TREACE
Medical Concepts, Inc.

2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

This report includes disclosures that are informed by the Sustainability Accounting Standards Board (SASB) standards for the Medical Equipment & Supplies industry. All financial information is reported in U.S. dollars, and unless otherwise stated, this report covers fiscal years 2020, 2021, and 2022, as well as some key activities that have occurred already in 2023. This report was published on March 31, 2023.

Safe Harbor Cautionary Statement

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements, including, but not limited to statements about current and future compliance initiatives, the timing for certifying our quality management system to ISO standards, and expected environmental, social and governance policies and practices. Forward-looking statements are based on management's current assumptions and expectations of future events and trends, which affect or may affect our business, strategy, operations or financial performance, and actual results and other events may differ materially from those expressed or implied in such statements due to numerous risks and uncertainties. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Additionally, this report contains ESG-related statements based on estimates and assumptions that are subject to a high level of inherent uncertainty. Certain factors that could cause actual results or other events to differ materially, and adversely, from those contemplated in this report can be found in our periodic reports filed with the Securities and Exchange Commission (SEC), including our most recent Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 8, 2023. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. Disclosures based on external standards may change due to revisions in framework requirements, availability of information, changes in our business or applicable governmental policies, or other factors, some of which may be beyond our control. Because forward-looking statements are inherently subject to risks and uncertainties, you should not rely on these forward-looking statements as predictions of future events. These forward-looking statements speak only as of their date, and we undertake no, and expressly disclaim any, obligation to update these statements, whether as a result of any new information, future developments or otherwise.

The events and efforts discussed in this report, including both forward-looking statements and other statements, may be significant; however, the inclusion of such statements is not an indication that these contents are necessarily material for the purposes of our compliance with or reporting pursuant to the U.S. federal securities laws and regulations. Materiality regarding ESG matters is inherently difficult to assess far in advance.

Website and document references throughout this report are provided for convenience only, and their content is not incorporated by reference.

Terminology

As used in this ESG Report, unless expressly indicated or the context otherwise requires, references to “Treace Medical,” “we,” “us,” “our,” “company,” and similar references refer to Treace Medical Concepts, Inc.

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Integrity.


TREACE


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Abdi Raissi, MD


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Learn how. AlignMyToe.com
TREACE

John T. Treace
CEO, Founder, and Board Member

A Message From Our CEO

At Treace Medical, our customers and their patients are at the center of everything we do. Our mission is to be the unmatched leader in the surgical treatment of bunions by establishing the Lapiplasty® Procedure as the standard of care. In order to fulfill our mission, we must give the best of ourselves every single day – without compromise – to help surgeons and customers improve patient outcomes, reduce healthcare costs, and provide an inspiring and rewarding experience for our employees and stakeholders.

We believe that supporting the needs of all our stakeholders is critically important to fulfilling our mission. This means each of our employees living by our four core values of Integrity, Courage, Excellence and Collaboration.

Integrity means that we are honest and always do the right thing for our customers, employees, and stockholders.

Courage means that we take accountability and avoid surprises – that we tell the bad news first, not last.

Excellence means that we have a passion for what we do, that we realize that medical learning is at the heart of what we do, that we have a sense of urgency to win every day, and that we seek to create true value – not through paper or gimmicks.

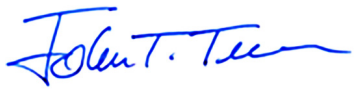
Collaboration means that we enlist the willing cooperation of others, that we surround ourselves with high performers, that we maintain an employee-friendly environment, and that we have fun doing our job!

Our inaugural ESG report details how our commitment to our values extends into our business practices and priorities. We continue to integrate ESG considerations into the ways we manage our business. In early 2023, our Board of Directors formally delegated responsibility to oversee environmental, social and governance initiatives to the Nominating, Compliance and Governance Committee and also changed the committee's name to the Nominating, Compliance & ESG Committee.

Further, we accomplished the following strategic and ESG-related initiatives in 2022:

- We continued to advance our mission to improve surgical outcomes for bunion patients through:
  - our comprehensive and active medical education programs for surgeons;
  - even more published data from post-market clinical studies showing positive patient outcomes after the Lapiplasty® Procedure;
  - innovative new product launches designed to make the Lapiplasty® Procedure easier to perform, more reproducible and less invasive; and
  - our differentiated outreach initiatives to educate patients on the benefits of the Lapiplasty® Procedure;
- We revamped and relaunched our Code of Conduct for employees and directors centered around our four core values;
- We celebrated our inaugural Treace Ethics and Culture Week;
- We introduced a Supplier Code of Conduct to better communicate our expectations around ethical and responsible business conduct by our suppliers; and
- We moved into a new headquarters that provides additional capacity for our growing business along with environmentally friendly features.

These recent steps helped us continue building a strong foundation for our ESG program, as well as demonstrating our commitment to doing business the right way. We look forward to transparently communicating progress around our ESG efforts as part of our ongoing work to improve surgical outcomes for patients suffering from painful bunions.



Our Approach to ESG

In developing this report, we have prioritized certain environmental, social and governance (ESG) issues applicable to our industry and our business. Our analysis was informed by feedback from investors and other stakeholders, peer benchmarking, analysis prepared by ESG rating agencies, and guidance from leading ESG reporting frameworks such as the Sustainability Accounting Standards Board (SASB). Our disclosures in this report incorporate SASB standards and metrics for the Medical Equipment & Supplies industry.

We welcome input from our stakeholders on this report and expect to enhance our ESG efforts in the years ahead. To provide an oversight structure for ESG at Treace Medical, we established Board-level responsibility for ESG matters through the Nominating, Compliance & ESG Committee, which receives periodic briefings from the executive team and functional leadership about the status of Treace Medical's ESG-related practices, policies, disclosures, and strategies.

Treace Medical is 100% focused on improving surgical outcomes for bunion patients.

7+

Focused years of innovation and technique refinement

21

Clinical publications directly support the Lapiplasty® procedure

65,000+

Lapiplasty® procedures performed, including many highly active patients[1]

2,300+

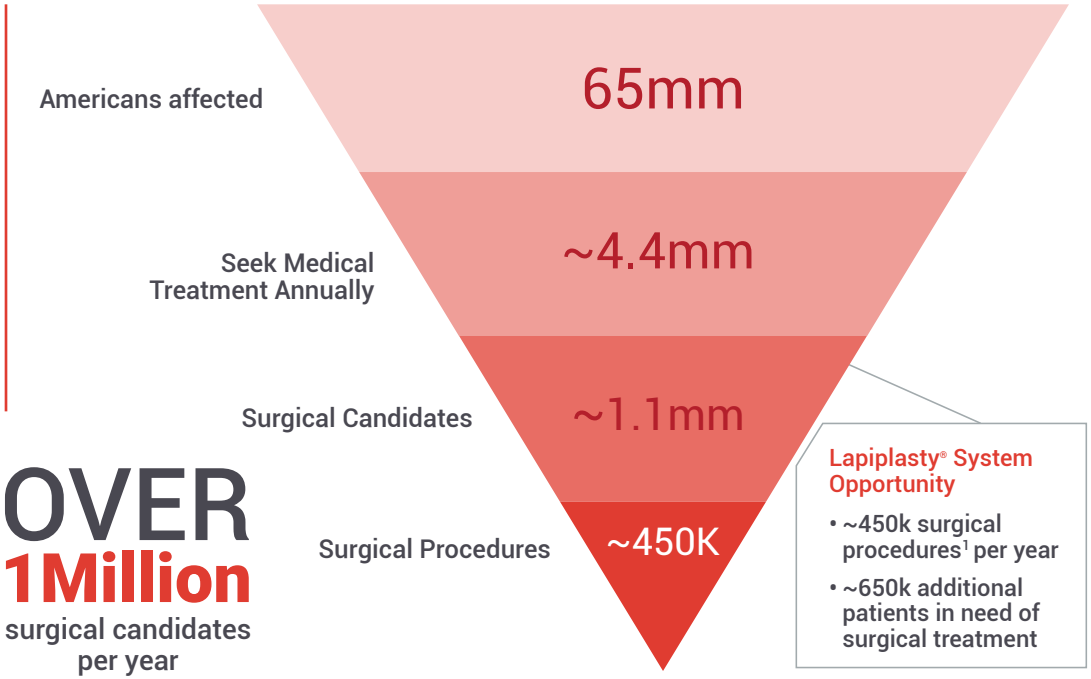
Surgeons performing the Lapiplasty® Procedure in the last 12 months[1]

1. Data on file

Advancing the Standard of Care in the Surgical Management of Bunions

We are a medical technology company with the goal of advancing the standard of care for the surgical management of bunions and related midfoot deformities. We seek to improve surgical outcomes for patients suffering from painful bunion deformities. With our products and services, our mission is to assist foot and ankle surgeons in improving patient outcomes and reducing healthcare costs, while providing rewarding experiences and opportunities for our employees and stakeholders.

Our disruptive technology is addressing one of the largest and most underserved markets in orthopaedics. We pioneered our proprietary Lapiplasty® 3D Bunion Correction System™—a combination of instruments, implants and surgical methods designed to surgically correct all three planes of the bunion deformity. Similarly, to provide a proprietary solution that also addresses midfoot deformities, in 2021, we launched our Adductoplasty® Midfoot Correction System, which brings together our implants and precision instrumentation for the first comprehensive system designed for reproducible realignment, stabilization, and fusion of the midfoot.

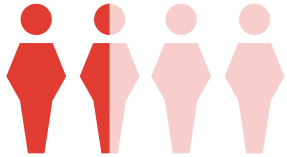


OVER 1 Million surgical candidates per year

Advancing the Standard of Care

Approximately one in four U.S. adults is affected by bunion deformities, and over 1 million patients are candidates for corrective surgery each year. Although bunions are often painful, debilitating deformities, less than half of these candidates opt to have surgery. We believe this could be largely due to the deficiencies of conventional surgical treatments, which fail to consistently meet patient needs and physician expectations.

