# DEDICATED TO BEAUT

Forward with Beauty & Kind, Coexist with Nature

Environmental, Social and Governance (ESG) Report

Jahwa上海家化

# CONTENTS

Address	of Chairman	
About Us		

Sustainability Foundation: ESG	
Management and Progress	

Our Contribution to Sustainable Development	

Key Quantitative Performance	
Tables	
Honors	
Appendix	

## Address of Chairman



2021 has been a year of exceptional significance for China. We have lived through landmark events in the history of our Party and our country. At the historical convergence of the "Two Centenary Goals", China has set out on a new journey of building a modern socialist country in all respects and is making confident strides on the path toward the great rejuvenation of the Chinese nation.

Also, 2021 has been a year of great importance for Shanghai Jahwa. In the past year, apart from upgrading our corporate culture system, we have defined ESG (environmental, social, and governance) as a strategy to drive our long-term sustainable development based on a new corporate vision and mission in order to assume our era responsibilities better.

We were the first to release the annual ESG report in the Chinese beauty and daily chemical industry, and published the ESG Medium and Long-term Strategy and Roadmap of Shanghai Jahwa United Co., Ltd. The latter document discloses the medium and long-term goals in environmental, social and corporate governance that are set in a staged manner for 2025, 2035 and 2050 respectively with 2020 as a reference year. Our ESG progress has been widely recognized. To be specific, we have been awarded Grade A by Wind ESG, a well-known financial data agency, and have been upgraded from Grade B in 2020 to Grade B+ by SynTao Green Finance, a domestic leading ESG rating insitintution. Additionally, we have been among top three in the personal care industry, and ranked the first among local enterprises in terms of China's Corporate Social Responsibility Development Index.

From the environmental perspective, we propose to supply green and low-carbon products and lead a green and low-carbon life through green design and green manufacturing. To this end, we will strive to achieve peak carbon emissions by 2025, 100% carbon neutrality in our own factories by 2035, and carbon neutrality throughout the full value chain by 2050. We have worked out relevant carbon reduction goals and management plans, and built long-term innovative ties with BASF, a world-leading chemical supplier, in order to jointly accelerate product development and innovation, develop green raw materials and produce green and low-carbon products. With these efforts, we expect to contribute to the sustainable development of the Chinese beauty and personal care industry.

From the social perspective, we are committed to creating shared and winwin values together with all our stakeholders. We treat all employees as family members. In 2021, efforts were made to protect the safety of employees, grow together with them, and create a better workplace environment for them sincerely. We devoted ourselves to public welfare undertakings such as emergency rescue, rural revitalization, caring for women and disadvantaged groups as a contributor to society. Materials donated cumulatively in 2021 totaled nearly 7 million yuan.

effectively.

2021 witness the start of implementation of the new Cosmetics Supervision and Administration Regulations. As a result, the cosmetics industry will face the most stringent supervision unprecedentedly and receive management based on institutional systems, laws and standards, which is expected to lead to a major shake-up of cosmetics enterprises and brands. I believe that this will bring longterm benefits for Shanghai Jahwa, a business with a long-term view who has always been dovoted much to R&D and product compliance. In the future, we will embrace more development opportunities by giving full play to our solid scientific research strengths and our special advantages as a national enterprise.

world

From the perspective of corporate governance, we enhanced board diversity by employing independent directors and adding female directors. And considering corporate strategy and corporate governance, and for the needs of professional committees, we renamed the Strategy Committee and the Audit Committee of the Board as the Strategy and Sustainable Development Committee and the Audit and Risk Management Committee respectively. Furthermore, we strengthened internal clean governance education, established and improved the anti-money laundering management system, and valued investor relationship management. thus safeguarding the legitimate rights and interests of our shareholders

Dedicated to beauty. In 2022, we still remain committed to excellence and stay true to our dream and live it to the fullest. Efforts will be focused on further integrating the ESG management mode with our operation, and adhering to the concept of sustainability for mutual benefits and win-win results of both company and social development. We will further drive our medium and long-term development with dedication and kindness, and presenting Chinese beauty to the

> Chairman and CEO Alex Pan

# About Us

# **Our Profile**

Shanghai Jahwa United Co., Ltd. (hereinafter referred to as "Shanghai Jahwa" or the "Company") is one of the national enterprises with a long history in China's beauty and daily chemical industry, which grew out of Kwong Sang Hong founded in Hong Kong in 1898. It was listed in Shanghai Stock Exchange in 2001 and became the first listed company in domestic beauty and daily chemical industry.

**Corporate Name:** Shanghai Jahwa United Co., Ltd.

**Stock Symbol:** 600315 (Shanghai Stock Exchange)

Corporate Headquarters: Shanghai, China

Establishment Time: 1898

Business Segments: 10 brands in three major categories, namely cosmetics and skin care, personal care, and household cleaning products



#### **Employees**<sup>1</sup> 52 5,525

#### **Corporate Scale**

The sales network covers five continents: Asia, Europe, Africa, North America and Oceania. Jahwa has 79 subsidiaries, 1 R&D center and 6 production sites globally.

1. Employees here refer to employees with full-time labor contracts as covered by the consolidated financial statements.

Brand Portfolio



玉澤 Dr.Yu

Skincare Expert Driven by Advanced TCM R&D





Essence of Science Beauty of Skin

Scientific Skincare Expert for Chinese Men



Natural Power Refreshes You



Nurture the Origins of Life with the Essence of Natural Giving







Closer-to-Nature Innovation Makes Parenting Life Confident

## Our Corporate Milestones

	1898 – 2000 Accumulati	ion 👪						
	1898	1915	1937	1858	1962	1967	1980s	1990
	····· <b>O</b> ······	0	••••••	•••••	•••••	•••••	••••••	<b>O</b>
	The House of Kwong Sang Hong Limited established Mr. Feng Futian, an industrialist founded Kwong Sang Hong. He developed the first product VIVE.	Gold Medal awarded at the Panama World Expo At the Panama–Pacific International Exposition held in San Francisco, United States, Kwong Sang Hong's beauty products- the Tender Cream under the brand of Shanghai VIVE won the gold medal. At that time, VIVE was praised by the fashion circle in Paris fashion with "VIVE "(Extreme, Long Live)"	Obtained certification of Guo Huo (domestic product) The Shanghai factory of Kwong Sang Hong applied to the Ministry of Industry of Shanghai for the recognition of 9 categories of commodity chemical products as Guo Huo, including cream, hair tonic, floral water, jasmine cream, VIVE perfume, talcum powder and toothpaste.	First merger The House of Kwong Sang Hong Limited, Shanghai Ming Sing Perfume Factory, Dongfang Chemical Industry Society, and China Xieji Cosmetics Factory merged to form the Shanghai Ming Sing Household Chemicals Manufacturing Plant, featuring a more advanced production line.	MAXAM established MAXAM hair cream has also won the "National Silver Award", as the only national highest honor award among domestic cosmetics issued by the "National Quality Approval Committee" at that time.	Officially renamed "Shanghai Jahwa" The company was renamed as "Shanghai Household Chemicals Factory". So far, the words "Shanghai Jahwa" have really become the "Name" of the Company.	Create a number of domestic "firsts" and lead the trend of China's daily chemical industry First complete set of cosmetics launched in China First perfume launched in China First hand cream launched in China First beauty salon opened in China Popular products in the 1980s	Liushen Floral Water launched The birth of Liushen Floral Water is not accidental, but it has a profound historical accumulation behind.
	2010	2009	200	8	2003	2001	1998	1992
	••••••	······			0	·····• <b>O</b> ·······	0	·····O·····
	VIVE revived VIVE brand is the first domestic cosmetics brand to enter the high market.	Dr.Yu established The Dr.Yu brand is jo by authoritative medi the dermatology dep hospitals.	intly developed Herborist v cal experts from passed the artment of major China's firs	Entered the European market vent abroad in one go and EU certification, becoming to cosmetics brand to enter cceeding in going overseas.	HomeAegis established The HomeAegis brand's products fully applied the most advanced scientific research results of Jahwa. As the first domestic science and technology brand targeting the household cleaning and care market.	Successful IPO Shanghai Jahwa was successfully listed on Shanghai Stock Exchange, and it was the first listed company in domestic cosmetics industry.	Herborist established The centenary of the founding of Shanghai Jahwa, when the brand Herborist came into being.Taking Chinese herbal medicine culture as the core concept, it soon rose in the domestic cosmetics market and established a natural, fresh, healthy and good brand image in the minds of consumers.	GF established Shanghai Jahwa proactively launched the first men's cosmetics brand in China- GF.
	2011 - 2020 Strategic la	yout					2021 - A new journey of res	ponsible development
	2011	2013	2015	2017	2018		2021	
`*-·	•••••••••••••••••••••••••••••••••••••••	••••••	•••••	0	•••••		0	
	Successful transformation into a state-owned enterprise Shanghai Jahwa carried out restructuring and became the first company realizing shareholding reform among all Shanghai SASAC enterprises. Ping An of China became the controlling shareholder, which marked another big step towards marketisation.	Giving established Shanghai Jahwa established Giving brand, China's first brand for the personal care of infants and young children aged 0-3 which are infant care products that are reassuring and satisfactory in terms of safety, pertinence and effectiveness.	A joint venture with Pien Tze Huang Shanghai Jahwa and Zhangzhou Pien Tze Huang reached a strategic cooperation, intending to jointly fund and establish Jahwa Pien Tze Huang Co., Ltd. to operate toothpaste products and other oral care products, further improve and expand the company's existing business categories	Tommee Tippee acquired Shanghai Jahwa acquired Tommee Tippee, a British baby and children brand, which is the largest in scale in its acquisition history.	Kuayue Factory put into operation The Kuayue Factory, Shanghai Ja base in Qingpu District, was office The factory has a total investmen production capacity up to 600 mi is a benchmark in the domestic a industry.	ahwa's new production ially put into operation. t of 1.2 billion yuan and illion pieces per year. It	ESG responsibility management n In 20th anniversary of Shanghai Jal introduced the world's leading ESG Corporate Governance) responsibi and released mid-to long-term sust goals. Being one step ahead in terr will achieve a carbon peak emission neutrality across the value chain in	hwa's listing, the company (Environmental, Social, and lity management system, ainable strategic plans and ns of "dual carbon goals", it n in 2025 and achieve carbon

business categories.

# 1980s

#### Create a number of domestic "firsts" and lead the trend of China's daily chemical industry

# 1990

#### Liushen Floral Water launched

# 1998

## 1992

#### Herborist established

#### GF established

#### ....

# 2021

#### ESG responsibility management model introduced

## Our Sustainability Strategy

#### Management Model

Adhering to the vision of "To become the market leader in the Chinese beauty and personal care industry, presenting Chinese beauty to the world", and the philosophy of "dedicated to beauty", we introduced an effective management system of sustainable development in 2021, which underlined the new meaning of "Chinese beauty". Forward with Beauty & Kind, Coexist with Nature.

We, as a national enterprise with a long history, share a common future with the earth and mankind. This is our firm belief. Therefore, we shoulder great responsibilities for protecting the environment and caring for society, and will spare no efforts to help tackle complex challenges facing the world and contribute to global sustainable development.

We released the ESG Medium and Long-term Strategy and Roadmap of Shanghai Jahwa United Co., Ltd., covering environmental, social and corporate governance responsibilities, a solemn commitment to our stakeholders. Based on better corporate governance, we will devote ourselves to delivering safer, healthier and greener premium products and services to consumers, fostering a green and low-carbon ecology throughout the full value chain, and working with consumers, employees, partners, shareholders and society to jointly create shared and win-win social values.

