



ESG Report 2023 Review



Dear Stockholders,

Our mission at PROCEPT is to revolutionize the treatment globally for benign prostatic hyperplasia, or BPH, the most common prostate disease that affects more than 40 million men just in the United States. In partnership with urologists, we aim to improve the quality of life of millions of patients by delivering best in class surgical robotic solutions.

Our innovative **Aquablation® therapy** stands apart through its unique features:

- **Real-time image guidance:** Ensuring precision and safety throughout the procedure
- **Customized treatment planning:** Tailoring the therapy to each patient's unique prostate size and shape
- **Consistent robotic resection:** Utilizing a heat-free waterjet for minimal tissue damage and faster recovery

These features have allowed us to create a breakthrough solution that can treat any prostate size or shape. Once again, we treated more patients this year than ever before. These patients with BPH were able to benefit from Aquablation therapy which addresses the dilemma of having to compromise between safety and efficacy.

Building on our success in BPH, in 2023, we received the Investigational Device Exemption (IDE) approval from the U.S. Food and Drug Administration (FDA) to investigate the safety and efficacy of Aquablation therapy for prostate cancer. While our primary commitment is to establish ourselves as the standard of care for the treatment of BPH, it's a pivotal moment for PROCEPT to acknowledge the distinctive potential of our robotic system to meet patient needs in other urological indications.

It is immensely gratifying to see that more and more procedures are being performed using the **AQUABEAM® Robotic System**, but we also know that our ability to improve people's quality of life extends beyond just our products. It extends to addressing the impact that our company has on the environment, community and the individuals with whom we interact, including our providers, patients, employees, and stockholders.

This year, we also moved our corporate headquarters and operations to a state-of-the-art facility in San Jose, California, a location that was selected to attract top talent, reduce commuting time for employees, and minimize tenant improvement construction needed. We believe our new headquarters will help provide employees with unparalleled resources, enable them to drive our mission of innovation in surgical robotics and maintain the highest standards in manufacturing processes. We take seriously the need to continually consider our ESG responsibilities as we continue to grow our business and return value to our stockholders.

ExCITED: Our Core Values Driving Progress

Our unwavering commitment to **Excellence, Commitment, Ingenuity, Teamwork, Ethics, and Drive (ExCITED)** continues to guide our every action. We stand by these principles in everything we do:

- **Surgeons and patients:** Delivering high-quality, innovative products backed by robust scientific and clinical ads
- **Employees:** Fostering an inclusive, diverse, and flexible environment to attract, develop, and retain extraordinary talent.
- **Stockholders:** Maximizing enterprise value and promoting a culture of accountability throughout the company.

This 2023 ESG Report is just a snapshot of our ongoing journey. We invite you to delve deeper into our initiatives and achievements and join us in shaping a future where medical innovation and ESG responsibilities go hand in hand.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Reza Zadno'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Reza Zadno, Ph.D.
President & Chief Executive Officer

VISION

Restore patient lives by delivering the BPH treatment of choice

NASDAQ

PRCT

MISSION

Revolutionize BPH treatment globally in partnership with urologists by delivering best in class robotic solutions that positively impact patients and drive value

REVENUE 2023

\$136.2M

REVENUE GROWTH (Y/Y)

82%



Our Approach to ESG Issues

As PROCEPT continues to develop and evolve, we are committed to sharing updates related to our ESG initiatives and performance. This report represents our communication and transparency with stockholders and other stakeholders about our ESG activities.

ENVIRONMENTAL

Policy

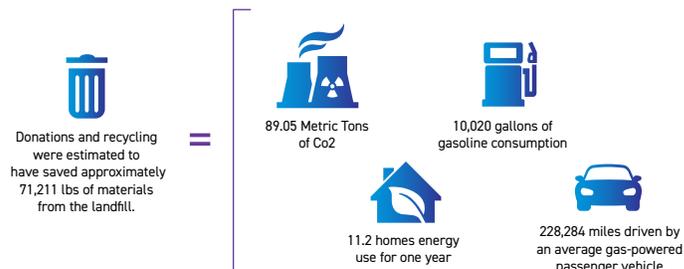
PROCEPT BioRobotics (“**PROCEPT**”) is committed to conducting business in a manner where we seek to reduce our impact on the environment. This includes such things as segregation and recycling of waste, reducing scrap and reducing energy use. In support of this policy, we will comply with all laws and regulations applicable to our business in the markets we serve. We intend to establish targets and goals to drive continuous improvement of Key Performance Indicators related to our environmental impact. We will monitor progress to our targets and goals through periodic reviews. Also, we will encourage our suppliers and contract manufacturers to adopt similar policies.