Approximately **1 in 4** adults between 18 and 65 in the US are affected by bunions[2]



35% of people over **65** are affected by bunions[2]

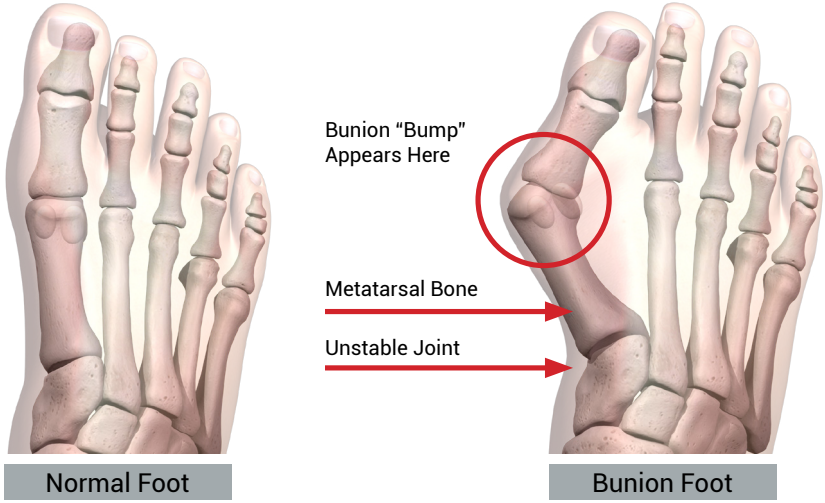
1. Approximate number of surgical bunion procedures performed in the United States per year according to iData Research, Inc. 2022.
2. Nix S, et al. J Foot Ankle Res. 2010. 27:3.21.

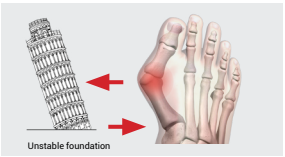
Bunions are progressive, complex deformities that originate from an unstable joint in the middle of the foot (the first tarsometatarsal (TMT) joint), which often lead to a three-dimensional (3D) misalignment in the foot's anatomical structure. This misalignment causes the metatarsal bone to lean inwards, resulting in a painful bump at the base of the big toe. Bunions may initially be alleviated by wearing more accommodating shoewear, but the progressive nature of the deformity often leads to debilitating pain that interferes with normal activities of daily living.

Complex 3D Deformity

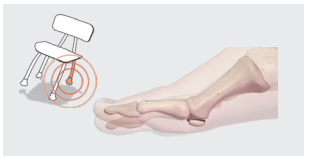
More than a simple "bump" of bone..

Unstable joint in midfoot allows metatarsal bone to drift out of alignment in all 3 anatomic dimensions

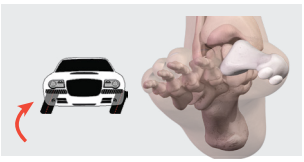




Transverse Plane
Metatarsal leans sideways causing the "bump"



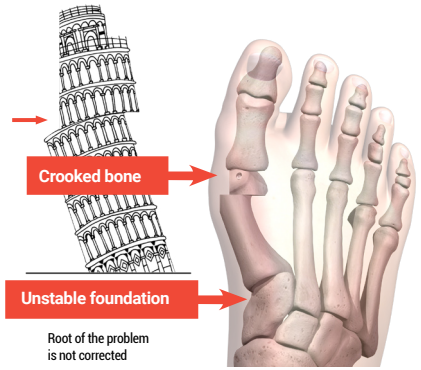
Sagittal Plane
Metatarsal elevates up, transferring pressure to lesser metatarsals.



Frontal Plane
Metatarsal rotates causing abnormal wear on MTP "great toe" joint.

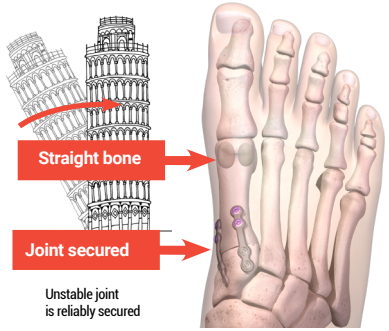
We believe our Lapiplasty® Procedure was the first and remains the leading system designed to consistently and reliably correct all three dimensions of the bunion deformity, address the root cause and allow return to weight-bearing quickly in a post-operative boot. The Lapiplasty® Procedure brings together our novel surgical approach, the Lapiplasty® Procedure, with our instrumentation and single-use implant kits. The Lapiplasty® Procedure addresses the root cause of the bunion by fusing the unstable joint in the middle of the foot and correcting all three dimensions of the bunion deformity. The Lapiplasty® Procedure can be performed in either hospital outpatient or ambulatory surgery center settings and is billed for payment with existing Current Procedural Terminology (CPT®) codes.

Traditional 2D Bunion Surgery (Osteotomy)
Shaves off "bump"; cuts & shifts the bone.
Does not address bunion's root cause.



- Unnaturally cuts & shifts bone; only a 2D correction
- Addresses cosmetic "bump" only; not the root cause
- 1 day to 6 weeks non-weight bearing (post-operative shoe or boot, sometimes in a cast)

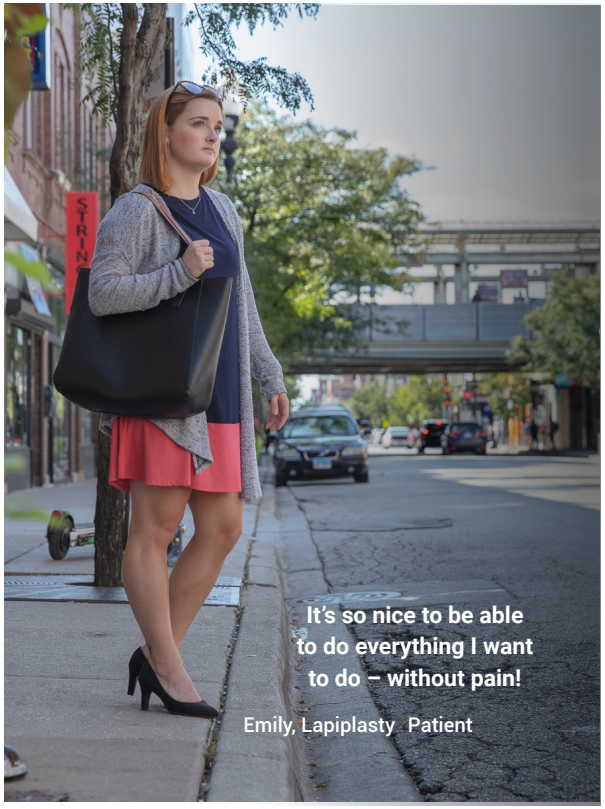
Lapiplasty® 3D Bunion Correction™
Rotates bone back to normal 3D alignment.
Reliably secures bunion's root cause.

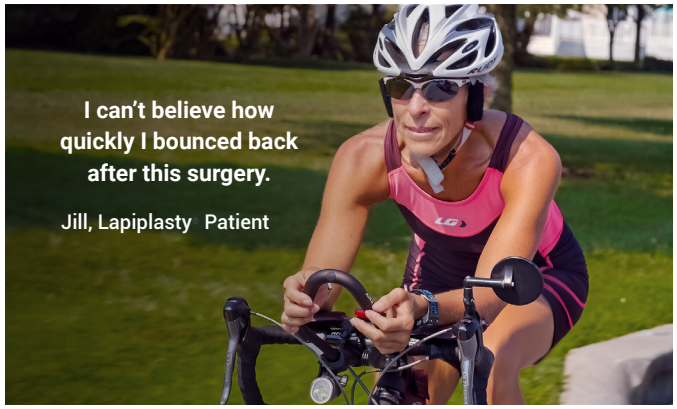


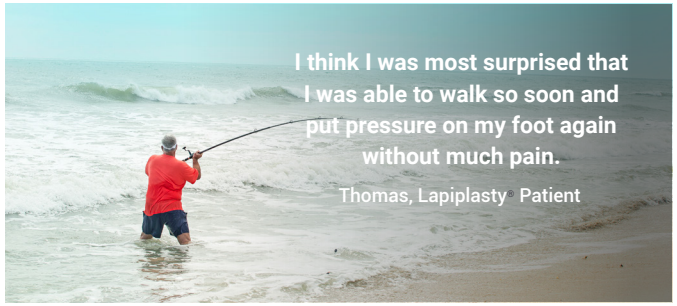
- Returns entire bone to normal alignment; a 3D correction
- Secures the root cause; an unstable joint
- Get back on your feet quickly in a boot; many cases within 2 weeks[1,2]

1. Ray J, et al. Foot Ankle Int. 2019 Aug;40(8):955-960
2. Dayton P, et al. J Foot Ankle Surg. 2019. 58:427-433

What Patients Are Saying!







As with any medical treatment, individual results may vary, and these experiences are unique and specific to these patients only. There are potential risks with surgery and recovery takes time. Potential risks include, but are not limited to: infection, discomfort from the presence of the implant, loosening of the implant, and loss of correction with improper bone healing. More information on benefits, Patient Risk Information and Recovery times are available at Lapiplasty.com.

Research & Development

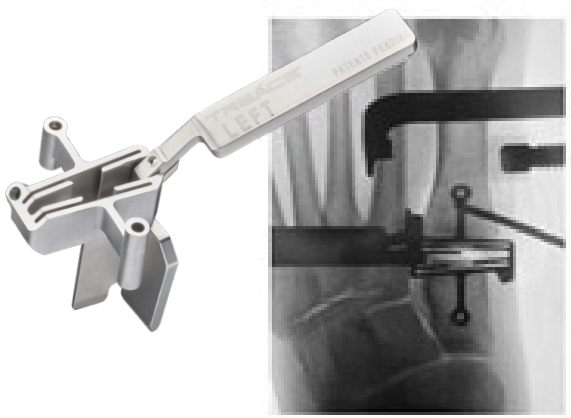
We devote significant resources to the research and development of our products. We use internal engineering personnel and our Surgeon Advisory Board to generate ideas and develop product innovations. Our Surgeon Advisory Board includes both podiatrists and orthopaedic foot and ankle surgeons who provide us with holistic insights for developing products that fully meet the needs of each group. Our development team is focused on improving clinical outcomes by designing new procedure-specific products and by developing enhanced surgical techniques in attractive subspecialties within the foot and ankle market.