#### ▷ Sustainable Development Management Model of Shanghai Jahwa

	Green and low-carbon ecology	Shared and win-win social values	Better corporate governance
Commitment	Achieve peak carbon emissions and carbon neutrality gradually for self-owned operation facilities, realize carbon neutrality in the whole value chain finally, and supply green and low-carbon products fully.	Stay committed to maximizing value for stakeholders. Foster a warm corporate organization and culture for employees. Participate in various social activities for public good extensively.	Implement internal control management in accordance with the latest laws and regulations, establish and improve the internal control system, and step up internal control & management of the Company.
	6 Andrew 12 AREAR CO		5 **** <b>2</b> 7
Action	<ul> <li>Lay equal stress on business development and environmental protection.</li> <li>Realize carbon neutrality in the whole value chain and advocate green and low- carbon life.</li> </ul>	Care for disadvantaged groups, and contribute to rural revitalization and common prosperity.	<ul> <li>Remain fair and just, honest and transparent.</li> <li>Enhance board diversity and independence.</li> </ul>

#### Goals and Highlights · Weaken environmental impact throughout the life cr more than 50% newly-developed or upgraded proc $\bigcirc$ • Achieve peak carbon emissions in all self-owned operation facilities, including factories, warehouses Green and offices. low-carbon ecology Achieve fall of carbon emissions by 30% per unit product, reduction of water consumption by 25% p product, and no landfill of waste in self-owned fact · Mount classroom training, online short-video learn internal knowledge sharing and other learning activ in such aspects as professional skills, managemen capabilities and industry information, and have employees receive training for 5 times annually. • Help 1 million people cumulatively in social activitie public good. X Donate funds and materials worth 10 million yuan cumulatively in social activities for public good. Shared and Strengthen personal information security training win-win social and assessment (for at least 3 times a year) targeti values employees in personal information processing posi to ensure they are proficient in personal information protection policies, technologies and relevant procedures. · Help employees raise personal information security awareness by organizing annual communication ar training (for at least 5 times a year). · Enhance board member diversity. Reinforce independence of board members, senior management and the special committees of the Be · Establish a fair, just and sustainable salary & incent ക്ഷ system and provide employees with a healthy and upward career development platform. Better corporate Better the internal control system of the Company. governance · Strengthen the internal clean governance education the Company. · Uphold anti-money laundering. · Pay full attention to investor relationship managem

	Highlights in 2021
cycle of oducts; es and per unit tories.	<ul> <li>Jahwa launched the qualitative analysis program in the full life cycle of products with a full picture of the environmental performance of products to collect data for subsequent product improvement.</li> <li>Jahwa incorporated LCA qualitative analysis and raw material safety evaluation into the new product development process.</li> <li>Jahwa formulated greenhouse gas emission reduction targets and action plans dedicated to self-owned and leased warehouses and logistics services in order to lessen the impact of this link on the environment.</li> <li>Jahwa invited suppliers to participate in the green and low-carbon questionnaire survey, introduced Jahwa green and low-carbon sustainable development planning to them, and cooperated with more green suppliers.</li> </ul>
ning, ivities nt ies for ting sitions on ty and	<ul> <li>Jahwa upgraded the culture system.</li> <li>Jahwa had 16,402 employees receive training, a rise of 73% over the last year.</li> <li>Jahwa earmarked 7.34 million yuan for community public welfare programs.</li> <li>59,314 people benefited from Jahwa's public welfare programs.</li> </ul>
or coard. htive l on of nent.	<ul> <li>Jahwa organized an anti-corruption training activity among all employees.</li> <li>Jahwa added one female board member.</li> </ul>

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# Sustainability Foundation: ESG Management and Progress

It is believed that the foundation for our sustainable development lies in all-round and sound ESG management. Shanghai Jahwa integrates ESG management into the corporate strategy and keeps improving ESG management to guard against business risks and facilitate long-lasting growth.

# DEDICATED



## ESG Management System

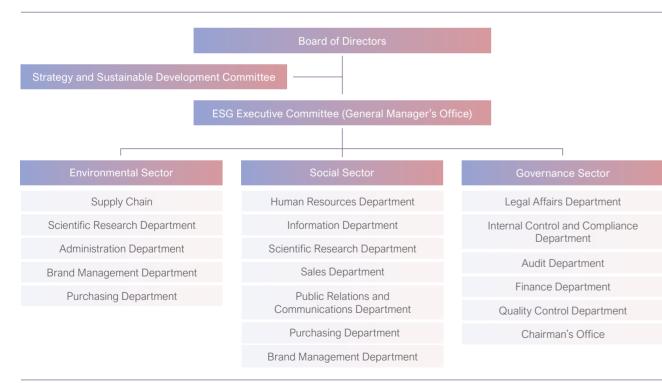
Adhering to the core philosophy of "Dedicated to beauty", Shanghai Jahwa deeply integrates ESG management with its business development, and continues to practice the sustainable development strategy. With practical actions, Shanghai Jahwa is actively creating economic, social and environmental values for the government, consumers, employees, shareholders, industry partners and other stakeholders, and make continuous contribution to sustainable development.

#### Framework

The Strategy and Sustainable Development Committee under the Board of Directors of the Company is mainly responsible for executing the long-term development strategy, improving sustainable development capabilities in environmental, social and governance aspects, researching and evaluating major ESG trends, related risks and opportunities facing the Company, and proposing suggestions accordingly, and supervising the formulation and implementation of ESG goals in order to provide important support for ESG development. (For the specific working rules of the Strategy and Sustainable Development Committee, please refer to the Working Rules of the Strategy and Sustainable Development Committee of Shanghai Jahwa United Co., Ltd.)

The three-level management system covering the Strategy and Sustainable Development Committee, the Executive Committee and executive sectors has been built to fully enhance the management level and performance of the Company in environmental, social and corporate governance aspects.

#### ▷ ESG Governance Framework of Shanghai Jahwa



In March 2021, Shanghai Jahwa officially released the *ESG Medium and Long-term Strategic Planning Guidelines of Shanghai Jahwa United Co., Ltd.* This document clearly proposes a sustainable development plan in terms of environmental, social and corporate governance, corresponding qualitative and quantitative goals, and the development path.

## Communication with Stakeholders and Analysis of Material Topics

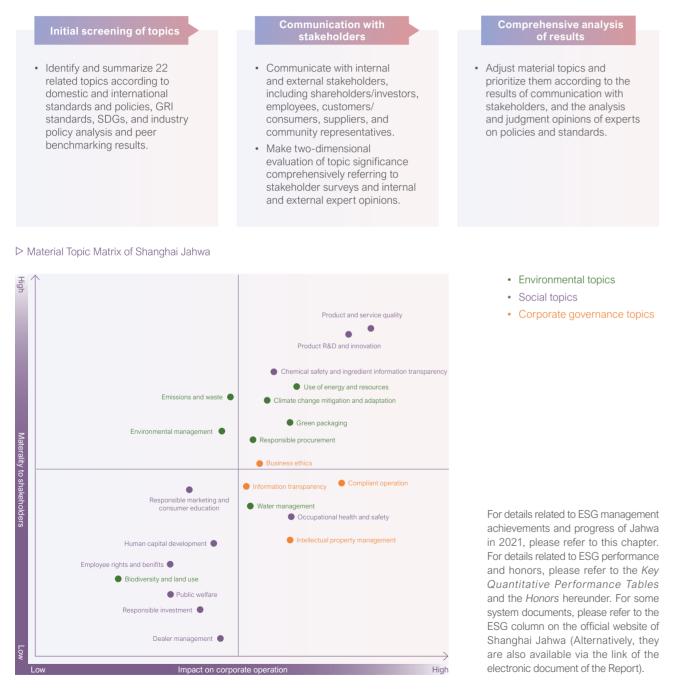
#### **Communication with Stakeholders**

We believe that our sustainable development is inseparable from the support of our stakeholders. Therefore, communication with stakeholders is always valued. We identify important stakeholders, develop a regular two-way communication mechanism with stakeholders to deeply understand their opinions, and actively respond to their needs in order to foster long-term relationship with mutual trust and support.

Stakeholders	Concern	Communication methods
Governments and regulatory organs	<ul> <li>Compliant operation</li> <li>Business ethics</li> <li>Business benefits</li> <li>Climate change mitigation and adaptation</li> <li>Emissions and waste</li> </ul>	<ul> <li>Inspection by leaders and competent departments</li> <li>Regular work summaries and official correspondences</li> <li>Routine implementation of policies</li> </ul>
Shareholders and investors	<ul> <li>Economic benefits</li> <li>Information transparency</li> <li>Compliant operation</li> <li>Corporate governance</li> <li>Product and service quality</li> </ul>	<ul> <li>General Meeting of Shareholders</li> <li>Regular disclosure of reports and information on the official website</li> <li>Investor hotline</li> <li>"SSE e-interaction" platform of Shanghai Stock Exchange</li> <li>Investor-dedicated visit appointment mailbox</li> <li>WeChat applet of investor relations</li> </ul>
Customers/consumers	<ul> <li>Chemical safety and ingredient information transparency</li> <li>Responsible marketing and consumer education</li> <li>Compliant operation</li> <li>Product and service quality</li> <li>Product R&amp;D and innovation</li> </ul>	<ul> <li>Official website of the Company and new media platforms</li> <li>Offline sales counters</li> <li>Online sales platforms</li> <li>Customer services and complaints</li> <li>Customer satisfaction surveys</li> </ul>
Partners (suppliers and dealers)	<ul> <li>Compliant operation</li> <li>Responsible procurement</li> <li>Dealer management</li> <li>Business ethics</li> </ul>	<ul> <li>Dealer conferences</li> <li>Supplier conferences</li> <li>Daily emails and phone calls for communication</li> </ul>
Employees	<ul> <li>Occupational health and safety</li> <li>Compliant operation</li> <li>Employee rights and benifits</li> </ul>	<ul> <li>Internal mails</li> <li>Internal communication platforms and activities</li> <li>Platform for collecting opinions from employees</li> <li>In-house publications</li> </ul>
Communities and the public	<ul> <li>Climate change mitigation and adaptation</li> <li>Emissions and waste</li> <li>Green packaging</li> <li>Responsible procurement</li> </ul>	<ul> <li>Corporate Citizenship Day, Employee Family Day and other activities</li> <li>Official website of the Company and new media platforms</li> <li>Social activities for public good</li> </ul>

#### **Analysis of Material Topics**

Referring to the "materiality" principle in the *Sustainability Reporting Standards* of GRI, we launched the survey concerning policy and industry benchmarking and material topics of stakeholders. Based on survey results and expert opinions, and considering the impact on the operation of the Company and the sustainable development of society, we have identified the following highly material topics as focuses for corporate management and disclosure in reports.



# Corporate Governance

In terms of corporate governance, we keep improving the governance framework to safeguard the rights and interests of investors and adhere to compliant operation, and we establish an anti-corruption management mechanism for the full value chain.

## Corporate Governance

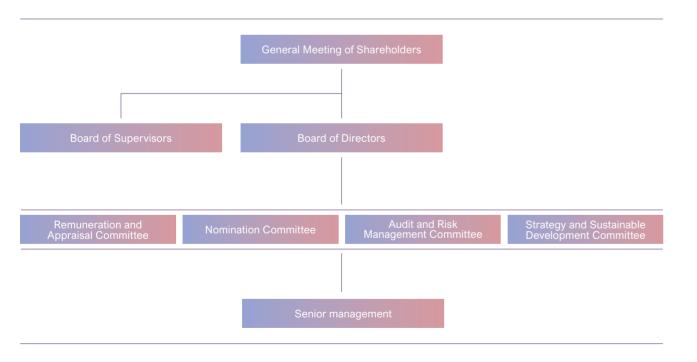
Attaching great importance to corporate governance, Shanghai Jahwa continuously improves the corporate governance framework and steps up risk prevention capabilities to effectively protect the interests of shareholders and investors, and provide a strong guarantee for the sound development of the Company.

#### Framework

Shanghai Jahwa constantly improves the corporate governance framework to regulate its operation and place a strong guarantee on its sound development in accordance with applicable laws, regulations and exchange requirements such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the Administrative Measures for Information Disclosure of Listed Companies, and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

The Company has established a standardized and orderly corporate governance framework. The framework covers the General Meeting of Shareholders, the Board of Directors and its subordinate special committees (including the Strategy and Sustainable Development Committee, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Appraisal Committee), the Board of Supervisors and the senior management. It works as a practical governance mechanism with clear powers and responsibilities, inter-coordination, checks and balances among the power organ, the decision-making organ, the supervisory organ and executive organs in order to effectively protect the legitimate rights and interests of the Company and its shareholders.

#### ▷ Corporate Governance Framework



The Company elects directors pursuant to the director selection procedures as specified in the *Articles of Association*, and following the policy of diversity. At present, the seven directors on the Board of Directors boast qualified professional background and/or extensive business expertise. The number and composition of the directors meet applicable laws and regulations. The Board of Directors consists of seven directors, including one female director, three independent directors, and one chairman. The rules of procedure for the Board of Directors have been formulated. All directors are eligible to attend the board meeting and the General Meeting of Shareholders with a serious and responsible attitude, are familiar with applicable laws and regulations, and understand the rights, obligations and responsibilities of directors.

In order to further strengthen the risk prevention capabilities, improve the corporate governance system, and enhance the decision-making and governance competence, the Company renamed the Strategy Committee and the Audit Committee under its Board of Directors as the Strategy and Sustainable Development Committee and the Audit and Risk Management Committee respectively in 2021. Furthermore, the Company has revised the working rules of relevant committees in accordance with the *Company Law of the People's Republic of China*, the *Articles of Association* and other regulations, and considering actual work needs.

The Company has established and improved effective channels for communication between shareholders and the Board of Directors to ensure that all shareholders have the right to know, participate in and vote on major issues of the Company. The Company practices the procedures for convening, holding, deliberating and voting at the General Meeting of Shareholders. The General Meeting of Shareholders is witnessed by lawyers who issue legal opinions accordingly. In 2021, the Company held the General Meeting of Shareholders for three times.

## Investor Relationship Management/Investor Protection

Valuing investor relations, Shanghai Jahwa has introduced an investor relationship management system, and ensures that all shareholders share equal opportunities to acquire information. The Company reinforces communication with investors through such communication channels and modes as investor hotline, investor email, SSE E-interaction, WeChat applet of investor relations, performance briefings, visiting surveys and roadshows.

The Company strictly follows the basic principles of true, accurate and complete information in disclosure, and gives investors an equal and timely access to information to effectively protect the interests of all investors. In information disclosure evaluation of Shanghailisted companies by Shanghai Stock Exchange, the Company has been granted Class A for three consecutive years, and its quality and efficiency of information disclosure have been recognized by regulatory authorities.