Facilities



In September 2023, we moved our headquarters to a new facility in San Jose, CA. The new facility is approximately 160,000 sq ft and was selected based on several criteria including impact on commute for existing employees, availability of talent for expected growth, proximity to commute corridors and proximity to health & wellness services, as well as consideration to minimizing construction activities to avoid unnecessary waste. During the tenant improvement process, we continued to invest resources

and time to reduce the amount of waste generated and to ensure that our construction is sustainable in the long term. For example, we included a mix of new and used furniture in cubicles, offices and collaboration areas. Any remaining and unused items were donated to non-profit organizations to reduce waste entering landfills. Our donations and recycling during our decommissioning of old facility and tenant improvement of our new facility estimated to have saved approximately 71,211 lbs of material from entering the landfill, according to our constructing partner report.



We currently focus on environmentally friendly programs at our present facility, including offering reusable and compostable materials for food and drink for our employees. In addition, we offer an indoor gym and onsite cafeteria in the new facility to minimize commuting during peak traffic times and provide enhanced services to our employees.



*Source form Impact Report provided by GCI, In. in 2023.
 *Equivalences calculated with the EPA WARM Calculator and GHG Equivalencies Calculator. Please note that limited information is available for emissions saved through material reuse, C&D recycling, and the numbers provided are estimates.

Supply Chain

We manufacture our products using parts purchased from a global network of approved suppliers. Our suppliers are selected for their ability to meet our specifications and compliance to rigorous quality system requirements. We believe that building healthy and long-lasting partnerships are key ingredients for the success of any organization.

We work closely with our suppliers and contractors to build these healthy relationships and forge them through agreed upon contracts that we believe are beneficial to both parties. Packaging materials used to transport parts from suppliers and finished goods to our customers must meet rigorous performance standards to protect the integrity of the contents.

All cardboard packaging onsite is compacted and baled for recycling. In the first three months we have been at our new facility we have recycled approximately 10 tons of cardboard packaging material.

Also, we estimate approximately 25% of crates used for return of products to PROCEPT are reused after inspection to verify integrity. Any packaging materials at our facilities that cannot be safely reused are recycled.

Electronic Waste

We manage the collection and recycling of electronic waste at our facility. When possible, computers that are taken out of the rotation for employee use are collected by our Information Technology department for reusable parts. There are also end-of-life electronic prototypes or lab equipment from our employees that require proper e-waste disposal. These electronic materials that cannot be reused internally are recycled by a third-party partner who provides us with a Certificate of Destruction upon the completion of the process. In addition, we collect and appropriately dispose of used batteries.



While we are early in our efforts to track and report on our environmentally focused initiatives, we believe our disciplined approach and genuine desire to minimize our impact on the environment will position us well for continued progress and future disclosure on this important topic.

SOCIAL

Another key aspect of ESG is the social impact of PROCEPT as it relates to our human capital policies and programs applicable to our employees. We had 626 employees as of January 1, 2024, with ≈38% of the workforce in our commercial team and ≈62% in the rest of the organization. Based across 7 countries, our workforce continues to grow, primarily in the U.S.



Employee Pay Philosophy and Practice

We are results driven and focus on paying for performance and rewarding potential. Our pay programs are designed to attract and retain talent with competitive, market-based pay, and to incentivize and reward performance that contributes to our short-term and long-

term success, respectively, through an annual cash bonus program and broad-based equity incentives that promote value creation and ownership. We also offer a comprehensive benefits package, described in more detail further below, which includes an employee stock purchase plan. We believe compensation and rewards should be fair and merit-based and free from discrimination on the basis of race, gender or protected characteristics.



We are results driven and focus on paying for performance

Overview of PROCEPT BioRobotics' Employee Compensation Components

Base Salary: The base salary payable to each employee is intended to provide a fixed component of compensation reflecting the employee's skill set, experience, role and responsibilities. Base salaries are grounded in market data and on average we target to pay above the market median with the intent to attract and retain talented employees.

Annual Cash Incentives: Our annual incentive compensation rewards our employees based on achieving strategic business results and helps create a "pay for performance" culture through a balance between corporate and individual objectives. For 2023, the corporate portion of annual incentives were based on the achievement of key corporate goals, including revenue and commercial performance and strategic product milestones.

Long-Term Equity Incentives: Equity awards help us attract and retain the best available talent through a focus on

delivering long term stockholder value and creating a sense of ownership in outcomes at all levels of the organization. Our equity awards may be delivered in the form of restricted stock units or stock options. Historically, all full-time employees have received equity in jurisdictions, where permissible.

Short-term Cash Incentives: We have a culture of teamwork and collaboration with a strong desire to recognize the efforts of cross-functional colleagues that support our success. Our peer-to-peer recognition program allows our team to be generous with their praise of others through intra- and inter- team recognition in the form of modest "thank you" cash awards. We also know that there are times it takes a significant effort, either by an individual or team to achieve a critical corporate milestone, and we recognize these incredible accomplishments through additional "Spot Bonus" Cash Awards.