2022 Lapiplasty® Advancements

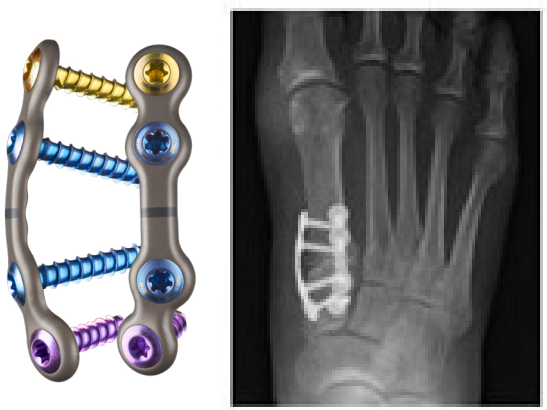
We intend to continue iterating our core Lapiplasty® system instrumentation and implants to improve surgical efficiency, enhance reproducibility of outcomes, and speed up surgical recovery for patients. In 2022, we launched three significant Lapiplasty® advances:

- our **3-n-1 Guide™** - an advanced instrument that combines what were formerly three separate instruments and surgical steps into just one instrument and one step;
- the **S4A™ Anatomic Plating System**, which features advanced 3D contours designed to accommodate variations in patient anatomy; and
- the **SpeedRelease™ Release Instrument**, which is a single-use instrument designed to make a challenging soft tissue release performed in the majority of Lapiplasty® cases easier to perform and more reproducible for the surgeon.

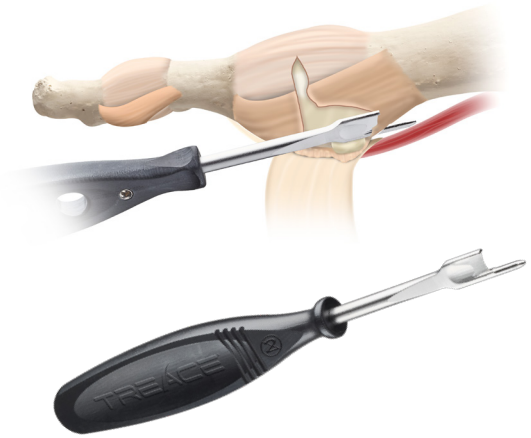
Lapiplasty® 3-n-1™ Guide



S4A Anatomic Plating Kit

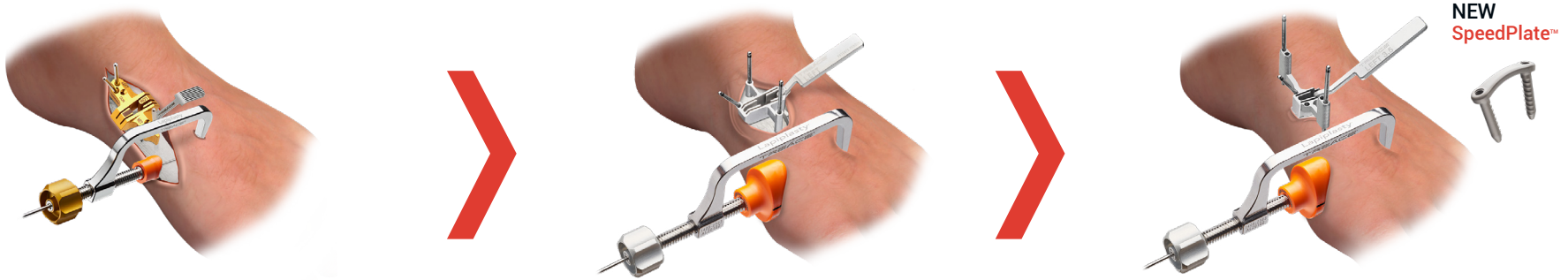


SpeedRelease™ Release Instrument



Our Minimally Invasive Approaches

Another one of our research and development initiatives is focused on making the Lapiplasty® Procedure less invasive by utilizing smaller incisions with less tissue dissection to enable faster patient recovery. In early 2021, we reduced the original 6 to 8 centimeter incision size of the Lapiplasty® Procedure by around 50% with the introduction of our Mini-Incision™ System, performed through a 3.5cm incision. In 2022, we began a limited release of the Micro-Lapiplasty™ Minimally Invasive System, which is designed to allow the deformity correction and joint preparation steps of the Lapiplasty® Procedure to be performed through 2cm incisions, and we also previewed the SpeedPlate™ Rapid Compression Implant System designed for rapid delivery of titanium compression implants through small incisions. We anticipate commercial release of SpeedPlate™ implants and the Micro-Lapiplasty™ instrumentation in the second half of 2023.



Lapiplasty® Procedure
~7cm Incision: 2015

Mini-Incision™ System
~3.5cm Incision: 2021

Micro-Lapiplasty™ Incision
2cm Incisions: 2023

2022 Adductoplasty® Advancements

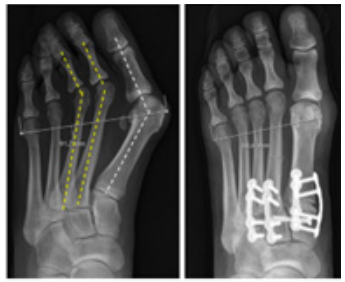
Also in 2022, we introduced the TriTome™ Release Instrument, a sterile-packed, single-use instrument with three cutting edges designed to assist with a tissue release performed in the Adductoplasty® Procedure.

Precision cut guide → Alignment & Compression → Plate Fixation

NEW
TriTome™ Release Instrument

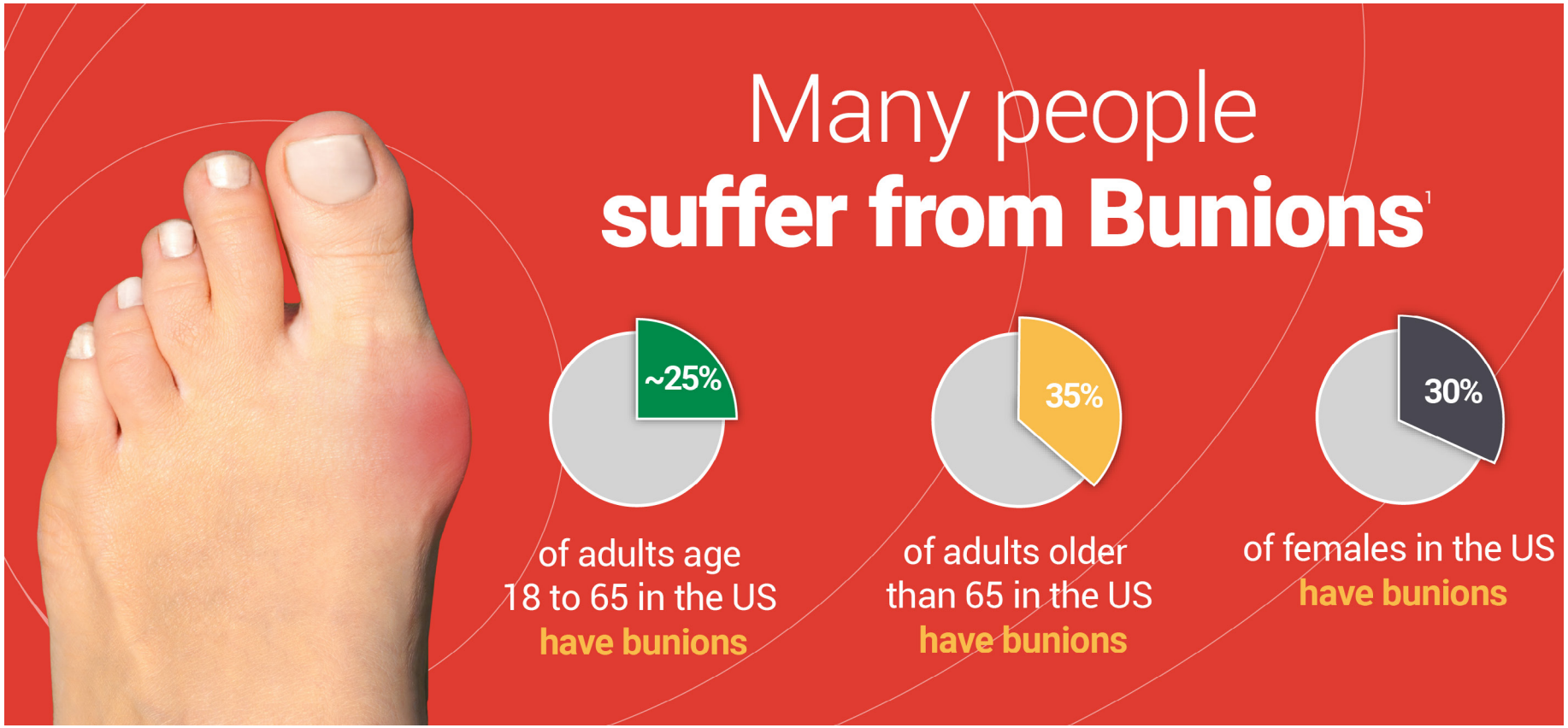
Adductoplasty® Procedure

Before **After**



Increasing Access to Treatment

Millions of Americans suffer from bunions. We are committed to expanding access to the Lapiplasty® Procedure. Our approach to expanding access to our procedures include our extensive surgeon and patient education programs.



1. Nix S, et al. J Foot Ankle Res. 2010. 27:3:21.

Providing Patient Education to Help Increase Access to Treatment

Our patient awareness and education initiatives are an important part of our strategy to increase awareness and access to the Lapiplasty® Procedure. We have been investing in impactful direct-to-patient education and conduct outreach through national direct-to-consumer education programs. Through these initiatives, we aim to educate patients on bunion deformities and our novel solutions and encourage patients to seek more information on our website where they can learn about the procedure and its risks, benefits and recovery process, and connect with Lapiplasty surgeons in their areas.

