the Pro-Care Optima Prone, a self-developed prone position ARDS treatment air mattress in the hope of helping alleviate the manpower shortage and the physical challenges for the nursing staff. Wellell Inc. developed a prone position air mattress in anticipation of helping reduce the mortality of severe cases of the coronavirus disease and relieve the manpower shortage of medical staff in the intensive care department.



After the initial donation of 20 COVID-19 prone position air mattresses to the hospitals in the Greater Taipei Area, another 10 prone position air mattresses will be donated to the New Taipei City Government in July 2022 to assist New Taipei City Hospital, Taipei Tzu Chi Hospital, Yonghe Cardinal Tien Hospital, Xin Tai General Hospital and other departments in solving the urgent needs of COVID-19 intensive care and to effectively increase the efficiency of intensive care by 3 times.

### 5.1.2 Others

In 2021, Wellell Inc. conducted the sponsorship of activities or donation for the Welfare Organization for the Elderly, Taiwan, R.O.C., the Association of Spinal Cord Injury Taipei, the Elderly Welfare Association of the Republic of China, the Taipei Spinal Cord Injury Association, the Association of Spinal Cord Injury Tainan, the ROC Federation of Spinal Cord Injured, the 2021 "Love Boundless Taiwan Excellence" public welfare proposal event, hosted by the Taiwan External Trade Development Council and the National Association of Small & Medium Enterprises, R.O.C. in the hope of participating in social public welfare through the power of enterprises.

Internally, through the activities of the General Affairs Department and the Human Resources Department, the employees are encouraged and supported to participate in various public welfare activities, responding to the social needs, and further cultivating the social citizenship awareness, internalizing it as a corporate social responsibility culture, and implementing the concept of corporate feedbacks to the society.



### 5.2 List of Donation of COVID-19 Medical Devices

Name of Donated Medical Departments	Item	No. of Donated Beds
Fu Jen Catholic University Hospital	Pro-care Optima Prone	6
Far Eastern Memorial Hospital		3
Tainan Municipal An-Nan Hospital		2
Cardinal Tien Hospital		2
New Taipei Municipal TuCheng Hospital		3
Chi Mei Medical Center		1
Taipei Veterans General Hospital		3
Xin Tai General Hospital		1
Yonghe Cardinal Tien Hospital		1
Taipei Tzu Chi Hospital		3
New Taipei City Hospital Sanchong Branch		3

Taipei Municipal Wanfang Hospital		1
Taipei Medical University Hospital		3

## Chapter VI: Cross Reference Table of GRI Index Contents

### Appendix: Cross Reference Table of GRI Index Contents

#### General Standards Disclosure

Serial No.		Item Name	Corresponding Chapter	Page No.	Remarks
GRI	102-1	Organization Name	About the Report	3	
GRI	102-2	Activity, Brand, Product and Service	1.1 Company Profile ; 1.3 Product and Service	5 6	
GRI	102-3	Location of Headquarters	1.1 Company Profile	5	
GRI	102-4	Business Base	1.1 Company Profile	5	
GRI	102-5	Ownership and Legal Form	Please refer to the 2021 Annual Report of the Company.	-	
GRI	102-6	Market for Service Provided	1.1 Company Profile	5	
GRI	102-7	Organization Scale	Please refer to the 2021 Annual Report of the Company.		
GRI	102-8	Information on Employees and Other Workers	4.2.1 Composition of Employees	18	
GRI	102-9	Supply Chain	3.6 Sustainable Supply	14	
GRI	102-10	Major Change in Organization and Other Supply Chains	There was no major change in the Company's organization and its supply chain in 2021.	-	
GRI	102-11	Precautionary Principles or Policies	4.1.2 Risk Management	16	
GRI	102-12	External Initiative	1.5 Public Participation	8	
GRI	102-13	Membership of Associations	1.5 Public Participation	8	
GRI	102-14	Declaration from the Decision-makers	Letter from the Chairman	4	
GRI	102-15	Critical Impact, Risk and Opportunity	2.1 Communication with the Stakeholders; 2.2 Major Issues Management	10 11	
GRI	102-16	Value, Principles, Standards and Norms of Behavior	4.1.1 Ethical Management	16	
GRI	102-18	Governance Structure	1.4 Governance Structure	8	
GRI	102-40	Stakeholders Group	2.1 Communication with the Stakeholders	10	
GRI	102-41	Collective Bargaining Agreements	-		So far, there has been no agreement of collective bargaining.