The Link Between Our Pay Philosophy and Culture

We believe that our 'how' matters as much as our results, and our performance practices are designed to reinforce our culture in addition to recognizing results. We have core behaviors tied to each of our values that we aim to drive with our performance practices:

ExcITED

Excellence: Thrill and Delight My Customers, Lead with Purpose

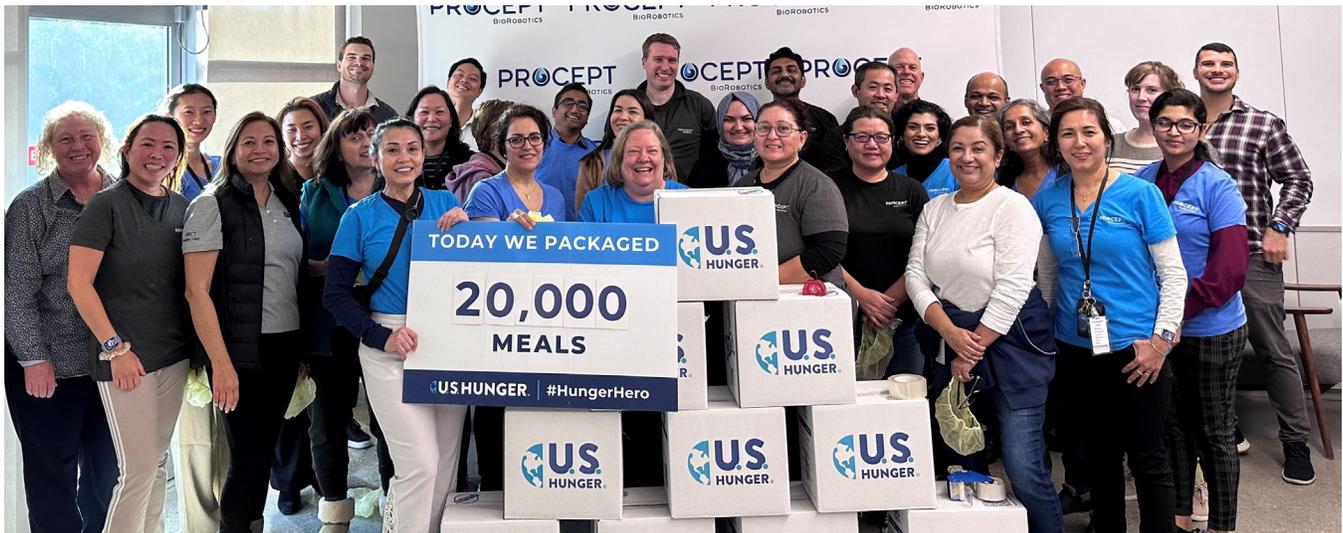
Commitment: Ownership, Accountability, Alignment

Ingenuity: Creativity, Critical Thinking, Risk-Taking

Teamwork: Connection, Collaboration, Trust

Ethics: Integrity, Honesty, Transparency

Drive: Passion, Energy, Perseverance



Performance Management and Career Development

We have a bold vision to restore patient lives by delivering the BPH treatment of choice and with that comes challenging goals and assignments for each of our employees. Our management team is collectively tasked with creating clarity on goals, helping to link corporate and individual objectives and providing support to our employees on how to best achieve our goals, while also driving individual learning and development and career growth for their team members.

We support our employees and managers through a performance process that enables them to communicate clearly with each other throughout the year. Managers are encouraged to have at least two key performance conversations a year with their team members to provide feedback, insights and direction. Employees share in shaping the conversation by providing key inputs on their own accomplishments, roadblocks and development needs. We encourage continuous feedback and performance conversations between managers and employees, including a focus on career development.



Diversity and inclusion are pillars around which we build our organization because we strongly believe that it drives superior results – and truly reflects the communities we serve and in which we work.

Diversity, Equity, and Inclusion

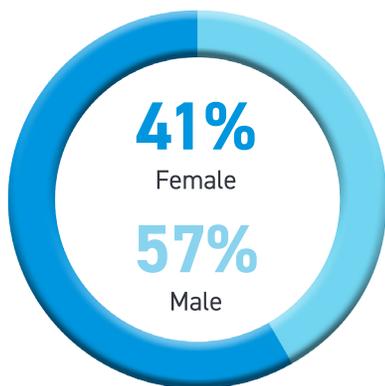
Our culture of teamwork includes building an inclusive culture where diverse voices are heard and embraced. We are committed to building a team from diverse sources that represents a variety of experiences, backgrounds, perspectives, and skills and creating an environment where we bring these together in a synergistic way.

As of January 1, 2024, our workforce was ≈41% female and ≈57% were individuals from under-represented communities (defined as individuals who self-identify as Black, African-American, Asian, Hispanic, Latino or Latinx, Pacific Islander, Native American, Native Hawaiian or Alaska Native).