Providing Surgeon Training to Help Increase Access to Treatment

Advancing medical learning is at our core. We devote significant resources to training and educating physicians on the safe, effective, and approved use of the Lapiplasty® Procedure. Our comprehensive education programs include simulated surgical workshops, technical assistance in the operating room and advanced training for both new and existing surgeon customers. Our practice is to require surgeons to complete a simulated surgical training program before performing the Lapiplasty® Procedure. To facilitate this training, we have developed a robust curriculum including clinical and procedural details as well as hands-on surgical workshops designed to simulate a live surgical procedure.

These training events incorporate highly-skilled training personnel including experienced surgeon faculty and clinical specialists. Additionally, we host ongoing peer-to-peer advanced educational training programs to continue to develop the expertise of our surgeon customers. These include monthly online "Mastery Webinar" series and hands-on workshops with experienced faculty surgeons that cover more advanced Lapiplasty® techniques and training on our newly developed products and procedures. Our training programs are complemented by clinical specialists that assist with surgeon training and live surgery support with new surgeon users.

We believe that our multi-layered approach to medical education for surgeons, which includes simulated surgical initial workshops before the first surgery with ongoing advanced skills and mastery training, will result in surgeon users improving their skill and familiarity with the Lapiplasty® Procedure and will lead to better clinical outcomes for patients suffering from bunions.

We are committed to providing effective surgeon education as part of our mission to establish the Lapiplasty® Procedure as the standard of care.

National / Regional / Local Trainings

Includes introductory trainings, advanced skill courses, and masters courses

Intro & Mastery Webinars

Includes monthly preplanned introductory and mastery webinars

Medical Society Conferences

Includes the American College of Foot and Ankle Surgeons Annual Scientific Conference and American Orthopaedic Foot & Ankle Society Annual Meeting.

Peer-to-Peer Discussions

Includes 1:1 discussions between surgeon faculty and other surgeons to discuss cases, patient outcomes, complications, etc.

HQ Educational Site Visits

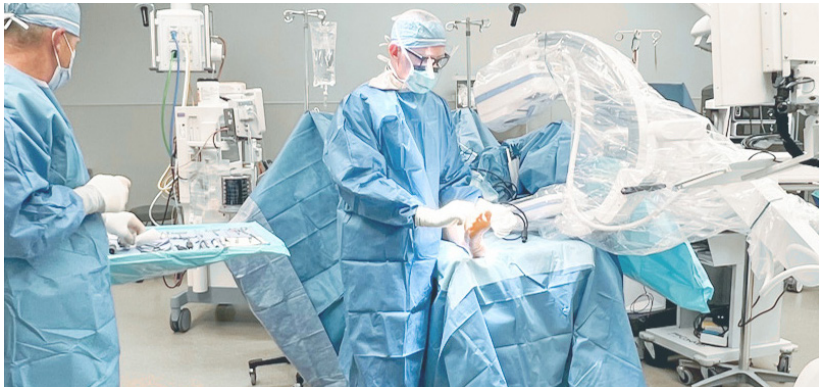
Includes visits to our headquarters locations for introductory, advanced skills and mastery courses

Coverage and Reimbursement for our Procedures Help Expand Access to Treatment

The Lapiplasty® and Adductoplasty® Procedures can be performed in either hospital outpatient or ambulatory surgery center settings. The Procedures are billed with existing CPT codes. Third party payors, including government programs such as Medicare and Medicaid, private insurance plans, and managed care programs, typically cover bunionectomy and midfoot joint fusion procedures that utilize the Lapiplasty® or Adductoplasty® Procedures when the procedures are medically necessary. These existing codes and insurance coverage help make the Lapiplasty® and/or Adductoplasty® Procedures accessible to most bunion sufferers.

Our Pricing Policies Help Expand Access to Treatment

To broaden access to our procedures, we offer a range of types of kits and products at different price points. Customer pricing is negotiated between our pricing and national accounts team and customers at the group purchasing organization (GPO), healthcare system and/or local hospital or surgery center level, depending on the customer's processes. We establish pricing with reference to applicable reimbursement schedules to promote access to our products as we continue to innovate and enhance them to facilitate the reproducibility and ease of the Lapiplasty® and Adductoplasty® Procedures. Pricing also considers contract length, volume commitments and expectations, administrative fees and other relevant factors. Pricing is shared with our customers via a quote, local agreement or GPO/integrated delivery network contract. These agreements require each party to maintain the confidentiality of the agreement details but to also comply with applicable legal disclosure requirements.



Clinical Studies and Peer-Reviewed Publications

Advancing medical learning is at our core. We are committed to supporting clinical studies to advance the standard of care for the surgical management of bunions and to sharing these results in peer-reviewed publications. The Lapiplasty® Procedure/ technology has been cited in 21 peer-reviewed journal publications as of December 2022. Summaries of key peer-reviewed literature are available at: Lapiplasty® Publication Summaries

As part of our commitment to developing clinical evidence to improve the surgical treatment of bunions, we currently sponsor three prospective, multicenter, post-market studies:

1. the **ALIGN3D™** clinical study designed to evaluate outcomes of the Lapiplasty® Procedure, which has completed enrollment with 173 patients;
2. the **Mini3D™** clinical study designed to evaluate outcomes of the Lapiplasty® Procedure using Lapiplasty® Mini-Incision™ System, which is still enrolling patients; and
3. the **MTA3D™** clinical study designed to evaluate outcomes of the combined Adductoplasty® and Lapiplasty® Procedures for patients in need of metatarsus adductus and hallux valgus corrective surgery, which is also still enrolling patients.

Each of these studies has a primary effectiveness endpoint that determines the maintenance of the bunion correction at 24 months after surgery. We also support investigator-initiated studies conducted by surgeons seeking to study specific clinical scenarios and endpoints for bunion patients treated with our products or procedures. To date, our products have not required any tests or research to be conducted on animals.

We believe that the large and underserved population of bunion sufferers deserve to have studies supporting effective treatments for this painful condition. We are proud to invest in these, post-market clinical outcome studies and to continue to build our portfolio of clinical evidence, which we believe is unique in the bunion correction field where comprehensive outcome studies with respect to marketed bunion correction surgical products are limited.

Peer-Reviewed Publication of ALIGN3D™ Multicenter Prospective Clinical Data[1]

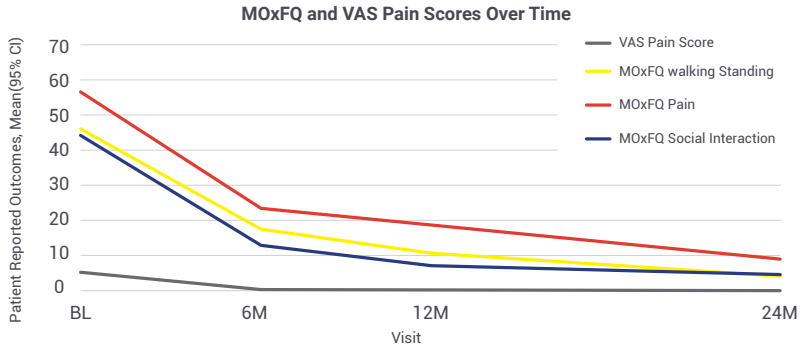
ALIGN3D™

Lapiplasty® Clinical Study

Multicenter Prospective Study

7 centers, 13 surgeons, interim report at 12 months (117 patients) & 24-months (40 patients)

- Early return to weight bearing in a walking boot at an average 7.8 days;
- At 24 months post-surgery (n=40), patients reported greater than 80% reduction in pain versus pre-surgery levels per both VAS and MOxFQ scoring systems, while 87% improvement was observed in walking/standing as well as social interaction using the MOxFQ scoring system;
- Return to work within 4 weeks (25.2 days) and to full, unrestricted activity within 4 months post-surgery on average.



1. Liu GT, et al. J Foot Ankle Surg. 2022. 61:1308-1309. The published interim results, which includes additional details such as patient demographics, inclusion/exclusion criteria, and complications reported in the study, is accessible on Treace Medical's website.

Ethics & Compliance

Oversight

Our compliance program, established by our Chief Compliance Officer in conjunction with senior management and supported by our Board of Directors, is designed to foster a culture of compliance, prevent and detect violations of law or company policy, and provide guidance to company personnel in fulfilling those goals.

Our Chief Compliance Officer is responsible for overseeing the compliance program, educating and training employees on legal and compliance matters, and investigating any allegations of possible impropriety in accordance with established policies. We have also established a Management Compliance Committee to assist the Chief Compliance Officer in the oversight and management of the compliance program. Two committees of the Board of Directors, the Audit Committee and the Nominating, Compliance & ESG Committee, also help guide and oversee the implementation of the compliance program.

Code of Conduct

Treace Medical's Code of Conduct (the Code) is designed to support our core values. We operate in a highly regulated environment, and each of our employees, consultants, agents, and other companies and individuals acting on our behalf is responsible for adhering to applicable laws, rules, and regulations. The Code describes how we operate and guides the decisions we make in support of our mission, including how we speak up when we see or become aware of potential violations of the Code.

The Code applies to all directors and employees, and compliance with the Code and related compliance documents is mandatory across the organization. Our senior management team sets the tone and models ethical behavior, cultivates an inclusive open-door culture, and communicates the expectation that each of our employees must embody our core values.

Ethical Marketing and Interactions

We are committed to acting with integrity in all marketing practices, including labeling, promotional programs, product samples, and communication with stakeholders. We carefully consider how our interactions with customers may appear and do not engage in illegal or unfair activities such as false or misleading advertising, bribery, corruption, or making unfair comments about competitors' products. To date, we have not experienced any monetary losses associated with bribery, corruption, or false marketing claims.

Anti-Corruption

We conduct our business transparently and ethically and prohibit all forms of bribery and corruption. The Code prohibits employees and business partners acting on our behalf from offering, promising, authorizing, or providing a payment or benefit that is intended to improperly influence a government official, healthcare professional, or any other person, including commercial entities and individuals, in exercising their responsibilities.