#### Risk Management

Shanghai Jahwa has established and improved its internal control system to better its internal control management in accordance with applicable laws and regulations such as the Audit Law of the People's Republic of China, the Guidelines for Internal Control Evaluation of Enterprises, the Guidelines for Internal Control Auditing of Enterprises, and the Code of Corporate Governance for Listed Companies.

The Company has formulated internal control regulations such as the Internal Audit Regulations of Shanghai Jahwa United Co., Ltd., the Internal Control Self-assessment Measures of Shanghai Jahwa United Co., Ltd. and the Management Regulations on Related Party Transactions of Shanghai Jahwa United Co., Ltd., and keeps improving internal control processes, methods and tools. On the one hand, the Company has set up an internal control management department to keep its departments familiar with the internal control system management platform. The audit department checks and tracks system performance regularly, and reports the problems found to the business department for rectification timely. On the other hand, the Company fosters an internal control and accordingly improving their awareness of internal control.

Regarding risk identification and evaluation, the Company has identified risks in 14 business areas such as engineering management, asset management, and R&D management, conducted qualitative and quantitative analysis of the identified risks, prioritized them, and formulated corresponding solutions and overall strategies. In 2021, the Company focused on potential risks such as related party transactions, malpractice, violation of professional ethics and operation of new business, and took preventive measures.

The Company mounts the internal control self-evaluation of its subordinates annually with the total assets of these subordinates included in evaluation accounting for more than 90% of its total assets in the consolidated financial statements. The Company keeps improving internal control management by such means as process analysis, risk identification, and finding internal control defects.

#### ▷ 2021 Major Risks Identified and Countermeasures

Potential risks	Measures
Risks arising from incomplete and inaccurate identification, approval, and disclosure of related parties and related party transactions	<ul> <li>The Company worked out the Management Regulations on Related Party Transactions of Shanghai Jahwa and the Management Rules for Related Party Transactions of Shanghai Jahwa to regulate related party transactions.</li> <li>The Company determined whether its new suppliers and customers were related parties or not, prepared a list of related parties of the Group, released it on its platform and updated it regularly.</li> <li>The Company worked out an approval process for contracts that were concluded with related parties, strengthening the supervision and management of related party transactions.</li> <li>The audit department implemented two special audits on the management of related party transactions.</li> <li>The Company disclosed related party transaction information in the annual report fully to ensure transparency of information disclosure and receive public supervision.</li> </ul>
Risks affecting the company's operation that arise from failure in timely formulation of management regulations specific to new business and channels	<ul> <li>The Company developed the process specifications for the live streaming business timely at the beginning of this business, and the requirements for contract conclusion, commission examination and approval, and financial review. Moreover, the Company worked out the <i>Regulations on Selection of Talents</i> for cooperation with talents on Douyin to regulate selection of talents and examination and approval of commission rate in order to prevent and control risks.</li> <li>The Company supervised and controlled new risks arising from new business and new channels through routine audits, self-inspection and correction, and external audits.</li> </ul>
Risks arising from malpractice and breach of professional ethics	<ul> <li>The Company formulated the Code of Business Ethics and Anti-Corruption in Shanghai Jahwa, the Code of Professional Conducts for Employees of Shanghai Jahwa United Co., Ltd., and the Report Handling Procedures.</li> <li>The Company developed a clean governance culture among all employees, and improved their awareness of honesty and self-discipline through anti-fraud training.</li> <li>The Company arranged a reporting email and a reporting hotline to encourage reporting of violations, and protect informers.</li> </ul>

## Compliant Operation

#### Anti-corruption

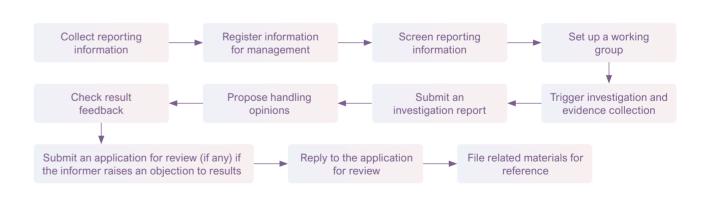
Shanghai Jahwa remains committed to developing an anti-corruption culture, and has worked out the *Code of Conducts for Employees of Shanghai Jahwa United Co., Ltd.*, the *Report Handling Procedures* and the *Code of Business Ethics and Anti-Corruption in Shanghai Jahwa*, specifying provisions related to fair trading and fair competition, conflict of interest, prohibition of insider trading, execution and punishment of discipline violation, and report handling procedures. Furthermore, attaching great importance to clean governance, the Company strives to improve the system of professional ethics and develop the culture of business ethics by strengthening leadership and organizing more learning and education. In 2021, there was no corruption lawsuit that was filed and concluded against the Company or any employee.

# Provisions on the prohibition of commercial bribery in the Code of Conducts for Employees of Shanghai Jahwa United Co., Ltd.:

No employee shall make any decisions regarding suppliers, customers or other commercial activities for any personal interests. No employee shall extort or accept any bribe or any rebate from any supplier, customer or partner that does business with the Company or is intending to establish a business relationship with the Company. No employee shall offer any bribe to any supplier, customer or partner.

The Company encourages reporting of corruption cases. The *Report Handling Procedures* specifies that employees may report corruption cases by sending emails to the special mailbox or contacting the personnel, legal affairs and audit departments, and that the safety and rights of informers shall be effectively protected.

#### ▷ Report Handling Procedures





#### Anti-Corruption in the Value Chain

In cooperation with partners, suppliers, agents, dealers and contractors, the Company values the transparency of the value chain, and strives for coexistent operation through fair transactions based on mutual trust and respect. Our anti-corruption measures in the value chain include:

- · Work out anti-corruption policies targeting suppliers to encourage them to be honest and self-disciplined, and prevent violations of business ethics.
- · Provide smooth reporting channels for suppliers, agents, dealers and contractors to encourage reporting of violations of business ethics and corruption cases. Supervision and reporting channels: email: jubao@jahwa.com.cn; hotline: 021-35907243.
- · Include suppliers, agents, dealers and contractors in the Report Handling Procedures, and keep the personal information of informers and all reporting materials provided by them confidential in all links of acceptance, registration, storage and investigation.

#### Anti-unfair Competition

Shanghai Jahwa firmly opposes unfair competition. We actively organize anti-unfair competition training, guide employees to maintain good business ethics and conducts, ensure compliant competition, prevent vicious competition and any price war to maintain fair competition in the industry pursuant to the applicable laws, regulations and guidelines such as the Anti-monopoly Law of the People's Republic of China, the Interim Regulations on Prohibition of Monopoly Agreements, the Guidelines for Anti-monopoly Compliance of Operators, and the Anti-Unfair Competition Law of the People's Republic of China. In 2021, there was no incident of unfair competition or violation of trust laws and anti-monopoly laws in the Company's operation leading to its being punished by competent authorities.

In addition, we pay close attention to the compliance with business ethics by agents, dealers and contractors in their business activities, encourage integrity and self-discipline, and value their responsible promotion and marketing.

- · Work out channel management policies to oppose unfair competition in any form.
- · Encourage integrity management, and prohibit fraud conducts such as false reporting of data, false accounting, and false performance results.
- · Observe laws and regulations of responsible marketing consistently, request our agents, dealers and contractors to comply with the requirements of accuracy, clarity and transparency for responsible marketing.

#### Protection of Intellectual Property

#### Protection of Our Own Intellectual Property

For the protection of its own intellectual property, the Company has formulated a series of intellectual property management regulations such as the Management Measures of Technical Secrets, the Management Measures of Trademarks, and the Management Measures of Patents, upgraded the intellectual property database, organized training for employees and resorted to legal means to safeguard its own intellectual property.

#### ▷ 2021 Major Actions to Safeguard the Intellectual Property of the Company



The Company established and improved the electronic database of intellectual property, and continuously optimized safety and convenience in the use and maintenance of intellectual property with the help of external forces such as intellectual property maintenance agencies.



The Company arranged both regular business training and irregular risk warning prompts to enhance the intellectual property protection awareness of its employees.



The Company reviewed and controlled legality and rationality in the use of intellectual property, and made full use of both administrative and litigation channels to safeguard intellectual property and R&D fruits.

In 2021, the Company cracked down on online and offline production and sales of counterfeits by various ways such as civil tort litigation, administrative reporting and criminal reporting in 253 counties (districts), 25 provincial capitals and 81 prefecture-level cities. Also, the Company combated other infringements of property other than counterfeiting by holding those who commit this civilly or criminally liable.

#### No Infringement on the Intellectual Property of Others

In order to ensure no infringement on the intellectual property of others, the Company reviews and controls legality and rationality in the use of intellectual property. To be specific, it searches for existing technologies in related research topics before approval of research projects or at the early development stage of products, and evaluates legality and rationality of trademarks and works used in products to be developed to avoid repeated development or potential risks of infringement. In 2021, there was no incident where the Company infringed intellectual property of others during its operation leading to its being punished by competent authorities or held accountable by court judgments.

#### ▷ Management Process of Patent Infringement Risk

#### Patent search

21

Search for existing technologies in related research topics before approval of research projects or at the early development stage of products to avoid repeated development or potential risks of infringement.

#### Adaptability prediction

Make adaptability prediction and avoidance of repeated development or potential infringement risks for topics to be researched according to search results after search of existing technologies, tap possible space for patent application, and arrange reasonable technical layout.

# **Environment**

Shanghai Jahwa always adheres to the concept of green development and integrates it into the product life cycle. It supplies green and low-carbon products through green design and green manufacturing, and actively practices green procurement, green packaging and green logistics to achieve environmental management in full life cycle. With environment-friendly production and operation, the Company actively advocates green office among employees to contribute to a sustainable future.

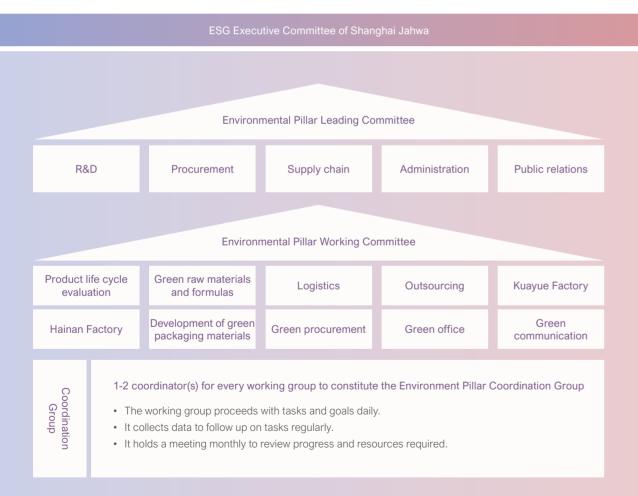
# Responsibilities

## Management

Shanghai Jahwa has established and improved its environment management system, and formulated the management policies of the environmental system to facilitate its green development in accordance with applicable laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Regulations on the Control over Safety of Dangerous Chemicals.

For the environmental management of Shanghai Jahwa, its ESG Executive Committee takes direct responsibility for the environment-related matters of the Company. It consists of the Environmental Pillar Leading Committee, the Environmental Pillar Working Committee, and the Environmental Pillar Coordination Group, forming a four-level environmental management system, in order to facilitate environmental management of the Company.

#### ▷ Four-level Environmental Management System of Shanghai Jahwa



#### **Energy and Resource Management**

Main energy sources used by Shanghai Jahwa include natural gas, steam and electric energy. The Company has introduced a number of energy management regulations such as the Control Procedures of Energy Planning and Energy Review, the Management Procedures of Energy Benchmarks and Energy Performance Parameters, and the Management Regulations on Energy Measuring Instruments to enable systematic and refined energy management.

#### ▷ Energy and Resource Conservation Actions and Highlights of Factories in 2021

Resource type	Actions	Highlights
Energy	<ul> <li>Optimize illumination in all production and office areas of Kuayue Factory</li> <li>Reorganize and establish new illumination standards for all areas according to designs and production licenses and referring to national standards</li> <li>Optimize illumination in production areas and loop control modes according to new illumination requirements.</li> <li>Adjust the power-on mode of street lamps (turn off half of the circuits).</li> </ul>	<ul> <li>Save electric power of 1.03 million kWh.</li> </ul>
	At Tommee Tippee: <ul> <li>Use renewable source in Melbourne offices.</li> </ul>	
Water	<ul> <li>Recovery of concentrated water after ultrafiltration: Recycle concentrated water after ultrafiltration to the raw water tank for use as raw water, with savings of 48 m<sup>3</sup>/d during pure water production in Kuayue Factory.</li> <li>Reuse of intermediate water: Recycle and process used water in a classified manner to the ultrafiltration water tank and the raw water tank for pure water production in Kuayue Factory, with savings of 70 m<sup>3</sup>/d.</li> </ul>	<ul> <li>Reuse rate of industrial water: 94.5%;</li> <li>Circulation utilization rate of indirect cooling water: 98.9%.</li> </ul>



For management of packaging materials, Shanghai Jahwa has formulated the Management Measures for Sustainable Packaging and clearly set sustainable packaging goals:

- Stick to green packaging and reduce the consumption of product packaging gradually.
- Strive to increase the share of recyclable, reusable or degradable packaging materials to 80%, reduce plastic packaging consumption per unit of the finished product by 10% (compared to that in 2021), and introduce packaging plastics derived from recyclable, bio-based or other non-petroleum-based eco-friendly materials in major brands by 2035.
- Use 100% refillable, reusable, recyclable or compostable packaging for all products by 2050.