We regularly recognize and celebrate the diversity of our workforce through our communications, events and volunteerism. We offer our US employees two flex holidays per year to take off a workday that is meaningful to them for cultural, religious or personal reasons.

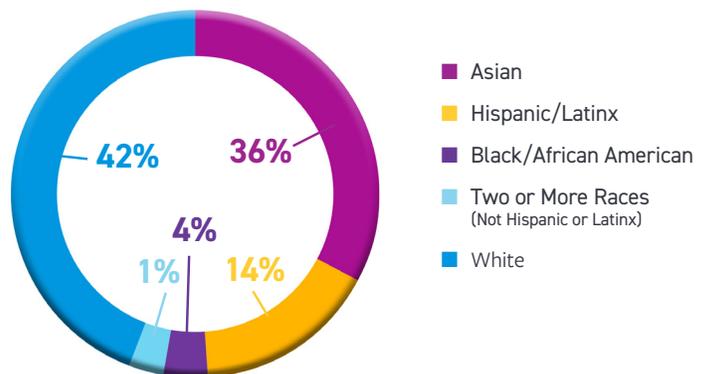


Gender Distribution
Global Employees*



*As of January 1, 2024

Ethnic Distribution
U.S. Employees*





Equal Opportunity Employment

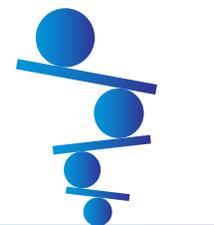
At PROCEPT, our values speak to mutual respect and working together to innovate and create a brighter future for our patients. This begins with our commitment to value each employee as an individual who can contribute to our success based on effort, ability and performance.

We prohibit discrimination and harassment against employees, applicants for employment and individuals providing services in the workplace pursuant to a contract, based on any characteristic including their actual or perceived: race (including traits historically associated with race, such as hair texture and protective hairstyles), religious creed, color, national origin, citizenship status, ancestry, physical or mental disability, medical condition, genetic information, marital status or domestic partnership status, sex and gender (including pregnancy, childbirth,

lactation, and related medical conditions), gender identity and gender expression, age, sexual orientation, military and veteran or other uniformed service member status, and any other consideration protected by federal, state, or local law (collectively referred to as “Protected Characteristics”). This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer and all other human capital programs.

Harassment-Free Environment

PROCEPT is committed to providing a work environment that is free of harassment based on any Protected Characteristics. As a result, we maintain a strict policy prohibiting sexual harassment and harassment against employees, applicants for employment, and individuals providing services in the workplace pursuant to a contract, or other business associates based on any Protected Characteristic.



Complaint Process

Our complaint process is intended to provide employees with a safe avenue to raise concerns in good faith and expect prompt action and resolution and we encourage and believe in a 'speak up' culture. We expect employees to immediately report any form of unlawful discrimination or harassment, or any other matter of concern, to their supervisor, any other member of management, or PROCEPT's People team. We will undertake a prompt, thorough, and objective investigation, and will not retaliate against an individual who files a good faith complaint or participates in any investigation. If we determine that unlawful discrimination or harassment has occurred, we will take remedial action up to and including termination. Appropriate action will also be taken to deter any such conduct in the future

Employees are encouraged to use our procedures as outlined above for reporting any incidents of discrimination or harassment so that complaints can be quickly and fairly resolved. We also provide a whistleblower hotline for anonymous reporting of any potential violations of our policies. The Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing also provide other mechanisms for employees to raise complaints, if they are not satisfied with our response. provide other mechanisms for employees to raise complaints, if they are not satisfied with our response.



We have an open-door policy and encourage everyone to raise issues and concerns.

Monitoring Employee Satisfaction and Engagement

Our engagement survey has been a vital way for us to gather and act on important feedback from our valued employees – to help us improve and grow. Our engagement survey results are regularly shared with all employees at a company-wide meetings and this was again done following the most recent survey.

We consistently act on survey feedback to positively impact employee experience and past actions have included refreshing our shared values with employee input, initiatives to enhance cross-team collaboration as well as strengthening our community involvement through social responsibility efforts.

We believe in giving employees a voice through other means as well and have regularly scheduled company meetings to update everyone on important business, human resources, commercial and operational matters and seek feedback.



During the last survey in September 2023, we had a high level of employee participation **and a strong engagement score**, which was largely based on the following factors:



Alignment of individual efforts to company goals



Belief in PROCEPT's long-term success



The strength of our culture & leadership

Employee Health, Safety and Security

The health, safety and security of employees is of vital importance to PROCEPT. We are committed to providing a safe workplace and we comply with all applicable health and safety laws and regulations. We have a zero-tolerance policy concerning workplace violence including any threatening behavior on our premises or during and following any work-related activities.