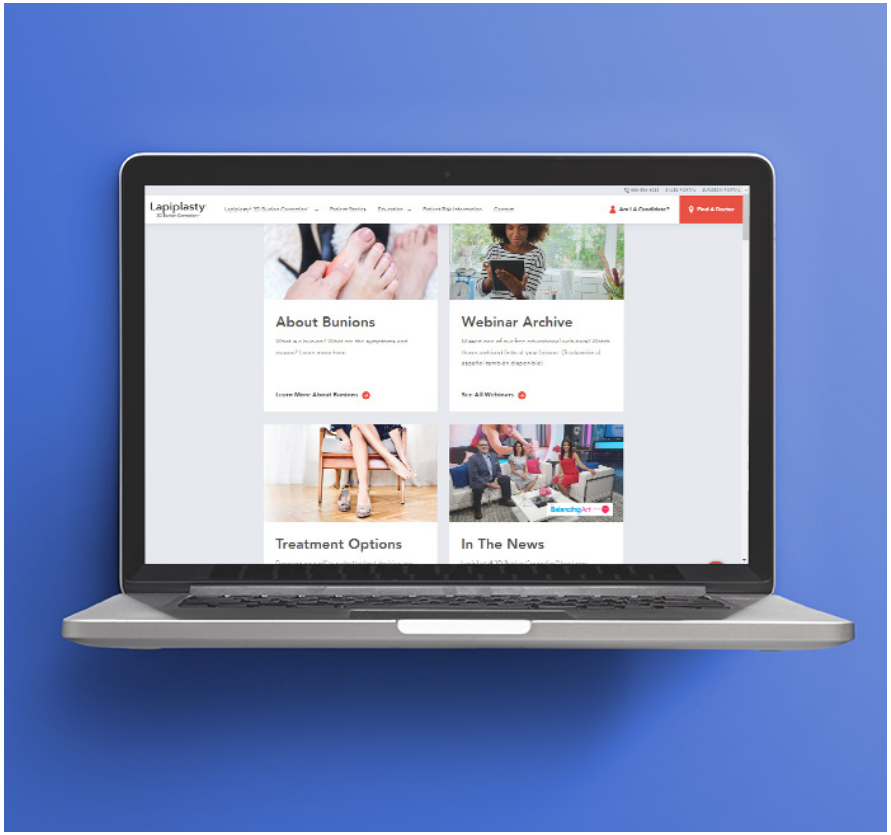
Fair Dealing

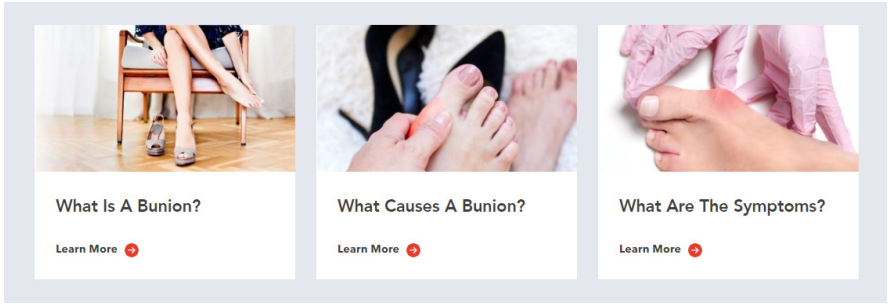
We promote fair competition in all our business matters and prohibit our employees from engaging in unlawful or unethical dealings. We do not permit direct or indirect discussions about competitively sensitive information with competitors, suppliers, or customers that could unfairly restrict trade. We are committed to competing fairly and following the antitrust and competition laws of all jurisdictions in which we operate.

Labeling and Warnings

We understand that bunions and other midfoot issues are painful and can greatly affect a person's quality of life. Accordingly, we have an active patient education program that explains the benefits and risks of the Lapiplasty® Procedure. In our patient education initiatives, we follow all applicable laws and only communicate truthful, informative, non-misleading information regarding the capabilities of our products and services and prohibit the use of inflated and deceptive information about our products.

We have robust processes in place to review patient education materials before they are published to make sure they are accurate and comply with applicable labeling and warning requirements.





Surgeon Education and Interactions with Healthcare Professionals

Advancing medical learning is at our core. As noted in the section entitled "Providing Surgeon Training to Help Increase Access to Treatment," we devote significant resources to training and educating physicians on the safe, effective, and approved use of the Lapiplasty® Procedure. We use highly experienced surgeon faculty and company staff to deliver both online webinars and in-person lab events across the country throughout the year. We also conduct training events at our onsite training center at our new headquarters facility in Ponte Vedra, Florida.

Our compliance programs are designed to better enable us to act with integrity and transparency when we interact with surgeons and Healthcare Professionals (HCPs) and other customers. We expect our employees to adhere to the Federal Anti-Kickback Statute and similar laws and require them to confirm their arrangements are compliant with these regulations. We report to the Centers for Medicare and Medicaid Services (CMS) payments and transfers of value made to U.S. Healthcare Providers and Organizations.

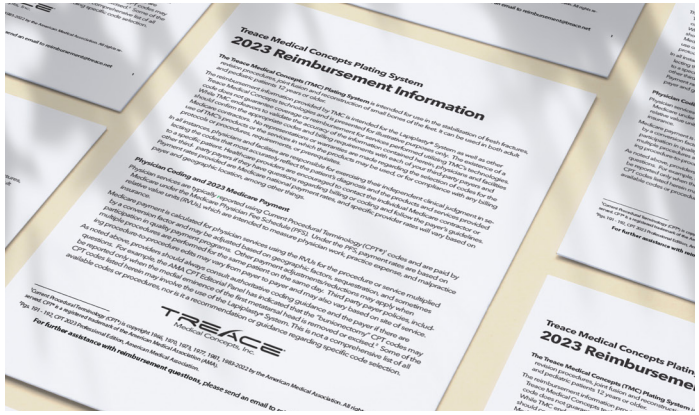
For surgeon education events and other business meetings with HCPs, we have established rules such as meal dollar limits so that HCPs are not provided meal, refreshments, or travel beyond reasonable amounts. We recognize our interactions with healthcare professionals can cause apparent or actual conflicts of interest. Therefore, we disclose financial and other interests and relationships between the company and HCPs in research, education and clinical practice when required or appropriate.

AdvaMed Code

To support our commitment to a strong culture of integrity and compliance, we endorse and abide by the Advanced Medical Technology Association Code of Ethics on Interactions with Healthcare Professionals (AdvaMed Code). The AdvaMed Code is designed to enable interactions between medical device manufacturers and HCPs to be appropriate and meet high ethical standards. We designed our compliance program to substantially comply with the standards set forth in the AdvaMed Code, and we have received AdvaMed Certification.

Reimbursement Compliance

To properly provide reimbursement information, we have adopted guidelines outlining appropriate reimbursement information and specifying proper methods of communication of such information (as well as indicating impermissible methods and activities). Only members of our reimbursement team are permitted to respond to reimbursement questions. All other employees are prohibited from discussing reimbursement from payors for our products beyond providing our written reimbursement guide and sharing the reimbursement team's contact information. It is our policy to always report prices accurately and fully to our customers and advise them of their obligations with the government.



Compliance Training

We have established a compliance training curriculum for all employees upon hire reinforced by scheduled, periodic refresher training as well as remedial or updated training when needed. We have also implemented additional compliance training covering fraud, abuse, and antitrust laws for employees who interact with physicians or are involved in negotiating purchase agreements. Our Chief Compliance Officer reviews our compliance training and education policy and program annually. In 2022, all employees were provided with training regarding our Code of Conduct. We reinforce key messages and information about our compliance program through a variety of channels, including communications from management, infographics and articles on our company intranet, interactive online training, and in-person and virtual compliance presentations during company town halls and certain team meetings.

Annual Ethics and Culture Week

We held our inaugural Ethics and Culture Week in 2022 where we featured educational activities and resources for employees company wide. We expect this to be an annual event, and we will continue to advance our focus on how we lead with integrity in our organization and provide educational resources and best practices to inspire integrity-driven decisions.

Lobbying

Treace Medical has not made any corporate political contributions to parties or individuals, even where such contributions may have been legal. Our employees and directors may, at their discretion, participate in community affairs and exercise citizenship responsibilities but will not receive any reimbursement from corporate funds for a personal political contribution.

Culture Team

We have developed a Culture Team that is a cross-functional group of employees across all levels of the organization who will develop and drive focused initiatives to advance our core values and employee experience while emphasizing our culture of ethics and compliance. The Culture Team is sponsored by four executive leaders, which indicates the importance of this team.

Discrimination and Harassment

We are an equal opportunity employer and will not tolerate illegal discrimination or harassment of any kind. We are committed to providing a safe and drug-free workplace that is free from discrimination and harassment based on race, color, creed, religion, sex, age, disability, national origin, ancestry, citizenship, armed forces service, marital or veteran status, sexual orientation or gender identity or expression, or any other impermissible factor.

Reporting Violations of the Code of Conduct and Other Policies

We expect our employees to be completely honest and open with respect to any situation involving violations or potential violations of our compliance policies. We take these reports very seriously and are committed to investigating all reported compliance concerns in a manner commensurate with the severity of the reported concern. We have established investigation procedures and impose internal disciplinary action, process changes, and curative actions where appropriate.

Where appropriate, we will use violations as an opportunity to educate and provide more training as necessary, while more severe violations will result in more severe action being taken including, without limitation, loss of employment.