#### ▷ Green Actions of Packaging Materials

Link	Measure	Specific action
	Green packaging (including reduction of packaging material weight, packaging complexity, and packaging void ratio)	Minimize consumption of packaging materials by optimizing packaging structure provided that the conditions of protection, convenience and sales are met. Appropriate packaging will effectively reduce resource consumption and production of solid waste. So, it is a long-term and effective measure to reduce excessive packaging and packaging complexity.
New product R&D and product upgrade process	Replace existing packaging materials with environmentally- friendly materials	Replace petroleum-based plastic packaging materials with environmentally- friendly packaging materials gradually, including non-petroleum-based materials, such as post-consumer recycled plastics (PCR) and bio- based plastics, or other sustainable materials or other innovative and environmentally-friendly materials yet to be developed in the future.
	Introduce reusable packages	Strive to introduce reusable packages. Make efforts to introduce substitutes for existing products or new products to increase the reuse rate of containers, prolong the service life of FMCG packaging, cut down plastic consumption and protect the environment.
Promotion of	Launch packaging recycling activities	Carry out packaging recycling activities among consumers, and explore packaging recycle and reuse together with professional institutes.
sustainable consumption concept	Launch sustainable life advocating activities	Enhance the sustainable packaging concept of consumers, and encourage consumers to choose sustainable products and participate in packaging recycling activities through online and offline activities concerning sustainable consumption to strengthen ESG brand of Shanghai Jahwa.

#### We have made practices of reducing plastics in Tommee Tippee products:

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We have reduced 414 tons of single-use plastics among Tommee Tippee products totally by a series of green packaging actions.

During the reporting period, we have cut single-use plastics among Tommee Tippee products

by **133** tons.

#### Management of Emissions

Shanghai Jahwa observes applicable laws and regulations such as the Work Safety Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Regulations on the Control over Safety of Dangerous Chemicals. In 2021, there was no incident of excessive pollutant emissions or illegal emissions leading to the Company's being punished.

#### ▷ Main Waste Management and Reduction Measures during Production in Shanghai Jahwa

Category	Main type	Management regulations	Handling	Reduction measures
Hazardous waste	Activated carbon, sludge, waste acid, waste alkali, waste packaging barrels, etc.	Management Regulations on Hazardous Waste	Sign disposal contracts with qualified hazardous waste disposal agencies	<ul> <li>Optimize production scheduling and improve filling accuracy</li> <li>Use sludge drying machines to reduc moisture content in sludge</li> <li>Make correct waste classification</li> </ul>
Non- hazardous waste	Recyclable cartons, paper boxes, tape, film, paper, etc.	Management Regulations on Waste	Sign disposal contracts with qualified waste disposal agencies to dispose of recyclable and non-recyclable waste separately	<ul> <li>Optimize production scheduling and improve filling accuracy</li> <li>Make fine waste classification and improve classification accuracy</li> <li>Conduct manual extrusion to reduce residue</li> </ul>
Waste water	Process waste water, waste water after floor cleaning in production workshops Waste water after equipment cleaning Waste water after circulating cooling process	Operation Regulations on Waste Water Treatment Process	Collect production waste water via pipelines and separate canteen waste water from oil; treat production waste water and canteen waste water together with domestic waste water at the sewage treatment station in the factory; drain treated waste water to the municipal sewage pipe network for centralized treatment.	<ul> <li>Upgrade processes and reduce wate used for cleaning</li> <li>Optimize production scheduling and improve filling accuracy</li> </ul>
Exhaust gas	Non-methane hydrocarbons, nitrogen oxides, sulfur dioxide, particulate matters, etc.	Operation and Maintenance Procedures of the Exhaust Gas Emission System	Bag filters + activated carbon filters	<ul> <li>Use advanced production technology Adopt fully-enclosed, continuous and automatic production technologies, efficient processes and equipment</li> <li>Adopt closed sampling or equivalent facilities at sampling ports for materia containing volatile organic compound and odorous substances</li> <li>Adopt organic waste gas collection a treatment facilities with NMHC emissi concentration ≤ 120 mg/m3</li> <li>Establish an environmental management recording system to record basic information, operation management information of productio facilities, operation management information of pollution prevention an control facilities, monitoring informatia and other environmental managemer information</li> </ul>

#### **Green Office**

Shanghai Jahwa is committed to fostering a green office environment for a satisfactory workplace. It keeps improving the awareness of green development among all employees, reduces the energy consumption of workplace operation by stages, and decreases hazardous waste and domestic waste.

The Company integrates the concept of green development in workplace decoration and renovation, advocates resource conservation and energy consumption reduction in workplace operation. It leverages sound-light intelligent control of lighting systems, intelligent control of exhibition halls, and centralized data centers of IT facilities in the new workplace to slash energy consumption and carbon emissions in workplace operation. Except for important meetings, the Company does not provide bottled water in routine meetings, and encourages employees to use their own water cups instead. In 2021, the consumption of bottled water in offices was reduced significantly.

In addition, in response to the national waste classification policy, the Company promotes waste classification in offices and advocates waste reduction, and its waste classification process has also been recognized by the sub-districts and neighborhood committees.

#### Climate Change Mitigation and Adaptation

Climate change is a global issue that concerns every member of society. In order to help realize "Dual Carbon" goals of "carbon peaking by 2030 and carbon neutrality by 2060" and mitigate climate change, Shanghai Jahwa has identified risks and opportunities for climate change issues of 2021 referring to the recommendations proposed by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board and improved management according to identification results.

#### ▷ Climate Change Management System



#### **Climate Change Governance Framework**

The Strategy and Sustainable Development Committee under the Board of Directors of Shanghai Jahwa is responsible for managing climate change topics, and an ESG working group is set up to identify climate change risks concerning its business and evaluate the impact of these risks on the Company.



#### Identification of Climate Change Risks

In order to better recognize and reduce the potential impact of climate change-related risks on business performance, Shanghai Jahwa conducted risk evaluation on its business by such means as data research, policy sorting, peer benchmarking and departmental interviews in 2021.

#### ▷ Identification and Evaluation of Potential Risks Arising from Climate Change

	Main risks of climate change identified	Measures	
Policy and legal risks	Risks of being held accountable by law, receiving supervision, being given disciplinary punishment, encountering property damage or loss of business reputation due to non-compliance with climate-related policies or laws	<ul> <li>Take Climate change mitigation and adaptation as one priority in</li> </ul>	
Technical risks	Possible impact of the development and application of energy-saving and environmental protection technologies in such links as the use of raw materials, waste disposal, and green packaging on corporate operations and business during the process of technical transformation	their daily work, and effectively identify and manage climate change risks and opportunities by all relevant departments of the Company.	
Acute physical risks	Severe climate changes such as typhoons and floods that will result in extreme weather or natural disasters, and may affect upstream and downstream supply chains, production in factories and transportation of products	<ul> <li>Take climate change as a key topic and communicate with stakeholders through ESG reports and other channels.</li> </ul>	
Chronic physical risks	Possible impact of long-term natural pattern changes such as sea level rise and persistent high temperature on production and upstream and downstream supply chains	<ul> <li>Monitor extreme climate events and establish a proper emergency management plan for extreme weather.</li> </ul>	
Reputation risks	Stakeholders expect that the Company should take active management actions in addressing climate change and improve information disclosure transparency. Any failure to respond to the demands of stakeholders of the Company will impair its reputation.	<ul> <li>Reduce the consumption of polluting materials and exploit natural resources in a planned manner.</li> </ul>	
Market risks	As the public are paying more and more attention to green production, the Company may lose consumers if it does not take relevant measures.	<ul> <li>Monitor trends in supplies and prices of raw materials, and re- design products as appropriate to</li> </ul>	
Resource use risks	Climate change may lead to water shortage, or strict control over the use of forest resources by competent authorities. This may cause rising prices or less availability of raw materials and packaging materials.	ensure continuous supply of raw materials.	

#### ▷ Identification and Evaluation of Climate Change Opportunities

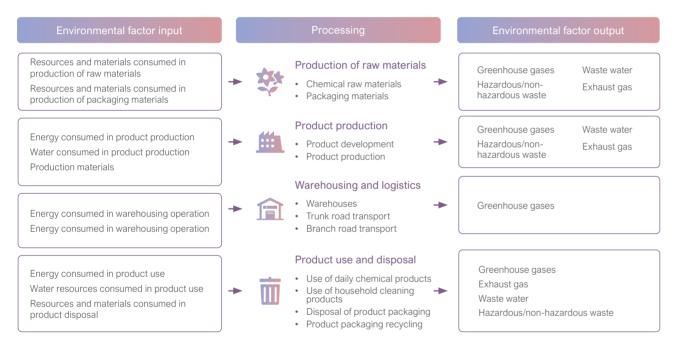
	Main opportunities of climate change identified	Measures
Market opportunities	As the public are paying more and more attention to green production, the Company will win more consumers if it takes the lead in relevant aspects.	<ul> <li>Encourage green procurement, green packaging and green production to reduce the carbon footprint of products throughout</li> </ul>
Resource efficiency	Have access to market trends and work out optimal market plans timely by monitoring market prices of raw materials and local regulations on use of resources to reduce operational risks.	<ul> <li>the life cycle.</li> <li>Incorporate environmental factors such as greenhouse gas emissions into supplier evaluation to facilitate green development of the supply chain.</li> </ul>
Adaptability	Strengthen the abilities of the Company to respond to climate risks and seize climate opportunities by organizing business research and industry exchanges related to climate change, and enhance the brand image of fulfilling social responsibilities.	<ul> <li>Mount various sustainable consumption advocating activities to expand popularity of the green brand of the Company among the public.</li> </ul>

#### Strategies Concerning Climate Change: Reducing Carbon Footprint of Products

Considering risks and opportunities of climate change identified, Shanghai Jahwa adopts the strategy of reducing carbon footprint of products throughout the full life cycle in business operation to respond to climate change better, makes analysis of the whole life cycle of products and takes effective actions of carbon reduction to reduce greenhouse gas emissions.

In 2021, Shanghai Jahwa analyzed and evaluated carbon footprint and environmental impact of products throughout the life cycle covering ingredients in product formulas, production, transportation, use by consumers, recycling and disposal. The Company incorporated the environmental impact evaluation of products throughout the life cycle into the whole development process to help it understand and improve the environmental impact performance of its products.

#### ▷ Product Life Cycle Analysis (LCA) of Shanghai Jahwa



Link	Environmental factor input	Environmental factor output
Production of raw materials <sup>1</sup>	-	• Greenhouse gases: 239,484.32 t CO <sub>2</sub> e
	Steam: 18,528 MWh	• Greenhouse gases: 10,804.38 t CO <sub>2</sub> e
	Natural gas: 10,488 m <sup>3</sup>	Hazardous waste: 130.13 t
Product production	Electric energy: 13,456.59 MWh	Non-hazardous waste: 1,507.79 t
	Water: 269,258 m <sup>3</sup>	<ul> <li>Exhaust gas: 132,019,046 m<sup>3</sup></li> </ul>
	Raw materials: 45,007 t	<ul> <li>Waste water: 180,508.10 m<sup>3</sup></li> </ul>
Warehousing and logistics <sup>2</sup>	-	• Greenhouse gases: 44,565.07 t CO <sub>2</sub> e

1. In the raw material production link, only the greenhouse gas emissions from the purchase of raw materials and packaging materials are considered. The greenhouse gas emissions in this link are estimated relying on the enterprise value chain (Scope 3) calculating tools in the Greenhouse Gas Protocol. Other environmental factors at the raw material production stage will be included in the statistics of the Company gradually.

2. In the warehousing and logistics link, only the greenhouse gas emissions from the purchase of third-party distribution services are considered. The greenhouse gas emissions in this link are estimated relying on the enterprise value chain (Scope 3) calculating tools in the Greenhouse Gas Protocol. The greenhouse gas emissions in this link and the links of product use and disposal will be included in the statistics of the Company gradually as the Company improves its statistical methods constantly.

#### Climate Change Goals and Performance

Shanghai Jahwa has raised climate goals clearly. Taking 2020 as a reference year, Jahwa stays committed to supplying green and lowcarbon products through green design and green manufacturing and leading a green and low-carbon life, and will achieve carbon neutrality in its whole value chain by 2050.

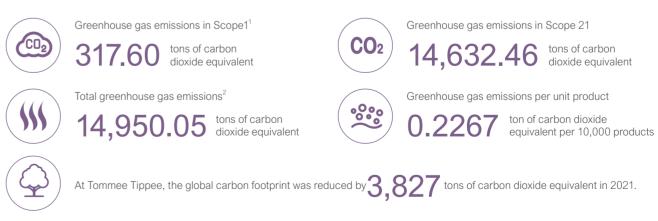
An important part of carbon reduction in the whole value chain lies in the reduction of carbon emissions in logistics transportation and warehousing. In 2021, the Company focused on and optimized carbon emissions in logistics transportation and warehousing. It worked out greenhouse gas emission reduction goals and action plans for self-owned and leased warehouses in three aspects: logistics transportation management, warehousing management, and supplier improvement. In addition, the Company established management monitoring indicators for counting and analysis of carbon emissions generated by logistics vehicles and warehouses in order to evaluate management performance and achievement of goals responding to climate change, and prepared improvement plans accordingly.