We have a dedicated team to ensure that we remain in compliance with all federal, state and local regulations related to environmental, health and safety (EH&S) issues. As part of this effort, our EH&S focused team periodically perform exposure monitoring of hazardous chemicals used on-site, conduct ergonomic assessments for repetitive tasks and schedule applicable emergency response trainings and drills to help maintain awareness of security, safety and emergency response protocols and procedures. To maintain the safety of our employees and physical assets, we have installed a number of security cameras throughout the exterior of our buildings and have engaged services to provide on-site security guard presence during after-hours, holidays and weekends.

Employee Wellbeing

We believe our employees can only be at their best professionally when they can take care of themselves and their families. We maintain a comprehensive wellbeing approach, providing resources to support physical, financial, mental and social wellbeing that allow employees to integrate their work and personal lives. Full-time employees and, where applicable, their dependents are eligible for:

- Medical, dental, and vision coverage
- Access to company paid wellness programs & financial education seminars
- Paid time-off & Holidays
- 401(k) retirement plan with company match
- Employee stock purchase plan
- Flexible spending account
- Health savings account
- Basic life insurance
- Short and long-term disability
- Employee Assistance Program
- Gym for onsite employees with access to personal trainer
- Exclusive Employee Discounts

Additionally, we have continued to monitor the health and safety of our employees through the COVID-19 pandemic and taken appropriate actions based on federal and Cal-OSHA Guidelines. In 2023, we recorded four work-related injuries or illnesses among our employees.

Giving and Volunteering

Our team is committed to giving back to the communities in which we live and work. In 2023, we actively supported volunteerism through providing employees opportunities to volunteer to fight hunger in our local community in partnership with US Hunger. We also identified opportunities to support organizations in our local community like the Second Harvest of Silicon Valley and supported causes such as a backpack drive for low-income students.

As one of our key stakeholders, our employees, and in turn the social impact of our business are top of mind and will continue to be a vital focus for us going forward. We believe we have much to be proud of and look forward to continuing to make strides on our social related undertakings.

Corporate Governance

Strong corporate governance is an integral part of our infrastructure and a vital part of our overall ethical business operations.

Our Board of Directors is committed to serve as a prudent fiduciary for stockholders and to oversee the management of our business and risks. To fulfill its responsibilities and to discharge its duty, the Board of Directors follows, among other policies and regulations, the procedures and standards that are set forth in our Corporate Governance Guidelines, which are available on our [website](#). For additional information about our commitment to corporate governance, please refer to our [proxy statement](#).

Our Board of Directors currently has nine members. Eight of them are independent, three are women, one self-identifies as Asian and one self-identifies as Hispanic or Latinx. Our directors are also accomplished professionals from the medical device and healthcare industries, with extensive experience and qualifications across topics such as accounting oversight, governance oversight, sales and commercial development, and medical device innovation and development. For example, seven of our directors have been, or are serving as, directors or named executive officers of other publicly traded companies. We believe our directors' broad experience and diverse skills help position our Board of Directors for world-class oversight and governance leadership.

Our robust governance structure is overseen by three standing committees, each of which is composed of only independent directors: The Nominating and ESG Committee, the Compensation Committee, and the Audit Committee.

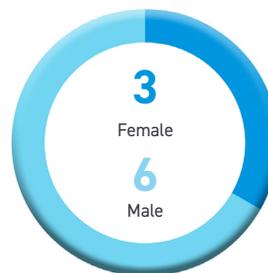
Executive Experience



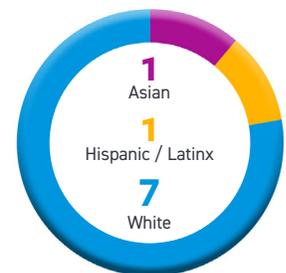
Board Experience



Gender Diversity



Racial or Ethnic Diversity



Role of our Board of Directors in Risk Oversight

One of the key functions of our Board of Directors is informed oversight of our risks. Our Board of Directors' role in risk oversight is consistent with our leadership structure, with management having day-to-day responsibility for assessing and managing our risk exposure, and our Board of Directors and its committees overseeing management and broadly monitoring risks. Board risk oversight is achieved through receipt of regular reports from committees and management.

Our Board of Directors focuses on the overall risks affecting us, and each of its standing committees has been delegated responsibility for oversight of specific risks that fall within its areas of responsibility. For example:

- Our Nominating and ESG Committee (**"NESG Committee"**) oversees the management of risks associated with our overall compliance and corporate governance practices, the independence and composition of our Board of Directors, in addition to our environmental and social efforts and progress. The NESG Committee is responsible for overseeing the Company's ESG efforts helping to ensure that we consistently execute on our related priorities and initiatives, and provides regular updates to the full Board of Directors on related matters. To satisfy these oversight responsibilities, the NESG Committee receives regular updates from management on progress and strategy related to these topics. Relevant topics that have been, or may be, discussed by our NESG Committee, our Board of Directors or other committees include environmental, health and safety matters, product quality and safety matters, succession planning, and our diversity, equity and inclusion strategies, and results in attracting and retaining diverse talent.
- Our Audit Committee is responsible for overseeing our major financial, legal and securities regulation risks. These areas may include regulatory compliance, financial reporting, insurance and information security and cybersecurity risks. Our Audit Committee also oversees the steps management has taken to monitor and mitigate risk exposures, including developing guidelines and policies for assessing and managing potential risks.
- Our Compensation Committee oversees any risks related to our compensation plans, policies, and programs, and the risks associated with the people operations of our business.