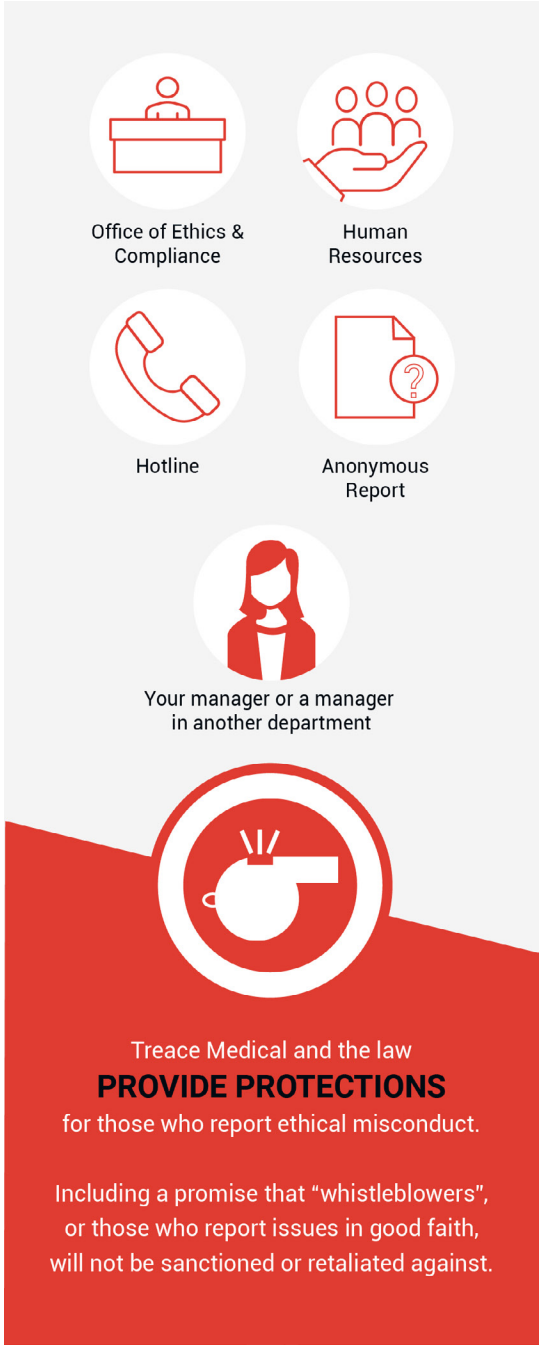
We allow our employees to make anonymous reports of suspected violations through a third-party website and compliance hotline available 24 hours a day, 7 days a week. We have additional channels for raising questions and reporting concerns, including the Compliance Office (through incident reporting forms, emails, phone calls or in person), Human Resources, and people leaders (i.e., any employee who leads a team of other employees). Retaliation against any individual for making a good faith report of a potential violation is prohibited and is itself a violation of our Code of Conduct.

We have notices about the compliance hotline posted in break rooms at the corporate headquarters, including information and links to reporting channels on our Legal and Compliance Intranet site, and we remind employees about the hotline regularly at quarterly town hall meetings.

We have disciplinary review committees and an escalation path from those committees to the Nominating, Compliance & ESG Committee of the Board of Directors.

Internal Audits and Risk Assessments

We conduct an Enterprise Risk Assessment and a compliance risk assessment annually to guide our audit and monitoring plans. Results of our audit and monitoring plans are shared with our relevant internal teams and monitored for timely remediation. We conduct retroactive and live, continuous monitoring across key risk areas and seek opportunities to enhance our compliance program.



Corporate Governance

We are committed to responsible corporate governance practices and fostering a culture of integrity and accountability.

We have adopted written Corporate Governance Guidelines which provide the framework for our governance practices, along with our Certificate of Incorporation, Bylaws, committee charters and other key governance practices and policies. Our Corporate Governance Guidelines cover a range of topics including, but not limited to, independence of the Board, director qualification standards, executive sessions, board access to senior management and independent advisors, meeting attendance, service on other boards, board and committee self-evaluation, compensation, and succession planning.

The Nominating, Compliance & ESG Committee is responsible for reviewing and assessing the adequacy of these guidelines and recommending any proposed changes to the Board for approval. Our Corporate Governance Guidelines were most recently amended in February 2023 to reflect an increased emphasis on actively seeking highly qualified women and individuals from underrepresented racial and ethnic groups to include in the pool from which new director candidates are chosen.

For more information about our governance practices, please refer to our most recent proxy statement, our Corporate Governance Guidelines, and our committee charters:

- Audit Committee Charter
- Compensation Committee Charter
- Nominating, Compliance & ESG Committee Charter

Board Composition

Currently, our Board is composed of nine independent directors, as well as our Board Chair and our Chief Executive Officer. Our Board evaluates each individual director in the context of our Board as a whole, with the objective of assembling a group that can best oversee and contribute to the success of the business and represent stockholder interests through the exercise of sound judgment. We believe it is important to have a balanced and diverse board and are committed to maintaining and building director diversity in terms of skills, personal and professional backgrounds, perspectives and experiences. See below for more information about the members of our Board.

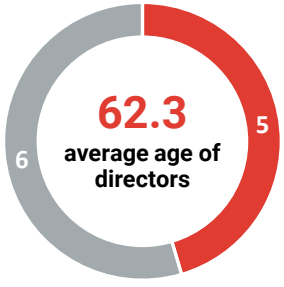
Director Dashboard

As reflected below, our directors bring diverse viewpoints and perspectives and exhibit a balance of tenure, skills, experiences and backgrounds that we believe enhances the deliberation and decision-making processes of our Board, allowing it to effectively fulfill its oversight function.

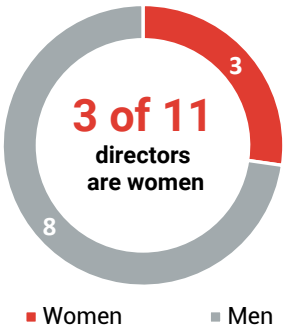
Independence

Board Tenure

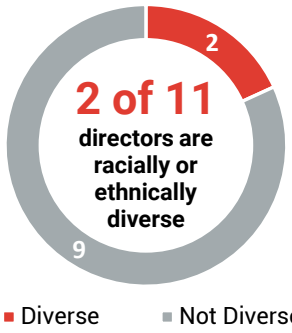
Average Age



Gender Diversity

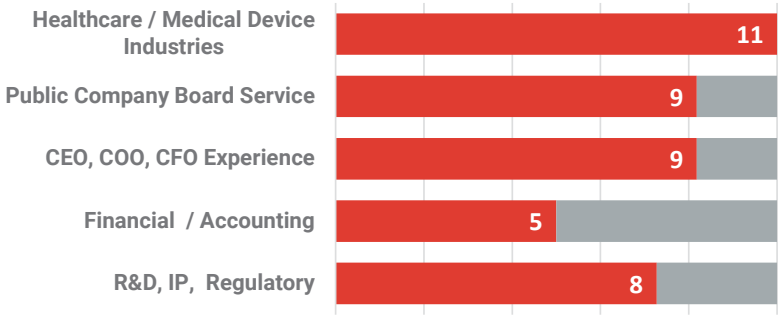


Racial or Ethnic Diversity



Skills & Experience

Our directors bring a balance of relevant skills and experiences to our boardroom including those listed below.



Information Security

We are committed to protecting the privacy and security of our information assets and the data entrusted to us. Our cybersecurity program comprises multiple levels of physical, technical, and administrative safeguards and is aligned with industry best practices and frameworks. These include the Center for Information Security (CIS) framework for security controls and benchmarks, the National Institute of Standards and Technology (NIST) standards and best practices, and the ISO 27000 framework.

Our cybersecurity team is part of our information technology (IT) department. Our Chief Information Officer reports to the Chief Financial Officer and provides periodic reports to the Board's Audit Committee on cybersecurity policies, procedures, and risk and remediation efforts.

Our cybersecurity team is dedicated to continuous improvement, considers emerging threats and new vectors of cyberattack, and pursues a deliberate and intentional risk-avoidance approach. The internal company network is segmented according to risk and function, and our data architecture classifies and segments assets by criticality and sensitivity. This allows us to not only protect our assets but also provides choke points in the event of attacks so we can limit and quarantine the source of the attack. In addition, we require SOC 1 Type II attestations from all IT vendors whose applications or cloud infrastructure handle sensitive information.

It is our policy to protect the data and privacy of those who entrust us with their personal information.

We collect and store personal information only to the extent necessary and only for lawful purposes. Accordingly, we adopted a Privacy Policy that details how personal information is collected and stored and what rights data subjects have with respect to such information.

We also maintain our written security incident response runbook detailing the response and notifications involved with various security events, including; Malware/Virus Response Plan, DDOS Response Plan, Phishing Response Plan, Office 365 Security Event, Network Attack Response Plan, Device Response Plan, and Zero Day Threat Response Plan.

Our cybersecurity training and education emphasizes frequent and thorough phishing tests and a mandatory training curriculum to ensure our employees are aware of the latest and most common types of attacks. This includes awareness on phishing, malware, social engineering, and overall security best practices for new and existing employees. Treace Medical also performs frequent, independent risk assessments that take into account four primary areas of risk: physical, digital, social, and administrative/governance.

Product Quality & Supply Chain Management

Treace Medical is committed to designing and delivering safe, effective and high quality products to our customers. To meet this commitment, we have deployed robust quality management procedures that comply with applicable quality standards and regulations and are committed to following these procedures day in and day out.

Oversight

Our team is dedicated to the effectiveness and continuous improvement of our quality management system (QMS) while ensuring compliance with relevant quality regulations. It is each team member's primary responsibility to deliver high quality products that meet FDA requirements and our internal standards. While our senior management team is ultimately responsible for overseeing our quality policies, the Senior Vice President for Quality Assurance and Regulatory Affairs is specifically tasked with the duties required to meet our quality objectives; including:

- Enabling processes needed for the QMS to be established, implemented and maintained;
- Reporting to senior management on the performance of the QMS and needed improvements; and
- Enabling the promotion of awareness of regulatory and customer requirements throughout the organization.

Quality Management System

Across the organization, we strive for excellence during the design, development, and deployment of our devices. We have designed our QMS to comply with leading quality standards for the medical device industry. Our procedures adhere to the FDA regulations and are closely aligned to ISO 13485, the international standard for medical device quality management systems set by the International Organization for Standardization (ISO).

As the FDA is seeking to harmonize its QMS requirements with ISO standards, we expect to work toward certifying our QMS to ISO 13485 over the next 12 to 24 months.

We conduct periodic internal reviews and supplier audits to improve the effectiveness of our QMS and utilize appropriate metrics to monitor and improve processes. We have also implemented controls to promote compatibility of design, production, inspection, and testing procedures for our products. We periodically update these procedures to identify additional resources and skills needed to achieve our quality goals.

Product Experience Reporting and Corrective Action

Corrective and preventive actions serve to minimize defects in our products and implement measures to correct and address the root cause of non-conformities.

The Quality Assurance and Regulatory Affairs (QA/RA) team maintains all quality audit reports. In the event that corrective actions are implemented, the QA/RA team may conduct follow-up audits. We require our employees to file a product experience report if they become aware of any adverse event, malfunction, or other potential problem with our products. To date, we have not been subject to any regulatory enforcement actions nor had any monetary losses as a result of legal proceedings associated with product safety.