#### Carbon Emission Reduction Goals in Logistics Transportation and Warehousing

- Reduction of total greenhouse gas emissions in logistics transportation and warehousing year by year after 2030

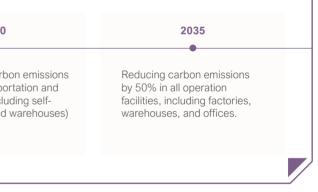
2025	2030
Achieve peak carbon emissions in all self-owned operation facilities, including factories and warehouses.	Achieve peak carb in logistics transpo warehousing (inclu owned and leased by 2030

#### ▷ Quantification Performance Table of Greenhouse Gas Emissions in 2021



1. Greenhouse gas emissions in Scope 1 and Scope 2 include those from the headquarters, R&D offices, Kuayue Factory, Hainan Factory, Hanli Factory and Jahwa Biotechnology, excluding those from Tommee Tippee and subsidiaries with investment and sales management as main business 2. The total greenhouse gas emissions include those in Scope 1 and Scope 2

· Annual reduction of greenhouse gas emissions per unit of output value/product in logistics transportation and warehousing





# Society

We care about consumers, employees and communities sincerely. We make unremitting efforts for a better society jointly with our excellent employees and reliable suppliers.

## Responsibilities for Products and Customers

Adhering to dedication and innovation, Shanghai Jahwa always take consumer-as centricity and strives to deliver industry-leading products and services. The Company highly values R&D, innovation, product quality, and user rights and interests, and continues to provide customers with best products and considerate services.

## Product Innovation and R&D

Shanghai Jahwa attaches great importance to product innovation and R&D. It has established a science and technology innovation center to drive its innovation and development constantly. The center has three major functions, namely frontier research, product development and project support. To be specific, frontier research involves research of basic science and research of functional active substances. Product development includes research and development of raw materials and formulas, technological development, and packaging design. Project support covers compliance with laws and regulations, and project management. In 2021, the Company earmarked 173 million yuan for R&D, accounting for 2.27% of its revenue.

Shanghai Jahwa relies on the whole-process project management and whole-chain R&D modes to create best products and services with dedication, taking customers as one centricity. The Company gives full play to technologies from three dimensions, namely basic research, application innovation and product value realization. For basic research, the Company has established 8 basic platforms of medical research and innovation, Chinese herbal medicines, cell biology, Al customization, safety evaluation, efficacy screening, packaging design and beauty apparatus, and 1 open scientific research network in order to deepen frontier research and accelerate technical transformation. For application innovation, the Company has launched a series of innovations in terms of raw materials, formulas, processes, and packaging building on the upstream and downstream advantages of the industry chain and modern scientific and technological means. For product value realization, the Company benchmarks its products against the top international ones, and conducts multi-dimensional verification through TMIC<sup>1</sup> white bottle tests to ensure the success rate of launch. And it converts obscure scientific and technological language into one that consumers can perceive easily.

In addition to strengthening internal R&D, the Company builds close ties with raw material suppliers, hospitals, universities, testing institutions, industry associations and governmental agencies to support its basic frontier research, safety and efficacy testing, product development, product registration, national/industrial/group standards so that it takes the leading position in these aspects. Specifically, the Company actively involves in the formulation of the Cosmetics Supervision and Administration Regulations, and continues to facilitate the formulation and revision of relevant standards in terms of efficacy testing, safety evaluation, raw material and/or finished product testing and digital transformation, contributing to the development of strict laws and regulations.



1. Tmall Innovation Center (TMIC)

In 2021, the Company signed a framework agreement on technological innovation with BASF, a global raw material leader, to trigger intensive cooperation in sustainable development, functional active substances, new dosage forms, modernization of Chinese herbal medicines, visualization of efficacy mechanisms and digital intelligent equipment. In addition, the Company initiated the establishment of the China Technology Alliance of Skin care Industry jointly with 33 institutions such as Tsinghua University, East China Normal University and other national representative universities, influential enterprises and public institutions, social organizations, industry and business associations as well as scientific research institutes as an effort to propel the high-quality development of the skin care industry in China cooperatively. When it comes to safety evaluation and efficacy screening platforms, Shanghai Jahwa and Shanghai Institute for Food and Drug Control have established a joint laboratory to develop special raw materials and formulate testing methods and standards. It is to enhance the sound and orderly development of the cosmetics industry.

#### ▷ Science and Technology Innovation Center of Shanghai Jahwa



#### ▷ Innovation and R&D Performance Highlights

- model patents, and 265 design patents. During the reporting period, the Company submitted 82 new patent applications, a yearon-year increase of 68%.
- Among new patent applications, there were 36 patents for invention (5 PCTs<sup>1</sup>), 8 utility model patents and 38 design patents.
- During the reporting period, the Company participated in the formulation of 5 national or industrial standards, and involved in the release or formulation of 19 group or local standards, a year-on-year rise of 280%, in such aspects as efficacy testing, safety evaluation, raw material and/or finished product testing, and digital transformation.
- During the reporting period, the Company published 21 papers in mainstream industry journals, including

The Research on Bio-transformation of Chinese Herbal Medicine Compounds and Micro-ecology that won IFSCC 2021 Excellent Paper Award of China, and the Development and Application of a Chinese Herbal Medicine Funtional Active Substance Based on the Five-element Theory of Traditional Chinese Medicine that won the third prize for scientific and technological advancement awarded by China National Light Industry Council in 2021.

• During the reporting period, the Company won a silver award and an excellence award in the Asian Packaging Design Competition (APD), one gold and two silver awards in the Yangtze River Delta Arts and Crafts Exhibition, awards from Shanghai Design 100+ and other international and domestic design awards.

#### **Chemical Safety**

The Company evaluates the safety of all raw materials in R&D of new products. It designs and develops formulas with strictly-selected raw materials in storage or new qualified raw materials upon testing according to project targets to fully ensure the properties of formulas in all aspects meet the use requirements of consumers.

The Company observes applicable laws and regulations strictly in terms of product ingredients, and eradicates prohibited ingredients including but not limited to 1,000-odd prohibited components or plant (animal) components listed in Table 1 and Table 2 of the Safety and Technical Standards for Cosmetics 2015, such as benzene, bisphenol A, hydroquinone, antibiotics, estrogens, asbestos, dioxane, methanol, lead, arsenic, mercury, cadmium and other heavy metals<sup>2</sup>.

The Company reduces or bans the use of controversial ingredients continuously in R&D of new products. Referring to domestic and foreign applicable standards and requirements, the Company prohibits controversial preservatives such as formaldehyde releasers, kathon CG and MIT preservatives in new personal care products, and prepares plans of upgrading formulas containing these preservatives to reduce the use of them.

#### ▷ Some Important Chemical Safety Standards Referred to by the Company

- China: Safety and Technical Standards for Cosmetics 2015
- EU: Regulation (EC) No 1223/2009 of the European Parliament and of the Council of 30 November 2009 on Cosmetic Products
- US: Cosmetic Ingredient Review (CIR)
- EU: applicable regulatory requirements released by Scientific Committee on Consumer Safety (SCCS)

1 Patent Cooperation Treaty

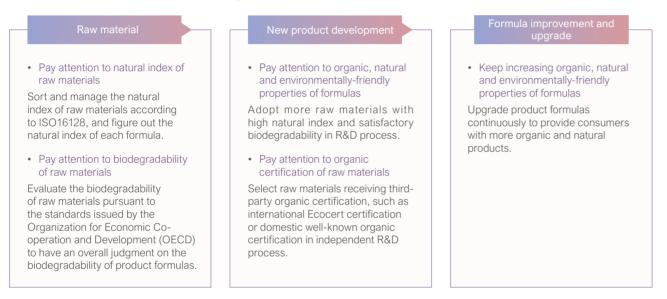
• By the end of reporting period, the Company was granted 374 patents in force totally, including 89 patents for invention, 20 utility

<sup>2.</sup> The ingredients listed above will not be added to cosmetics by the Company intentionally, but may be present in the finished cosmetic products due to unintentional factors, such as impurities contained in natural or synthetic raw materials, packaging materials, or generated during production or storage of products. If the presence of prohibited components is technically unavoidable under the production conditions meeting national mandatory regulations, the Company will conduct safety evaluation of cosmetic products to ensure that its products will not cause harm to the human body under normal or reasonably foreseeable conditions of use.

#### **Enhance Natural Properties of Raw Materials**

In order to ensure the natural properties of product raw materials, Shanghai Jahwa specifies some key indicators of green raw materials: source and biodegradability, in the life cycle of raw materials. Guided by 12 Principles of Green Chemistry, the Company sorts and manages the natural index of raw materials according to ISO16128, and presents the natural index of each formula. Moreover, the Company evaluates the biodegradability of raw materials pursuant to the standards issued by the Organization for Economic Co-operation and Development (OECD 301/302), and clarifies the biodegradability of product formulas. In the development and design of new products, the Company values the application of more raw materials with high natural index and satisfactory biodegradability to develop more organic, natural and environmentally-friendly formulas for its products.

#### ▷ Some Measures to Enhance the Natural and Organic Properties of Products



#### ▷ Some Standards Referred to in Natural and Organic Attempts

- 12 Principles of Green Chemistry
- Cradle to Cradle certification
- ISO 16128 1/2 International Standardization of Natural and Organic Cosmetics (Guidelines on technical definitions and criteria for natural and organic cosmetic ingredients and products - Part 1: Definitions for ingredients; Part 2 Criteria for ingredients and products)
- OECD 301/302 Ready Biodegradability/Inherent Biodegradability

#### **Develop Natural Active Substances**

The Company has introduced a two-way improvement research mode of extraction and rapid efficacy feedback. Considering the latest research trends and dynamics in bio-medicine and beauty cosmetics, the Company explores the beauty efficacy mechanism and develops natural active substances with independent intellectual property through various modern biological means. Apart from developing these natural active substances, Shanghai Jahwa has maintained close cooperation with Jahwa Biotechnology for many years in systematic and targeted R&D and production of independent functional active substances for all brands of Shanghai Jahwa.

In order to deepen R&D of independent functional active substances and the innovative application of Chinese culture/Chinese herbal medicine-based beauty, the Company has pooled experts in traditional Chinese medicine, botany, cell and molecular biology, and established the Research Center of Functional Active Substances. The Center boasts multiple high and new phytoextraction technologies, such as ultrasonic extraction, separation relying on macroporous adsorption resin and biological fermentation, to improve color and odor, acquire effective ingredients, and enhance the performance of independent functional active substances to the greatest extent. Thanks to years of dedication and accumulation, the Company has successfully fostered a unique overall research mode for the development of traditional Chinese medicine-based and Chinese herbal medicine-based beauty products/independent functional active substances.

## Product Quality Control

Shanghai Jahwa has established a full-process product quality control system covering raw materials and finished products as well as design, development and consumer use pursuant to the Cosmetics Supervision and Administration Regulations (hereinafter referred to as the "Regulations") and other applicable laws and regulations in order to ensure that its product guality and production process meet the requirements of national laws, regulations and standards, and that the safety, effectiveness, applicability and stability of products meet the needs and expectations of consumers. Regarding quality management, the Company has passed the certification of ISO9001 Quality Management System Standard and ISO22716 & CGMP-US Good Manufacturing Practice Guidelines for Cosmetics.

In 2021, the new edition of the Cosmetics Supervision and Administration Regulations was implemented. The Company has set up a special working group to respond to the opportunities and challenges brought by the Regulations, and held special meetings every two weeks and meetings specific to the compliance of a number of sub-brands with the Regulations to facilitate the execution of the Regulations in departments. The Company has organized more than 10 training sessions related to the Regulations for nearly 200 trainees from R&D, marketing, supply chain and other departments.

#### **Product Development Stage**

At the product development stage, the Company has introduced the quality control requirements for different kinds of products under development. Key quality control links include quality safety review and evaluation and standard formulation for raw materials, formula stability, preservation challenge testing, safety evaluation, efficacy testing and production process verification.

#### ▷ Quality Control Requirements for Different Kinds of Products under Development

Skin care products dedicated to children		<ul> <li>The Company has worked out the D Products dedicated to Giving, a ch specifies stricter requirements in s verification, procurement and suppli to ensure the safety and quality of Giv</li> </ul>
		Observe the national requirements of to physical, chemical and microbiolog
Cosmetic	5	<ul> <li>Conduct necessary efficacy validation</li> </ul>
products		<ul> <li>Follow internal development standar laboratory design, small test, initial stability and consistency of material are stricter than national and industri</li> </ul>
Non-cosmetic products		<ul> <li>Follow internal development standar laboratory design, small test, initial stability and consistency of material are stricter than national and industri</li> </ul>

Development and Production Quality Specifications for Giving hildren's skin care brand of Shanghai Jahwa. The document safety evaluation of raw materials, design and development lier management, production process, inspection and release iving products and minimize product quality and safety risks.

of cosmetics registration and filing, and arrange tests specific ogical indicators, and safety of products.

on tests

ards and procedures for formula development in such links as l expansion experiment and pilot scale-up to fully ensure the al quality, and formulate internal control quality standards that rial ones

ards and procedures for formula development in such links as expansion experiment and pilot scale-up to fully ensure the al quality, and formulate internal control quality standards that rial ones.