Ethics and Integrity

At PROCEPT, one of our key values is ethics and we focus on conducting our business ethically and in compliance with all applicable laws. All of our employees, directors, agents, and contractors have a responsibility to comply with laws that apply to PROCEPT and be honest and ethical in all our interactions. We have developed and our Board of Directors has adopted a Code of Business Conduct and Ethics (“**Ethics Code**”) to provide employees, directors, agents, and contractors with the guidance and resources needed to operate with integrity.



Our Ethics Code is available on [our website](#)

The Ethics Code is designed to deter wrongdoing and to promote honest and ethical conduct; comply with applicable laws, rules, and regulations; identify and disclose conflicts of interest; deter unfair- dealing practices;

promote good judgment when giving or receiving gifts; maintain accurate and reliable records; protect our assets and confidential information; prompt internal reporting of violations of laws, rules, and regulations and full and accurate, timely and understandable disclosure in our reports and public communications. It is the responsibility of each employee to apply common sense, together with their own highest personal ethical standards, in making business decisions, even when there is no specific law, policy, or stated guideline in our Ethics Code.

We expect every employee, officer, and director to read and understand the Ethics Code and understand its application to the performance of their business responsibilities. To support this expectation, all employees are required to review and acknowledge our Ethics Code upon hire and receive ongoing training thereafter.

Comprehensive Compliance Policies

We recognize that we operate in a highly regulated industry and that operating in the medical technology industry requires our representatives to abide by an extensive set of rules, regulations, standard operating procedures, policies and practices. Our employees are required by policy to adhere to, and abide by, all requisite rules and regulations in their decision making. That said, we know our employees, directors, agents, and contractors may be faced with challenges and dilemmas that require complex decisions to be made. To support our representatives in these potential scenarios, we have adopted a Whistleblower Policy and an anonymous reporting hotline, which may be used to escalate challenging scenarios. The PROCEPT Ethics hotline allows for anonymous telephone or web reporting and every report is reviewed by the Chief Compliance Officer and visible to the Chair of the Audit Committee. The hotline is available 24 hours a day, seven days a week, and reports can be made for any reason at any time. To support anonymity, all hotline calls are taken by a trained third-party vendor and not directly by PROCEPT. Those outside North America, or who prefer to use the internet, may voice concerns through a web form. The contact details for the reporting services are included in our Ethics Code and certain other policies and are as follows +1-833-626-1518 (US) or [online](#).

In addition to our Ethics Code, we have adopted additional policies and procedures that our employees, officers and directors are expected to comply with, if applicable to them. These policies address regulations including those relating to antibribery and anticorruption, fraud and abuse, anti-kickback, healthcare professional interactions, insider trading, corporate disclosure, and trade compliance, among other topics. Our compliance program was developed considering applicable legal standards, government issued guidelines, and industry standards.



We have chosen to implement a comprehensive compliance program, in part, to ensure we do our part to reduce waste, fraud, and abuse in the healthcare industry, and because we believe that compliance with federal and state laws, as well as industry guidelines, translates into better, more cost-effective patient care.

Antibribery and Anticorruption

PROCEPT prohibits bribes, kickbacks, or the provision of other improper benefits and advantages to any person or entity, including employees, authorized agents, third-parties that do business with us, officials, or agents of any government, or government-owned or affiliated entity.

We are committed to continued adherence to antibribery and anticorruption laws and regulations wherever we operate. In 2023, we continued to take steps to further enhance the robustness of our compliance program including through the hiring of an experienced Legal Compliance Lead to dedicate more resources to enhancing our compliance programs globally. Looking forward, we will focus on further enhancements to our program, including through improved training opportunities.

Interactions with Healthcare Professionals

Our interactions with healthcare professionals are governed by external laws, regulations, and industry codes, as well as our internal policies and procedures. PROCEPT is a member of the Medical Device Manufacturers Association (MDMA) and certified as a non-member to abide by the “Code of Ethics on Interactions with Health Care Professionals” published by Advanced Medical Technology Association (AdvaMed), two leading associations for the medical technology industry, offering platforms for policy, advocacy, stakeholder engagement, professional development, and high ethical standards.