Training

As part of Treace's new hire orientation and training for all employees, the QA/RA team provides training on the quality system. Department managers are responsible for reviewing all employees whose work affects the quality of products and services, such that they understand and follow our quality system requirements; each employee is expected to verify by signature that they have read our quality policy and understand our quality system.

Supply Chain Management

In addition to providing quality products and services, we expect our suppliers to operate their business in a way that supports our commitment to lawful conduct and upholding our high ethical standards. We contractually require that our suppliers operate in compliance with applicable laws, rules, regulatory requirements and good manufacturing practices. We conduct audits and oversight of certain parties in our supply chain to promote the quality, safety, and efficacy of our products. Our supplier qualification process requires that our Tier 1 and Tier 2 suppliers, who comprise a majority of our supplier spend, obtain ISO 13485 certification. We perform initial qualification audits and ongoing routine audits on Tier 1 and Tier 2 suppliers to monitor the effectiveness of the QMS and to assess the conformance of quality-related activities to written procedures, quality standards and regulations. We develop the scope of each supplier audit based on the products supplied, supplier performance metrics, matters covered in prior audits, regulatory developments, and other relevant considerations.

We expect our suppliers to:

- Ensure their work product meets applicable quality standards and establish quality assurance processes to identify defects and implement corrective actions;
- Facilitate the delivery of products or services whose quality meets contract requirements;
- Develop, implement, and maintain methods and processes appropriate to their products to minimize the risk of introducing nonconforming parts and materials into deliverable product; and
- Put in place effective processes to detect counterfeit parts and materials, provide notification to recipients of nonconforming products when warranted, and exclude them from the delivered product.

We continuously evaluate subcontractors of materials and services that have an impact on the quality of the final product based on adherence to quality standards and delivery commitments. For more information on our expectations for suppliers, please refer to our Supplier Code of Conduct, which we introduced in 2022 to better communicate our expectations around ethical and responsible business conduct by our suppliers.

Supplier Diversity

We are committed to taking action to advance diversity across our business and encourage our suppliers to embrace these same principles. We seek to enable our workforce and supply chain to reflect the diversity of the healthcare care providers we serve and their patients.

We seek diversity in our suppliers so that underrepresented or disadvantaged businesses have an equal opportunity to compete for our business. To identify suppliers that are certified as woman-, minority-, or veteran-owned businesses, or businesses that might otherwise be considered underrepresented or disadvantaged, we rolled out our inaugural supplier diversity survey to our Tier 1 suppliers. The survey asked our suppliers to provide details about whether they were 51%+ owned by veterans, women, minority, disabled or other disadvantaged groups, their status as a certified diverse supplier, or their inclusion in the VETbiz.org government database. The survey also confirmed suppliers' commitment to prohibiting the use of forced labor and child labor and to complying with applicable laws. We plan to conduct this survey on an annual basis going forward.

Product Traceability

To enable all purchased products, components, and subcontracted services related to the quality of final products to be ordered in accordance with specified requirements, we maintain documented procedures and monitor product packaging and labeling. The QA/RA team maintains proper documentation and management of quality records, including Device Master Record and Device History Record files that contain specifications and production histories of finished devices. We use an Enterprise Resource Planning (ERP) system that helps us track all purchased components, products, and services related to the quality of final products. The ERP system allows us to capture part and lot numbers that are traceable back to the manufacturer's or supplier's raw materials. We also assign unique device identifiers for our finished products so they are traceable back from the point of delivery.

Critical Materials

We currently leverage third-party manufacturing relationships to enable low-cost production while maintaining a capital efficient business model. We have multiple sources of supply for critical components of the Lapiplasty® Procedure and have established back-up manufacturing capabilities for most of our products. We also maintain adequate safety stock of key components in the event that we are required to transition to and qualify a new third-party supplier for our products.

Because the suppliers for the Lapiplasty® Procedure and our other products are evaluated, qualified, and approved through our supplier management program, we have a robust change control policy with these key suppliers. This policy is intended to prevent any component or critical process changes to be made without our prior approval.

Conflict Minerals

We strive to source minerals responsibly by selecting suppliers that share our core values and exercise due diligence procedures to mitigate potential risks. Any minerals and components used in products supplied to us should be responsibly sourced in compliance with applicable laws and sustainable practices. Moreover, suppliers are expected to conduct adequate due diligence to prevent the entry of any materials or suppliers into their supply chain that are associated with armed conflict, child labor, forced or involuntary labor, human trafficking, or gross human rights violations or are otherwise responsible for substantially negative environmental impacts.

People

Our Mission and Beliefs

Our mission is to assist foot and ankle surgeons in improving surgical outcomes for patients suffering from painful bunion deformities and reducing healthcare costs, while providing rewarding experiences and opportunities for our employees and stakeholders. To achieve our mission, we must have the right people in place across our business who are aligned with our core values and shared beliefs.

Culture and Employee Engagement

We are committed to promoting an inclusive culture that fosters creativity and innovation and allows employees to be their best at work. We want our employees to do the best work of their careers at Treace Medical while also fostering a work environment and culture where employees look forward to coming into work every morning.

In 2022, we worked with an independent third party consulting firm to conduct an employee engagement survey. The survey showed that 87% of our employees were engaged, which compares favorably with average engagement of 76% of the approximately 80 medical device and biotechnology companies in the benchmark compiled by the consulting firm.[1] The engagement score is based on responses to five survey questions and is a measure of how motivated people are to put in extra effort for their organization, and a sign of how committed they are to staying there. The survey had an overall participation rate of 78%, and 93% of employees who responded were "proud to work for Treace" and "would recommend Treace as a great place to work."

survey showed that 87% of our employees were engaged

We will use these survey results to determine how we can continue to create work environments that energize our employees and enable them to develop and maintain a positive working culture. In addition, none of our employees are represented by a labor union or are a party to a collective bargaining agreement.

1. Culture Amp Pty Ltd. Biotechnology & Medical Devices benchmark 2022.

I believe Treace Medical Concepts products and services contribute to improving people's lives

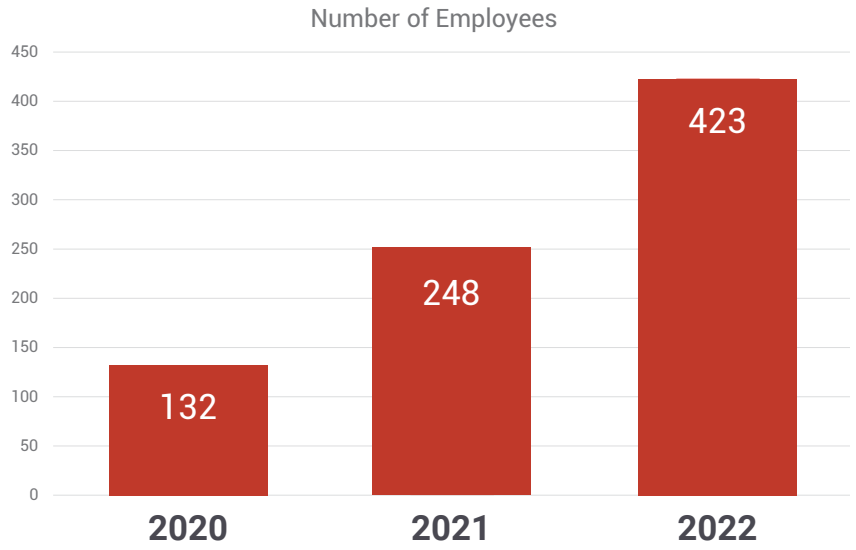
survey showed that 100% of our employees agreed with this statement

Talent Recruitment and Retention

We are committed to developing great talent at all levels of the organization by growing talent internally, innovatively expanding external talent pools, and implementing succession plans at all levels throughout the organization. We have a number of initiatives in place to attract, develop, and retain great talent in our rewarding and inclusive culture.

As of December 31, 2022, we had 423 full-time employees. During 2022, we increased the number of employees by 70% to support the rapid growth of our business, with 65% of new hires being added to our sales team. We intend to continue making significant investments in recruiting and training sales representatives and clinical representatives as we expand our business.

As a testament to our employee's engagement and commitment to our long-term success, 61 employees were promoted or moved to new roles in 2022, and 52 of our new employees were hired through referrals. Furthermore, in 2022, we experienced a low undesired turnover rate of under 7%, despite the market's strong competition for talent.



Diversity, Equity, and Inclusion (DE&I)

We believe in the value of a diverse and inclusive team to enable innovation and great outcomes for our customers and their patients. We celebrate the unique qualities, perspectives, and life experiences that define us as individuals and strive to ensure that our workforce and business model reflect the diversity of our customers and patients. We expect our managers to promote standards of equitable employment and aim to provide underrepresented or disadvantaged suppliers and contractors an equal opportunity to compete for our business. Our Chief Human Resources Officer oversees our DE&I strategy and provides regular updates to the Compensation Committee of the Board of Directors about the company's performance on key metrics.

As we aim to recruit more talented individuals, we are actively seeking talent from diverse backgrounds and strive to provide a work environment where the best ideas are welcomed. We seek out and hire diverse talent by sharing our openings with external organizations that provide rich engagement opportunities with people of varying backgrounds. These groups include the National Association of Women Sales Professionals, Healthcare Businesswomen's Association, RecruitMilitary, and Pink Jobs. We have also established relationships with the Medical Sales College to help educate and attract aspiring sales talent, provide on-site demonstrations of the Lapiplasty® Procedure, and review student resumes for our associate sales representative positions.

In performing clinical trials, we strive to include individuals of varied race, ethnicity, age, and gender to help improve the quality of demographic sub-group data for reporting and analysis purposes.

Career Development and Performance Management

We are committed to developing great talent at all levels of the organization, growing talent internally, and ensuring bench strength and succession plans at all levels throughout the organization. On an annual basis, our leadership team participates in a talent review and succession planning exercise to identify organizational needs, development opportunities, and potential future leaders. In 2022, we rolled out a new annual performance review process that is designed to foster more constructive and growth mindset-oriented dialogue between employees and their leaders, discussing both short-term performance and long-term career aspirations. We also launched a new mid-year performance check-in program to create an additional, structured opportunity for employees to gather feedback through open, honest, and direct conversations with their managers.