For raw material control, the Company specifies that the use of new raw materials, changes in formulas and changes in raw material sources should receive test, verification and evaluation by professionals to ensure product safety to the greatest extent.

For product safety testing, the Company has established a strict closed-loop safety evaluation system to ensure product safety and efficacy excellence. Since 2003, Shanghai Jahwa has made efforts to develop non-animal test methods in R&D process. At present, it has developed various methods such as skin irritation, eve irritation, skin sensitization and skin pricking to provide strong support for the safe screening of raw materials and products in R&D process.

Apart from existing safety evaluation methods, Shanghai Jahwa has also been making breakthroughs and innovation attempts. For instance, in order to further improve the user experience of products and remedy the limitation of acute eye irritation tests, the scientific research team of Shanghai Jahwa has developed the transient receptor potential vanilloid type 1 (TRPV1) activation test. To be specific, the team built a nerve cell model that can predict pain stimulus using the activation mechanism of TRPV1 receptor to simulate the process of feeling pain by pain-related neurons in human cornea to visualize pain sense signals.

#### ▷ Product Safety Evaluation System



#### **Product Production Stage**

At the product production stage, the Company has established proper production management standards and systems, launched strict quality control specific to raw materials, production process and product delivery, and disposed of unqualified products in accordance with disposal procedures.

#### ▷ Product Production Control System

- Set up the organizational framework, allocate production quality technicians at all levels and train them to meet job requirements in accordance with laws and regulations.
- Establish a maintenance, cleaning and disinfection system for production facilities and equipment, and implement the system.
- Sign commissioned production contracts and quality agreements with all commissioned parties, and work out regulations for routine supervision and management of commissioned parties to ensure that the quality and safety of sub-contracted products meet requirements.
- Conduct incoming inspection for each batch of raw materials to control quality strictly according to standards and inspection procedures, and audit, evaluate and manage suppliers.
- environment and process water. Conduct production and inspection control for each batch of products according to the technical requirements specified in the registration and filing documents of products, and release products after recording and approving each batch.

#### After Launch of Products

The Company has formulated an adverse reaction monitoring system of cosmetics to collect adverse reaction information from consumers actively and fully through various channels such as complaints at stores, hotlines, online complaints, and public opinion monitoring. And it reports information collected to the national supervision system as required, evaluates and analyzes adverse reactions, and takes proper risk control measures to protect the health of consumers.

For product batches that have been released to circulation channels, but possibly endanger human health and safety due to quality defects or other causes, or that violate laws and regulations obviously, the Company will stop sales immediately, recall batches concerned according to the Product Recall Process, and dispose of them properly to protect the interests of customers and consumers and comply with laws and regulations. If there is no actual product recall in the current year, a recall drill will be organized following the recall process.

#### ▷ Product Recall Process



In 2021, the Company organized a recall drill in which 9,120 bottles of 50ml MAXAM moisturizing sunscreen lotion (Product No.: 09098) stocked in dealers and sales divisions at all levels were recalled within specified time.

In 2021, there were no products that were sold or delivered but had to be recalled for safety and health reasons, and there were no violations of laws and regulations in terms of health and safety of products and services.

Regular:v monitor production

 Establish disposal procedures for ungualified products and expired materials and products to control quality strictly.

#### Quality Services

Shanghai Jahwa attaches great importance to safeguarding the rights and interests of customers and the after-sales services of products. Taking "customer satisfaction" and "efficient handling of customers' problems" as goals, it stays committed to providing customers with quality services.

#### **Protection of Customer Rights and Interests**

The Company has set up a special product hotline team, introduced a complaint handling process concerning quality, safety, laws and regulations supported by online and offline channels, and adopted targeted handling methods for customer complaints to ensure complaints are handled properly.

#### ▷ Customer Complaint Handling Methods

Complaint	Handling
Complaints about general problems	Authorize front-line personnel to respond quickly.
Complaints about serious problems and issues concerning laws and regulations	Arrange professional departments to analyze and handle complaints quickly and effectively, make in-depth analysis of causes and take preventive measures.
Complaints related to product batches with serious impact	Report complaints to the management of the Company timely, handle complaints properly, and recall products if necessary.

#### **Protection of Customer Privacy**

Shanghai Jahwa attaches great importance to customer privacy protection. In digital transformation process, the Company keeps improving its information management competence to protect the privacy of its customers effectively. The Company observes the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China and other laws and regulations, and arranges the legal affairs department, the information security department, the internal control management department and other competent departments to jointly take responsibility for the overall management of information security to ensure the data security of the Company and the privacy of customers.

The Company has formulated the Personal Information and Privacy Protection Policy, the Information Security Regulations (Individual Edition) and the Database Management Rules of Shanghai Jahwa. In 2021, the Company issued the Consumer Privacy Protection Policy for consumer privacy and personal data, and focused efforts on data governance by building a data security protection platform. For systems storing the private data of consumers, the Company made vigorous efforts to pass the three-level protection review of network security in accordance with national laws to ensure the private data security of customers. At present, the Company has passed the second-level protection review of network security.

In addition, the information security department of Shanghai Jahwa organizes a series of training courses concerning information security annually, such as information security master training, and information security training for new employees in order to strengthen the information security awareness of all employees.

In 2021, the Company had no violations or litigation cases related to data security and privacy protection.



# Responsibilities for the Supply Chain

Shanghai Jahwa attaches great importance to supply chain management and continues to encourage sustainable procurement. It has fostered a sound partnership with suppliers and other partners through close communication and collaboration to embrace a sustainable future jointly.

#### Management and Auditing of Suppliers

The suppliers of Shanghai Jahwa mainly include suppliers of raw materials and intermediary suppliers of promotional products, props and media. The Company has worked out a string of supplier management and evaluation documents such as the Management Regulations on the Performance Evaluation of Raw Material Suppliers, the Management Regulations on the Life Cycle of Intermediary Suppliers, and the Management Regulations on the Performance Evaluation of Material Suppliers to ensure that suppliers meet its requirements.

▷ Main Suppliers of Shanghai Jahwa

Supplier category	
Suppliers of raw materials	Raw materials and packaging materials
Intermediary suppliers	Physical items (props, lamps, printed pro and conferences, information services, la

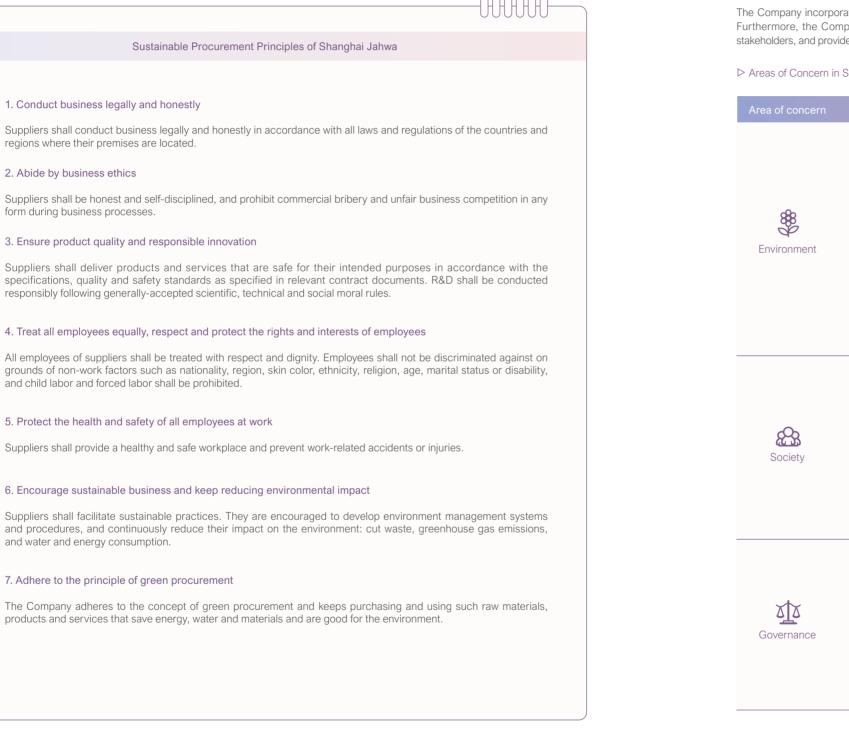
The Company conducts an evaluation for important suppliers annually, and organizes a full evaluation for all suppliers every three years, covering aspects as follows:

- · Process and green and environmental protection index of materials: Score according to the use of environmentally-friendly materials in products and processes;
- · Environmental protection gualification index: Score according to environmental protection certificates, pollutant treatment processes and equipment of suppliers;
- · Greenhouse gas emission index: Take greenhouse gas emissions into consideration when selecting new suppliers of raw and auxiliary materials. When selecting new suppliers, the Company collects and evaluates their management performance data in greenhouse gas emissions or energy utilization, and considers results as a basis for evaluation of new suppliers.

## Sustainable Procurement

As a daily chemical company, Shanghai Jahwa is well aware that its procurement acts are closely related to the environment and society, and exert profound impact on forests, biodiversity, climate change, and labor rights. Shanghai Jahwa persists in the concept of green procurement. In 2021, the Company worked out the Sustainable Procurement Policy of Shanghai Jahwa (Click the link to read the original text of the policy), integrating the principle of sustainable development into supplier management and auditing, and continuously improved the sustainable procurement process with a view to reducing the impact of procurement on the environment and society and ensuring compliance with business ethics.

oducts and gifts), market survey, R&D and testing services, travel logistics, facility services and media



The Company incorporates the sustainability principle into the areas of concern in sustainable procurement and breaks down the principle. Furthermore, the Company actively communicates its sustainable procurement concept and policy to employees, suppliers and other stakeholders, and provides them with training and guidance to promote its sustainable procurement constantly and facilitate a green supply chain.

#### ▷ Areas of Concern in Sustainable Procurement and Particulars



Consider the impact of products and services on the environment throughout the life cycle.

· Give preference to packaging made of recycled materials and raw materials from green sources in procurement.

· Give preference to sustainability-certified raw materials and gradually increase their volume in procurement,

· Give preference to suppliers of raw and auxiliary materials that adopt internationally-recognized environment management systems, such as: ISO 14001 environment management system.

• Consider greenhouse gas emissions when selecting new suppliers of raw and auxiliary materials. Collect and evaluate management performance data in greenhouse gas emissions or energy utilization when selecting new

 Encourage suppliers to continuously enhance their environment management, keep their environment management performance transparent, and issue sustainable development commitments.

· Require suppliers to provide employees with equal opportunities by fair employment in all aspects of recruitment, promotion, and dismissal, and not to discriminate against employees on grounds of age, gender, place of birth,

• Require suppliers to provide their employees with a healthy and safe work environment. Give preference to suppliers that adopt internationally-recognized management systems, such as: OHSAS 18001 Health and Safety

· Seek opportunities to purchase materials from suppliers that support the local economy and/or help

· Work out anti-corruption policies targeting suppliers to encourage suppliers to be honest and self-disciplined,

· Provide smooth reporting channels for suppliers to encourage reporting of violations of business ethics and

• Protect suppliers pursuant to the Informer Protection Regulations, and keep the personal information of informers and all reporting materials provided by them confidential in all links of acceptance, registration, storage and

## Responsibilities for Employees

Shanghai Jahwa treats employees as its valuable wealth, and strives to create a warm workplace for employees. The Company highly values employees in terms of their employment, health, safety and development. It provides an equal and safe workplace and diversified communication channels for all employees, optimizes human resource management continuously, and builds a great platform enabling employees to show their capabilities so as to encourage their development.

#### Rights and Benifits

#### **Compliant Employment and Diversity**

Shanghai Jahwa is well aware that employees are the foot-stone of its sustainable development. It is its responsibility and obligation to protect the rights and interests of employees and create a safe and healthy workplace for them. The Company makes every effort to safeguard the rights and interests of employees in accordance with applicable laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on Paid Annual Leave of Employees, and the Special Regulations on Labor Protection of Female Employees. It adheres to the principles of diversity, equality and openness in recruitment and work, and does not discriminate against anyone on grounds of race, gender, age, marital status or religious belief. In 2021, there was no case of illegal employment.