Our internal policies and procedures governing our interactions with healthcare professionals include, among others, our adopted AdvaMed Code of Ethics on Interactions with Health Care Professionals (the “**HCP Code**”) and our Business Activities Involving Health Care Professionals Procedure. As described in our HCP Code and related procedures, we are firmly committed to complying with all laws and regulations governing our interactions with healthcare professionals, physicians, nurses, nurse practitioners, physician assistants, operating room staff, physical therapists, all hospital employees regardless of title or level, and all employees of healthcare professionals. In addition to the HCP Code and our Business Activities Involving Health Care Professionals Procedure, our Ethics Code and our Global Sunshine Act Reporting Business Procedure also require that gratuities and payments to physicians and teaching hospitals are in accordance with federal and state laws, including the federal Anti-Kickback Statute and Physician Payments Sunshine Act and similar state laws.

In addition, we have processes in place to help ensure any consulting payments with healthcare professionals reflect fair market value for services performed, and that they are tracked and reported in accordance with applicable payment disclosure laws. We disclose payments and transfers of value made to physicians and other healthcare entities where required by law.



Product Quality and Patient Safety

PROCEPT is committed to provide safe and effective products for our patients. We have a patient-focused culture where employees strive to deliver the highest quality health care by implementing world-class quality standards and complying with applicable regulatory and Quality Management System standards.

Quality Management System (QMS)

We have established a company-wide Quality Management System (QMS) to achieve our quality policy goals. Our QMS is designed to ensure compliance with ISO 13485:2016, U.S. FDA Quality System Regulations, and the EU Medical Device Directive and Medical Device Regulation. Our QMS applies to the design, development, manufacturing, distribution, and servicing of the AQUABEAM Robotic System and our related components and accessories. Through the implementation, maintenance and consistent application of our QMS, we ensure that we deliver a high-quality product in the form of our AQUABEAM Robotic System.

We also participate in the Medical Device Single Audit Program (MDSAP). Our MDSAP certification allows a certified third-party auditing organization to conduct a single regulatory audit of a medical device manufacturer that satisfies the relevant requirements of the regulatory authorities participating in the program, including the Therapeutic Goods Administration of Australia, Health Canada, Japan's Ministry of Health, Labour and Welfare, Japanese Pharmaceuticals and Medical Devices Agency, and the U.S. Food and Drug Administration. Audit results from the MDSAP are shared with the participating competent authorities, as applicable.

We develop our products following a rigorous design control process that is structured to mitigate risks and produce safe products. The five phases of our process include:

- 1. Concept initiation with customer inputs**
- 2. Design formulation and feasibility assessment**
- 3. Design verification and validation**
- 4. Device manufacturing**
- 5. Product launch and post launch assessment**

We aspire to continuously improve our QMS framework through recurring employee quality training, recurring management review meetings including the highest levels of executive management, internal quality audits, and customer feedback reviews, among others.





Employee Quality Training

Our quality policy is communicated to all our employees through periodic company-wide trainings and applicable individualized meetings. We make our policy accessible and available by posting it in visible areas of our facilities and via our document control system. We require that all employees possess the necessary skills and knowledge to perform their duties and responsibilities to recognized standards of performance and provide quality trainings that meet the requirements of our QMS and related regulations to employees using our virtual web-based training platforms. The level and scope of training provided to each employee is determined by the relevant team based on each role, taking into account the impact each role has on the safety and quality of our products. The training needs of all personnel are regularly reviewed, and additional training is provided as appropriate, particularly when tasks require specialized skills or qualifications. In the event of updates to training materials or document content, prolonged absence from executing the task or process, or non-conformance of process or product, we also require re-training of affected employees.

Management Reviews and Internal Quality Audits

Our management, including executive leadership, reviews and establishes QMS goals annually to ensure its continuing suitability, adequacy and effectiveness. Management also communicates our QMS to the organization, which allows

all of our team members in all functions and levels of the organization to understand their respective roles in meeting product quality and regulatory requirements. Management reviews these goals at meetings on a quarterly basis to identify areas for improvement. Internal audits are also planned and conducted to verify compliance with regulatory and quality requirements, and to determine the effectiveness of our QMS. In 2020, PROCEPT conducted multiple QMS internal audits. In each of 2021 and 2022, we performed a mock QSIT internal audit and a mock MDSAP internal audit to ensure we have full coverage of the relevant regulatory requirements. In 2023, we conducted multiple QMS internal audits to cover the requirements of all the standards and regulations, PROCEPT claims compliance to. In addition, a master quality plan was created and executed for the relocation of factory from Redwood City to San Jose. The quality plan focuses on all processes and functions that fall directly within the scope of the PROCEPT Quality Management System.

Customer Feedback Reviews

We believe feedback from customers is an important impetus for us to continuously improve products and services. Our quality team collaborates with our research and development teams to monitor post-market feedback to address any issues that arise and to continually improve our AQUABEAM Robotic System.