As a part of our commitment to provide growth opportunities for our talent, we leverage the CliftonStrengths® assessments for trainings that are focused on successful teamwork and collaboration. We are also building out new leadership development training, with the goal of having every people leader complete this training by 2024. Additionally, we support certain individuals for separate targeted or functional leadership training and development programs and have partnered with a performance psychologist to support our executive team's development.

We have instituted in-depth training and education programs for our sales representatives and clinical specialists to achieve the level of clinical competency with our products expected by surgeons. Our continuous education programs for sales personnel consist of in-person foundational training, procedure observation, and sales skills development. These employees develop a thorough understanding of bunions, patient selection, procedure planning, and regulatory policies to meaningfully support continued clinical adoption and existing surgeon customers. Developing the expertise of our sales personnel enables them to provide meaningful clinical and technical support in the operating room, which we believe will lead to better clinical outcomes for patients.

Compensation and Total Rewards

We support our collegial, collaborative culture by offering competitive, performance-based compensation, benefits, and equity awards. The Compensation Committee of the Board regularly reviews our compensation program, and we partner with consulting firms to benchmark our peer group companies and maintain our competitiveness in the market.

We also believe strongly in providing employees the opportunity to participate as owners in the company. We achieve this through performance-based equity programs that grant stock options and restricted stock units (RSUs) to employees. Through this program, a majority of our employees have received equity grants.

We care deeply about the health and well-being of our employees and provide a comprehensive, competitive benefits package to our employees and their families. This package includes:

This package includes:
A 401K retirement savings plan with company match
Medical, dental (including options that cover orthodontia), and vision insurance
Telehealth benefits, including access to the Talkspace and Happify apps
Health savings accounts and flexible spending accounts
Life insurance
Short- and long-term disability insurance
Critical illness insurance
Accident insurance
An employee assistance program for all employees
Pet insurance
Wellness programs, including the iPrevail digital therapeutics program
Subsidized YMCA memberships
Paid time off
11 company-paid holidays

We also provide employees access to a decision support tool to help them select benefits and savings plans that best suit their needs.

Commitment to Equal Employment Opportunities

We are committed to providing equal employment opportunities to all of our job applicants and colleagues, and we treat them without regard to personal characteristics such as race, color, ethnicity, creed, ancestry, religion, sex, sexual orientation, age, gender identity or gender expression, national origin, marital status, pregnancy, childbirth or related medical condition, genetic information, military service or veteran status, medical condition (as defined by applicable law), presence of a mental or physical disability, or other characteristics protected by applicable laws.

We seek to promote a work environment free from harassment, including any unwelcome comments, behaviors, actions, or conduct that demonstrates hostility based on a protected personal characteristic. We prohibit any conduct that creates an intimidating, hostile or offensive working environment, or unreasonably interferes with an individual's ability to work. All workplace decisions are made without regard to personal characteristics protected by applicable laws. All employees are encouraged to report any incidents of discrimination or harassment, and retaliation for good faith reports is prohibited.

Workplace Safety

Protecting the health and safety of our colleagues, agents, visitors, and the communities in which we operate is a business priority and is central to our values. We actively seek and act upon meaningful opportunities to reduce risk and improve our safety performance, and we encourage our employees to report conditions that they perceive to be unsafe, unhealthy, or hazardous to the environment. Our Environmental, Health and Safety (EHS) department works to ensure that our organization complies with applicable EHS regulations and trains our employees on maintaining safety in the workplace. For example, employees who work in laboratories or operating rooms, such as research & development personnel and sales representatives, are trained on radiation exposure protection and how to use personal protective equipment.

Corporate Giving

As part of our focus on community impact and philanthropy, we support a number of charitable organizations through donations and volunteer activities. In 2022, we donated over $40,000 to St. Jude Children's Research Hospital, and we participated in an annual toy drive for Wolfson Children's Hospital in Jacksonville, Florida. We have also participated in broader community service efforts through food drives with organizations such as Feeding Northeast Florida in Jacksonville.

As members of the American Orthopaedic Foot & Ankle Society (AOFAS), we support the organization's Overseas Outreach Projects, which are designed to provide life-changing medical treatment to children and adults in underserved areas around the world. In 2022, we provided a grant to support an AOFAS volunteer trip to Kenya, where foot and ankle orthopaedic surgeons from the U.S. evaluated patients, performed corrective surgeries on lower extremity deformities, and provided knowledge and instruction to local surgeons.

We also support the AOFAS' Women's Leadership Initiative, which supports and encourages women in foot and ankle orthopaedic surgery. The initiative includes the Women's Leadership Awards, which recognizes outstanding female leaders in foot and ankle orthopaedics, as well as a Women's Leadership Scholarship Program. Last year, we sponsored two awards that were presented at the 2022 AOFAS Annual Meeting.

We provide various other monetary and product donations to support educational and humanitarian causes, including donating funds for a number of educational labs, among other initiatives in 2022.

Environment

We are committed to integrating climate action and sustainability into the lifecycle of our medical devices to address global challenges and preserve resources for future generations. While we are early in our journey, we are taking steps to embed responsible environmental practices throughout our operations and have started to establish processes to gather data and analyze key environmental metrics.

Facilities

In the Fall of 2022, we relocated to a larger headquarters facility in Ponte Vedra, Florida, that will accommodate the increased capacity requirements of our surgeons, sales team, research & development team, warehousing, and other infrastructure needs.

This **125,000 sq. ft.** facility includes environmentally friendly features such as

- LED lighting with occupancy sensors
- Reclaimed water for irrigation
- Remote programmable HVAC systems that shut down during off-hours
- Low flow faucets in restrooms

We also provide charging stations in our parking lot for employees with electric vehicles. We have implemented electronic signature and record keeping technology and we also shred and recycle office documents to further reduce paper and material waste from our operations.

Product Design & Lifecycle Management

The Lapiplasty® and Adductoplasty® Procedures bring together our single-use implant kits and our reusable instrument trays, which can support approximately 45 surgeries per year over three years. In 2022, we launched an initiative to extend the shelf life of our implant kits from three years to five years, allowing us to prevent usable kits from going to waste. We also take back expired kits to use for education and training sessions with surgeons. As a part of our standard practices, we have never used use ethylene oxide (EtO) as a sterilization method and instead utilize gamma radiation to sterilize our products.

We also are committed to reducing our packaging footprint. For instance, we implemented a design change to our primary packaging for our Lapiplasty® kits, achieving a 65% reduction in packaging volume from our initial design, and have an ongoing project to further reduce the size of our packaging, targeting at least a 25% reduction by 2024. We also eliminated paper instructions for use from our product packaging to further reduce our paper waste and instead changed to electronic labeling as permitted by applicable law to provide the instructions for use of our products.

Environmental Compliance

We are committed to running safe, compliant, and sustainable operations that comply with applicable environmental laws and our internal standards. We require our suppliers to also comply with applicable environmental regulations and, as far as reasonably practicable, minimize any detrimental effects on the environment from their activities, such as pollution, waste, and wastewater.

Because our single use instruments are considered sharps, we have contracts with waste management companies to dispose of these instruments and other hazardous medical waste in a safe, efficient manner.

Our instrument trays can be used for ~45 surgeries per year for 3 years

Extended implant kit shelf life from 3 to 5 years

Never use Ethylene Oxide Sterilization

Previous Packaging

Volume - 388.77 in

Height - 1.938 in

65%
Reduction in Volume

Current Packaging

Volume - 136.149 in

Height - 1.437 in

Sustainability Accounting Standards Board (SASB) Index

The following index maps Treace's disclosures to certain SASB indicators. Data and information in this Report pertain to efforts in 2020, 2021, and 2022.

Disclosure Topic	Accounting / Activity Metric(s)	2022	2021	2020	SASB Code
Affordability & Pricing	Description of how price information for each product is disclosed to customers or to their agents	See "Coverage and Reimbursement" and "Pricing" sections in Advancing the Standard of Care chapter, page 11			HC-MS-240a.2
Product Safety	Number of recalls issued, total units recalled (as classified in the FDA Medical Device Recalls database at Medical Device Recalls)	0	0	0	HC-MS-250a.1
Product Safety	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	0	0	0	HC-MS-250a.2
Product Safety	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience database	0	0	0	HC-MS-250a.3
Product Safety	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	0	0	0	HC-MS-250a.4
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	$0	$0	$0	HC-MS-270a.1
Ethical Marketing	Description of code of ethics governing promotion of off-label use of products	See "Ethical Marketing and Interactions" section in Ethics & Compliance chapter, page 14			HC-MS-270a.2
Product Design & Lifecycle Management	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	See "Product Design & Lifecycle Management" and "Environmental Compliance" sections of Environment chapter, page 34			HC-MS-410a.1

Disclosure Topic	Accounting / Activity Metric(s)	2022	2021	2020	SASB Code
Product Design & Lifecycle Management	Total amount of products accepted for take-back and reused, recycled, or donated, broken down by: (1) devices and equipment and (2) supplies	See "Product Design & Lifecycle Management" section of Environment chapter, page 34			HC-MS-410a.2
Supply Chain Management	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	(1) See "Quality Management System" section in Product Quality & Supply Chain Management chapter, page 22 (2) See "Supply Chain Management" section in Product Quality & Supply Chain Management chapter, page 24			HC-MS-430a.1
Supply Chain Management	Description of efforts to maintain traceability within the distribution chain	See "Product Traceability" section in Product Quality & Supply Chain Management chapter, page 25			HC-MS-430a.2
Supply Chain Management	Description of the management of risks associated with the use of critical materials	See "Critical Materials" section in Product Quality & Supply Chain Management chapter, page 25			HC-MS-430a.3
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	$0	$0	$0	HC-MS-510a.1
Business Ethics	Description of code of ethics governing interactions with health care professionals	See "Ethical Marketing and Interactions" section in Ethics & Compliance chapter, page 14			HC-MS-510a.2

TREACE®
Medical Concepts, Inc.