▷ Measures for and Regulations on the Protection of Rights and Interests of Employees

	Measures	s for the protection of rights and interests of employees	Regulations
A R	Recruitment	<ul> <li>Employment principles: openness, equality, and non-discrimination</li> <li>Child labor: Take the age of 18 years old as the lower age limit for employment, and eliminate any child labor.</li> <li>Forced labor: Limit overtime hours, record attendance on time and check work intensity to prohibit forced labor.</li> </ul>	Employee Handbook
ि वि	Dismissal	Dismiss labor contracts upon equal consultation with employees.	Employee Handbook
	Norking hours and leave	<ul> <li>Working hours: standard labor hours - 40 hours per week. For employees who are subject to the irregular working hours system or the comprehensive working hours system, it is allowed to adjust working hours as appropriate.</li> <li>Leave: paid annual leave, marriage leave, funeral leave, maternity leave and other holidays as specified by the state</li> </ul>	Employee Handbook Management Regulations on Occupational Health and Safety
F R	Remuneration	<ul> <li>Remuneration mainly depends on job responsibilities, post rank, job performance, job potential and labor market.</li> </ul>	Employee Handbook

#### **Communication with and Feedback from Employees**

Shanghai Jahwa has offered a dedicated mailbox, a dedicated hotline and an employee service center with 7×24-hour services, allowing employees to consult and communicate about policies and regulations, regardless of time and geographical restrictions, in order to effectively prevent labor conflicts. In addition, the Company provides employees with various communication channels such as all-staff communication meetings, employee birthday parties, the labor union and the employee congress to fully protect their rights to participate in democratic election, democratic decision-making, democratic management and democratic supervision, encourage their free expression, and safeguard the harmonious and stable relations between the Company and its employees.

The Company defines the employees' grievance procedure in the Employee Handbook. If employees are dissatisfied with certain matters or receive unfair treatment, they can file a grievance and escalate it to safeguard their own legitimate rights and interests.

#### ▷ Overview of the Employee Grievance Procedure of Shanghai Jahwa



Report complaints not tackled to the satisfaction of employees to the department heads provided that their immediate supervisors are informed.

#### **Caring for Employee Well-being**

The labor union of the Company is responsible for caring about employees. And the Company has established mechanisms for helping employees in difficulty and caring for female employees, and provided employees with various subsidies and benefits such as commercial insurances, birthday parties, catering subsidies and transport subsidies.

#### Helping employees in difficulty

#### **Employee benefits**

- The Company offered condolences to and helped 10 employees with their families in distress.
- The Company offered condolences to 300odd employees who were hospitalized and had childbirth.
- The Company offered condolences to 59 employees who donated blood.
- The Company visited and communicated with 3 employees who suffered from serious diseases, and comforted them psychologically.
- Chinese New Year, the Dragon Boat Festival and the Mid-Autumn Festival, the Company extended greetings to 6,600 labor union members by offering Chinese New Year gift packs, traditional Chinese rice-puddings, moon cakes and other daily necessities.
- During the high temperature season, the Company extended gratitude to more than 600 employees in high temperature positions.
- The Company bought the supplementary hospitalization insurance organized by the Municipal Labor Union and Ping An commercial insurance for onthe-job employees.



Report complaints directly to the human resources department or the labor union where employees are not satisfied with handling results.

• On traditional festivals such as the

#### Caring for female employees

- The Company extended greetings to female employees on Women's Day (March 8), and visited female employees that had childbirth.
- Over the past years, the Company organized employees to attend health lectures and participate in other activities on Women's Day (March 8). In 2021, these lectures and activities were cancelled due to the pandemic.

## Occupational Health and Safety

Valuing the occupational health and safety of employees, Shanghai Jahwa redoubles its efforts to protect the health and safety of employees by such measures as occupational hazard prevention and control, safety training, and regular physical examination.

#### **Occupational Health**

Posts subject to occupational disease risks mainly include those in preparation workshops, packaging workshops, power facilities, and laboratories. The Company has adopted preventive measures accordingly.

Post with occupational disease risk	Risk factor	Protective equipment
Preparation workshop	Other dust and potassium hydroxide	Dust masks, protective gloves, goggles/face shields, chemical protective clothing and safety shoes
Packaging workshop	Butanone	Protective masks, goggles and protective gloves
Power facilities	Noise, sodium hydroxide, sodium hypochlorite and sodium hydrogen sulfite	Earplugs, goggles, protective gloves, protective masks, chemical protective clothing and safety shoes
Laboratory	Sodium hydroxide, hydrochloric acid, methanol, acetonitrile, tetrahydrofuran and trichloromethane	Protective masks, protective gloves, goggles and safety shoes

Shanghai Jahwa observes applicable laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Measures for the Administration of the Declaration of Occupational Hazard Items, and has formulated the Management Regulations on Occupational Health and Safety. It protects employees from occupational hazards by implementing measures from three aspects, namely, engineering, management, and personal protection, in order to ensure the occupational health and safety of employees.



#### ▷ Protective Measures to Avoid Occupational Hazards in Shanghai Jahwa

ngineering prevention and control	Management preventi
<ul> <li>Upgrade the ventilation system</li> <li>Upgrade the ventilation system around the plant to provide fresh air for the closed workshops.</li> </ul>	Increase capital inv • Necessary capit investment helps Company do a g occupational hea
Maintain the ventilation	
system regularly and replace filter bags at air inlets every year.	Make occupational evaluation • It is the evaluation
	the occupational
<ul> <li>Upgrade the dust removal system</li> <li>Install dust collectors on the equipment that may generate dust in order to prevent</li> </ul>	safety management that evaluates, cla and marks hazard according to the s
dust in one to provent dust from spreading in the working environment when it is generated.	Make marking and • Set up warning s
	places and posts prone to occupa
<ul><li>Set up staff lounges and shower rooms</li><li>Create good rest environment for employees.</li></ul>	<ul><li>Azards.</li><li>Organize occupa training for new e</li></ul>
	Organize occupation examinations • Arrange all new e

- to receive physical examinations. Arrange operators to receive occupational health examinations by qualified medical institutions. Arrange on-the-job
- employees to receive regular occupational health examinations.
- Establish and improve health archives for employees.

vestment oital ps the good job in alth.

#### al hazard

on team of I health and nent system lassifies rd sources severity.

#### d notification signs in sts that are ational

ational health employees.

#### onal medical

employees

## Prevention and control for personal

#### Offer and use personnel protective equipment properly

• Work out the standards of distributing personnel protective equipment for all posts. Require new operators to wear personal protective equipment correctly when receiving orientation training. Check the use of personal protective equipment for operators regularly.

#### Encourage employees to develop good personal hygiene habits.



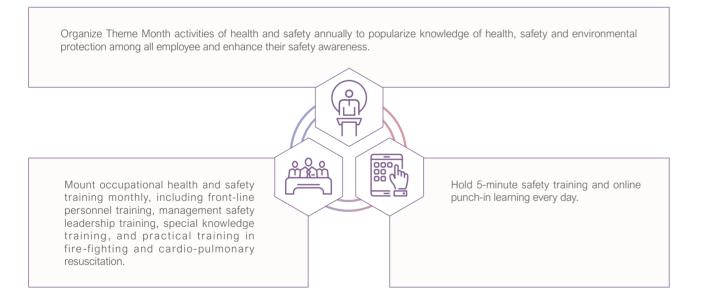
Moreover, the Company has a permanent infirmary to provide employees with basic diagnosis through interrogation and medicine, and arranges health knowledge promotion, physiotherapeutic massage and other activities irregularly to enhance their professional knowledge and protection awareness of occupational health and safety.

#### **Safety Production**

Adhering to the management policy of "putting prevention first, integrating prevention and treatment", Shanghai Jahwa has established an EHS management system with clear powers and responsibilities and clear division of labor. The EHS Committee is responsible for the safety production of Shanghai Jahwa. All departments report safety incidents to the EHS Committee timely, and work out corresponding preventive measures. There were no incidents related to workplace safety at the Company in the past three years.

Attaching great importance to occupational health and safety training, Shanghai Jahwa clearly requires employees to receive safe production education and training in the Employee Handbook to master safe production knowledge required and enhance the ability to prevent accidents and respond to emergencies.

#### ▷ Major Safety Training Activities



Furthermore, all departments of the Company identify hazard sources in their own posts at the beginning of each year, and formulate engineering and management preventive measures targeting medium and high-risk hazard sources in order to reduce their safety risks and ensure the life and property safety of the employees and the Company.

In 2021, the Company demonstrated safe production knowledge to employees in the form of cases by organizing the safety case competition innovatively to further strengthen their awareness of safety, health and environmental protection. By the end of December 2021, the Company completed more than 24,598 class hours of safety training for 7,573 employees.

#### Training and Development

Shanghai Jahwa takes talent development as one of its important human resource strategies, and values the training and selection of talents with a view to common growth and success of both the Company and its employees.

#### **Employee Evaluation and Promotion**

The Company provides employees with a good career development platform, where employees have ample room to evaluate and demonstrate their abilities in an all-round manner. In 2021, the Company formulated the *Rules for the Promotion of Employees and Cadres in 2021*. In line with the Rules, the Company provided promotion channels for employees and cadres according to employee tenure, personal performance, evaluation results by the Company through various review and evaluation links such as promotion nomination, 360° interview, 360° evaluation, work report, proposition report, evaluation by interaction with the evaluation team and interviews by executives.

#### **Employee Training**

Shanghai Jahwa has set up a learning and development department. Focusing on corporate culture, values and strategic goals, the department works, under the guidance of core organizational capacity building and talent development strategies, to provide diversified and effective learning and development solutions according to the actual needs of business development and employee capacity growth in order to help enhance the capabilities of both the Company and its employees.

▷ Occupational Training System of Shanghai Jahwa

#### Internal training

Arrange various online and offline training courses for general management skills and professional skills of employees internally according to the learning system of the Company, and the development needs of business and employee capabilities in departments.

#### Continuing education

Select and dispatch outstanding management and technical personnel to take professional masters, professional doctors, MBA and EMBA programs offered by domestic and foreign regular universities and business schools.

#### Occupational qualification examination

Encourage employees to receive certification training related to the occupational skills organized by external institutions and obtain job qualification certificates granted by qualified institutions in order to enhance occupational skills required for their posts.

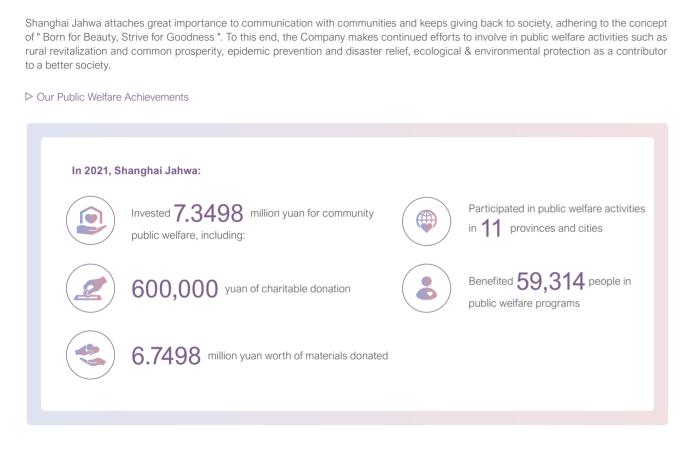
In 2021, the Company launched a one-year management training program for 51 excellent graduates, covering 12 internal professional courses, 2 external professional courses, 5 online management courses and 2 offline management courses to promote their development.

#### External training

Organize employees to receive short-term training courses provided by external training organizations according to the needs of business development and ability improvement.

#### Job qualification training

Encourage employees to register for job certificate examinations or continuing education training organized by governmental agencies or qualified training institutions. Responsibilities for Communities



## Contribute to Rural Revitalization

Shanghai Jahwa devotes itself to poverty alleviation and rural revitalization in China. In 2021, rural revitalization actions Shanghai Jahwa took included:

- The Company, together with the CWI Children's Palace, launched the "Exchange and Assistance Program for Students in Wenshan, Yunan". In the program, the Company donated a batch of materials to the Wenshan Rural Revitalization Bureau of Yunnan Province and the Central School of Zhuili Street, including Liushen Floral Water and Liushen Mugwort Leaf Antibacterial Liquid Soap, HomeAegis Enzyme Laundry Liquid to improve the health and growth environment of underprivileged youth and children in the locality.
- The Company donated 200 schoolbags to minority students and students in need from mountainous areas of Guizhou with the help of China Association of Fragrance, Flavour and Cosmetic Industries.
- The Company donated more than 7,000 products valuing 740,000 yuan to the Maternal and Child Health Care Hospital of Yulong County, Yunnan with the help of China Foundation for Poverty Alleviation to contribute to rural revitalization.

## Keep Giving Back to Society

Shanghai Jahwa keeps giving back to society by actively involving in public welfare activities and charitable donations to deliver health and care.

#### ▷ 2021 Social Welfare Actions of Shanghai Jahwa

Emergency rescue	<ul> <li>The Company donated r prevention supplies worth o with the help of China Yo Teenagers' Fund.</li> </ul>
Caring for women and teenagers	<ul> <li>On International Nurses' Daworth nearly 640,000 yuan Hand Cream to thousands Foundation.</li> <li>The Company donated p prevention and control of Chelp of China Youth Develop</li> </ul>
Caring for disadvantaged groups	<ul> <li>On the Employee Family D made by autistic children, Zhanyi Children's Educatior</li> <li>The Company donated 1,5 of Shanghai Charity Foun Prematurity Day.</li> <li>The Company donated management stations in Ch</li> </ul>

#### Engage in Communication with Communities Actively

The Company attaches great importance to the impact on the environment of the place where it operates, and good communication with the local communities. It designates every June as the Environmental Health Month and organizes a series of environmental protection activities to better local environmental protection and facilitate communication with communities.