GRI	Serial No.	Item No.	Corresponding Chapter	Page No.	Remarks
GRI	102-42	Identifying and Selecting the Stakeholders	2.1 Communication with the Stakeholders	10	
GRI	102-43	Approach to Stakeholder Engagement	2.1 Communication with the Stakeholders	10	
GRI	102-44	Key Topics and Concerns Raised	2.2 Major Issues Management	11	
GRI	102-45	Entities Included in the Consolidated Financial Statements	About the Report	3	
GRI	102-46	Define the Report Contents and Topic Boundaries	2.2 Major Issues Management	11	
GRI	102-47	List of Material Topics	2.2 Major Issues Management	11	
GRI	102-48	Restatements of Information	-	-	No restatement of information is made.
GRI	102-49	Changes in Reporting	About the Report	3	
GRI	102-50	Reporting Period	About the Report	3	
GRI	102-51	Date of Most Recent Report	About the Report	3	
GRI	102-52	Reporting Cycle	About the Report	3	
GRI	102-53	Contact Person who can answer the questions related to the report	About the Report	3	
GRI	102-54	Claims of Reporting in Accordance with the GRI Standards	About the Report	3	
GRI	102-55	GRI Contents Index	Appendix: Cross Reference Table of GRI Index Contents	30	
GRI	102-56	External Guarantee/Assurance	-	-	There is no external guarantee/assurance.
GRI	103-1	Explanation of Major Topic and its Boundary	2.2 Major Issues Management	11	
GRI	103-2	Management Policy and Its Elements	2.2 Major Issues Management	11	
GRI	103-3	Evaluation of Management Policy	2.2 Major Issues Management	11	

**Disclosure of Major Topics**

Category	Serial No.	Item Name	Corresponding Chapter	Page No.	Remarks
Economic Aspect					
Economic Performance	GRI	201-1	Direct Economic Value Generated and Distributed by the Organization	1.2 Financial Performance	6
Market Position	GRI	202-2	Ratio of Employment of Local Residents as the High-ranking	4.2.1 Composition of Employees	18

			Managerial Personnel			
Environmental Aspect						
Energy	GRI	302-1	Energy Consumption within the Organization	3.7 Environment-friendly	14	
Energy	GRI	302-3	Energy Intensity	3.7 Environment-friendly	14	
Sewage and Waste	GRI	306-2	Waste Classified According to Category and Disposal Method	3.7 Environment-friendly	14	
Law Related to Environmental Protection	GRI	307-1	Violate the Environmental Protection Regulations	-	-	No such a condition is involved.
Evaluation of Supplier's Environment	GRI	308-1	Adopt the environment standards to select new suppliers.	3.6 Sustainable Supply	14	
Social Aspect						
Occupational Safety and Health	GRI	403-3	Occupational Health Service	4.3.2 Healthy Working Environment	24	
Training and Education	GRI	404-1	Average Number of Hours of Training Received by Each Employee each Year	4.2.4 Educational Training	20	
Diversification and Equal Opportunity for Employees	GRI	405-1	Governance Department and Diversification of Employees	1.4 Governance Structure 4.2.1 Composition of Employees	8 18	
Customer Health and Safety	GRI	416-1	Evaluate the Impact of Product and Service Category on Health and Safety	3.4 Quality Safety Certification 3.6 Sustainable Supply	13 14	
Marketing and Labeling	GRI	417-1	Requirements for Information and Labeling of Products and Services	1.3 Product and Service	6	
Anti-corruption	GRI	205-2	Communication and Training Related to Anti-corruption Policy and Procedure	4.1.1 Ethical Management	16	