Cybersecurity

To advance our reputation as a trusted partner in every aspect, PROCEPT is committed to protecting our information assets as well as the privacy of employees, partners, customers, and patients. We focus on IT and cybersecurity measures at both an enterprise-wide operational level and at an individual employee level. We also employ high-quality cybersecurity and privacy safeguards to protect our data and our stakeholders' data. For example:

- Multi-factor authentication is required across the organization, including remote access
- Network assessment and monitoring are provided by third-party cybersecurity vendors, such as performing periodic vulnerability testing and monitoring overall network access
- Encryption of communications via Secure Sockets Layer (SSL) protocols is implemented

Management Approach

Our Audit Committee is responsible for periodically reviewing and discussing with management our policies, practices and risks related to information systems, information security and cybersecurity.

Our cybersecurity team is a part of our Information Technology (IT) department. Our head of IT reports directly to the CFO and provides regular periodic reports to the Audit Committee on cybersecurity policies, procedures, and risk and mitigation efforts.

Our IT department is responsible for communicating established security policies, standards, guidelines and procedures applicable to employees and contractors, while department management is responsible for ensuring that their employees, contractors and third-party users apply security controls in accordance with established policies, standards and procedures.

Members of our IT department maintain various cybersecurity-related certifications including Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), and Certified Data Privacy Solution Engineer (CDPSE).

We also maintain a written incident response plan to ensure we are protected and ready to respond should a security incident occur. Incidents are investigated and analyzed for potential impact, and the appropriate

We also maintain a written incident response plan to ensure we are protected and ready to respond should a security incident occur. Incidents are investigated and analyzed for potential impact, and the appropriate departments, individuals and executive management will be notified such impact as part of the incident response process.

We have also put in place a business continuity standard for the backup and recovery of data and systems in the case of events such as natural disasters and system failures or errors.

Cybersecurity Training

PROCEPT's cybersecurity awareness training and education emphasizes on user awareness and focuses on phishing, malware, and security best practices. PROCEPT conducts mandatory cybersecurity training for all new employees as part of the onboarding process.

We also conduct email phishing testing exercises to help employees identify and safeguard against phishing attacks that are routinely used by threat actors. In 2023, we expanded this training to take a more risk-focused approach. Employees that fail our phishing testing were assigned to a high-risk group level.

These groups are then assigned additional and more in-depth follow-on training. This process helps drive effectiveness of our Security Program by providing additional training to those who may need more guidance. We continue to monitor the effectiveness of our follow-on trainings and our training materials are adjusted to address deficiencies based on testing outcomes.

Conflict Minerals

On August 22, 2012, the U.S. Securities and Exchange Commission (“SEC”) adopted a final rule to implement reporting and disclosure related to “conflict minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rule requires manufacturers who are SEC filers to disclose whether the products they manufacture or contract to manufacture contain conflict minerals in those products. Conflict minerals refer to tin, tantalum, tungsten and gold, regardless of where they are sourced, processed or sold.

We anticipate developing and making publicly available (including to suppliers) our policy with respect to conflict minerals by 2024. Consistent with SEC guidance, as a newly public company that went public in September 2021, we first became subject to the conflict minerals disclosure rules beginning with the 2023 calendar year. As required under the conflict minerals rules, beginning with the 2023 reporting period, we conducted a reasonable country of origin inquiry and due diligence on the origin of conflict minerals in our products, if any, in accordance with a nationally or internationally recognized framework.

We anticipate filing our first specialized disclosure form and, if applicable, an accompanying Conflict Minerals Report, with the U.S. Securities and Exchange Commission, covering the 2023 reporting period, by May 31, 2024.



We are committed to complying with Section 1502 of the Dodd-Frank Act relating to the use of conflict minerals in our products, so as to promote the use of responsibly sourced minerals and avoid the funding of armed conflict.

For questions related to our ESG initiatives, please contact:

Alaleh Nouri

EVP, Chief Legal Officer & Corporate Secretary,
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Forward-Looking Statements

This report contains forward-looking statements within the meaning of federal securities laws, including statements regarding current and future compliance and sustainability initiatives, anticipated environmental, social and governance policies and practices, expectations and estimates regarding market sizes and growth potential, new indications, the potential utilities, values, benefits and advantages of Aquablation therapy performed using our products, including AquaBeam® Robotic System, which involve risks and uncertainties that could cause the actual results to differ materially from the anticipated results and expectations expressed in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are only predictions based on our current expectations, estimates, and assumptions, valid only as of the date they are made, and subject to risks and uncertainties, some of which we are not currently aware. Forward-looking statements should not be read as a guarantee of future performance or results and may not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. These forward-looking statements are based on our current expectations and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties. These risks and uncertainties are described more fully in the section titled “Risk Factors” in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2023 and in our other public filings. We do not undertake any obligation to update forward-looking statements and expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this report. ML0448.B



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