In 2021, the Company launched the activity of "Advocating Ecological Protection of River Waters, and Tracing Back to the Source of Taipu River" among factory employees. Taipu River is the main water source for Kuayue Factory of Shanghai Jahwa and also one of water sources for Shanghai. The employees cooperated to clean up the garbage, floating objects, cigarette butts and fallen leaves along the river in this activity to protect Taipu River with practical actions.

ed nearly 60,000 pieces of disaster relief and epidemic th over 1.26 million yuan to the flood-affected areas in Henan a Youth Development Foundation and China Children and

' Day, the Company donated 25,000 personal care products uan including Liushen Floral Water, Herborist Mask, MAXAM ands of medical workers with the help of Shanghai Charity

d products worth nearly one million yuan to support the of COVID-19 epidemic in Hebei, Jilin, Shaanxi, etc. with the relopment Foundation.

y Day, the Company held a charity bazaar selling handicrafts en, and donated products worth 20,000 yuan to Shanghai tion Service Center.

1,500 products to three hospitals in Shanghai with the help bundation to support the public welfare program of World

ed daily necessities worth over 30,000 yuan to relief China.



# Our Contribution to Sustainable Development

Building on ESG management, the Company also pays close attention to the sustainable development of the whole society. It keeps pursuing higher standards and better performance to deliver the best beauty products to consumers, protect the common green planet, and build a better future together with all parties.

# DEDICATED



## Create the best health and beauty products and services

With the continuous development of the times, consumers want safer and healthier of personal care products. As one of the national enterprises with a long history in the Chinese beauty and daily chemical industry, Shanghai Jahwa needs continuous self-improvement on the journey of presenting Chinese beauty to the world.

In the new era, the Company faces a new challenge of how to respond to the demands of consumers while maintaining its China-Chic style. Building on scientific research capacity, the Company taps the "treasury" of traditional Chinese herbal medicines, and takes more new technologies to supply safer and healthier products to consumers and inject momentum to the boom of Chinese products.

## Explore Natural Ingredients for Healthier Beauty

With the vigorous development of the modern chemical industry, chemical ingredients play an increasingly important role in the healthy life of mankind. Therefore, unsafe chemical ingredients may place additional burden on the skin of consumers and impair their skin health. Nature breeds all things. In recent years, the beauty concept of natural health has come into the eye of the public.

It is believed that natural ingredients have numerous secrets yet to be discovered. Not all natural ingredients are safe to use, and sometimes they are even skin allergens. Holding a rational view of "natural ingredients", the Company has never stopped researching them and remains committed to finding natural active ingredients with better and safer efficacy for consumers.



#### Find the key to healthy skin from Chinese herbal medicines

such as botany, zoology, and chemistry. A great number of beauty formulas were passed down from the history of five thousand years in China. Safer and healthier raw materials made of Chinese herbal medicines are preferred thanks to their natural source, mild performance. less irritation and minimal adverse reactions. Shanghai Jahwa looks for inspiration from traditional Chinese herbal medicines and natural herbs, and researches and taps the unique effects of natural raw materials constantly to develop exclusively innovative products.

The Research Center of Functional Active Substances of Shanghai Jahwa attracts talents with doctoral and master's degrees in multiple fields such as traditional Chinese medicine, botany, cell biology and molecular biology. With years of dedication and accumulation, the Center has successfully fostered a unique overall research mode for the development of traditional Chinese medicine-based and Chinese herbal medicine-based beauty products/independent functional active substances.

Seek safer and more effective active ingredients	Research mode extraction te
The Company introduces a two- way improvement research mode of extraction and rapid efficacy feedback. It explores the beauty efficacy mechanism and develops natural active substances with independent intellectual property through various modern biological means.	The Company has phytoextraction te- such as ultrasonic separation relying macroporous adso and biological ferm To enhance the pri functional active si the guidance of the "two maximizations"
By December 2021, Shanghai Jahwa	had
Functional active substances based medicines researched and develop	

Nearly **JUU** substances

Patents of natural active substances<sup>2</sup> applied for

81 applications, including 12 PCTs

Papers concerning natural active substances published

Over 60 papers

Shanghai Jahwa has made initial progress in natural plant ingredients. Thanks to the initial success, it has developed multiple brands with herbal and natural features, and launched a series of representative herbal and natural products.

1. The principle of "two maximizations" means that ingredients that have impact on formulas are removed to the greatest extent and active ingredients are retained at maximum by various technical means in phytoextraction process.

2. The natural active substances mentioned in the Report refer to natural active ingredients or substances, including but not limited to functional active substances or ingredients from Chinese herbal medicines, natural plants, natural fungi, etc.



#### ▷ Brands with Herbal and Natural Features of Shanghai Jahwa

#### Skin Care Brands

#### Representative Product: Herborist Tai Chi Skin Care Essence

「佰草集」 HERBORIST

Skincare Expert Driven by Advanced TCM R&D

玉泽

Validated by

Dermatologists, Guard

with Ingenuity

美加沙浄

maxam

Be Natural

Be Beautiful

Be You

With the concept of circadian clock technology winning the 2017 Nobel Prize, Shanghai Jahwa combines traditional Chinese beauty theories and research findings of herbal medicines with modern technology and process, and uses plant component hydrolase technology and plant cell culture technology to prepare greener and more efficient active substances, lindera aggregata essence and white peony essence. Herborist Tai Chi Skin Care Essence additionally contains these two kinds of essence, increasing the natural index of its formula to over 90%, and is free from any substances harmful to the skin such as alcohol, perfume, paraben preservatives.



Representative Product: Dr.Yu Skin Barrier Recovery Body Lotion

Dr.Yu cooperates with authoritative dermatologists of Ruijin Hospital to develop PBS skin barrier recovery technology (phyto-bionic sebum (PBS) technology). The brand selects multiple types of natural vegetable oil and adopts PBS in component, structure and blending ratio to recover skin barriers guickly, activate PPAR receptors and promote the automatic generation of ceramides in human skin. Hence, the brand functions to facilitate self-recovery of skin barriers and rebuilding of skin self-healing capacity. Its formula has the natural index<sup>1</sup> over 90%.



Representative Product: MAXAM Fermented Rice Revitalizing Micro Serum (Mi-racles)

Sticking to the concept of "Be natural, be beautiful, be you". MAXAM combines the extraordinary effects of ordinary natural materials discovered with modern technologies to realize burdenfree and more nutrient skin care effects so that every lady shows her fresh and natural beauty with gentle and amiable charm.

In the past 20 years, the fermented rice revitalizing and moisturizing series featuring natural rice fermentation has rolled out to provide ingenious care for the skin. After nourishing the skin with rice for 28 days, Chinese women using this product will enhance the young power of their skin, and awaken their extraordinary beauty.



1. The natural index is figured out in accordance with ISO 16128 1/2 Guidelines on Technical Definitions and Criteria for Natural and Organic Cosmetic Ingredients and Products issued by ISO/TC217 Cosmetics Standardization Committee. It is calculated by molecular weight, renewable carbon atom content, or other relevant methods. If the natural or organic source is more than 50%, the raw materials that have been chemically modified or biologically processed are called derivatives of natural or organic ingredients 2.Ditto1



Natural Power Refreshes You Representative Product: Liushen Extracting Shower Gel Series

This series stays committed to providing Chinese consumers with herbal care solutions to effectively solve personal care and skin care problems. Drawing inspiration from Chinese herbal wisdom, the Company develops the series by using active extracts from ginseng, wormwood leaves, and liquorice, and adding Liushen raw liquid to rejuvenate and moisturize the skin fully, maintain skin barriers, better the skin texture, and improve dryness, dull skin and other problems. It is gentle and easy to rinse



Nurture the Origins of Life with the Essence of Natural Giving

## Cream

Focusing on the tender and fragile skin barriers of babies, Giving selects natural "raw" ingredients suitable for babies in product series following the concept of "nurturing babies with natural materials". Giving Multi-effect Moisturizing Cream and Giving Hydrating and Moisturizing Cream select natural rice embryo essence containing multi-vitamin nutrients, and use natural and mild formulas to provide babies with milder and purer skin care experience.

#### Personal Care & Household Cleaning Brands



#### Representative Product: Giving Multi-effect Moisturizing



## Support Innovative R&D with Openness and Cooperation

As a national enterprise with a long history. Shanghai Jahwa has a number of well-known and time-honored brands such as VIVE. Liushen. and MAXAM. In pursuing excellence, the Company embraces innovation with an open mind, and create best products in a cooperative and innovative manner. It is innovation that contributes to the reputation of Shanghai Jahwa, and continuously endows its brands and products with vitality.

The Company has built an open scientific research network, and invited a number of industry experts, professional testing centers and research institutions to launch scientific research extensively and cooperatively at its Science and Technology Innovation Center to strengthen its innovation abilities. The researchers of the Company, taking consumers as centricity, has made unremitting efforts to deliver more effective, more comfortable, safer and healthier products jointly with experts and scholars from testing centers and research institutions. In 2021, the Company built ties with BASF, a global leading supplier of personal care raw materials, to provide consumers with more innovative and diverse experience.

In addition, the Company continued to deepen its cooperation with hospitals, universities and institutions to make more breakthroughs in the transformation of applied basic research findings, such as Ruijin Hospital Affiliated to Shanghai Jiao Tong University, Beijing Children's Hospital Affiliated to Capital Medical University, Shanghai Institute of Food and Drug Control, Huashan Hospital Affiliated to Fudan University, Shanghai Skin Disease Hospital, Shanghai Ninth People's Hospital Affiliated to the School of Medicine of Shanghai Jiao Tong University, Shanghai Children's Hospital, Shanghai Children's Medical Center Affiliated to the School of Medicine of Shanghai Jiao Tong University, West China Hospital of Sichuan University, Beijing Shunyi Women's and Children's Hospital, Children's Hospital of Chongging Medical University, and the Second Hospital of China Medical University, as well as Tsinghua University, East China Normal University, East China University of Science and Technology, the Technology Center of Shanghai Customs and Shanghai Municipal Center for Disease Control and Prevention.



#### Shanghai Jahwa joined hands with BASF to empower new domestic products with scientific and technological innovation.

On June 25, 2021, Shanghai Jahwa became the first domestic enterprise in China to establish a scientific and technological innovation partnership with BASF, a global leading chemical supplier, hoping that this long-term cooperation will speed up product R&D and innovation, and jointly develop technologies concerning new raw materials, natural ingredients and formulas to deliver more healthy products to consumers.

Shanghai Jahwa and BASF will conduct in-depth cooperation in sustainable development, modernization of Chinese herbal medicines, visualization of efficacy mechanisms, new efficacy, new dosage forms, and digital intelligent equipment.

#### Drive the Modernization of Traditional Chinese Medicine (TCM):

The progress of modern technologies taps new potential of modern Chinese herbal medicines in the beauty field. The modern R&D of Chinese herbal medicines not only depends on experience, but also science and technology. The later helps understand the working mechanisms of Chinese herbal medicines and visualize efficacy verification better. Relying on the expertise in the field of cosmetic raw materials and the global R&D and innovation network, BASF will provide exclusively-customized new raw materials and the latest formulation technology to help Shanghai Jahwa achieve the goal of TCM modernization.

#### Develop in-depth cooperation in the field of customized cosmetics:

Customized cosmetics have attracted much attention in the industry. It mainly aims to upgrade the "product-oriented" concept to the "consumer-centricity" one, and provide more personalized user experience based on customized products. Shanghai Jahwa and BASF will launch innovative cooperation in the fields of efficacy evaluation, working mechanism research and super-computer modeling of 3D skin cells to develop efficient and personalized products and skin experience suitable for Chinese consumers.

The combination of Shanghai Jahwa's deep understanding of Asian skin and BASF's leading 3D printing skin model technology that can simulate the state of human skin and even the microbial environment enables efficacy evaluation and verification of ingredients. Both sides make concerted efforts to seek beauty products applicable to Chinese consumers from the scientific perspective of working mechanism and find out efficacy of ingredients on different Asian skin types to deliver more suitable products to Chinese consumers.



# Protect Our Common Green Planet

Climate change has been among the most pressing issues in the 21st century. Global warming brings environmental change and affects human health and well-being globally. In today's world, sustainable production modes and lifestyles are of more importance than ever. Shanghai Jahwa has been aware of the importance of addressing environmental challenges and shouldering its environmental responsibilities. The Company has practiced responsible production mode to cut resource consumption, lessen pollution from plastics and protect forests and biodiversity. All these efforts are to safeguard our common green planet.

The Company incorporates the green concept into its products. In R&D and innovation process, it actively seeks overall solutions to reduce the impact of plastic packaging on the environment and pursue greener beauty. Moreover, it has all its employees, suppliers and other related parties keep the green concept in mind by organizing green concept promotion activities and practices sustainable development jointly with all parties to reduce environmental impact.

## Tackle Key Problems with Scientific Research and Pursue Greener Beauty

Plastic containers and other plastic products are quite common in our life as they are easy and durable to use. However if not disposed of properly, plastic waste will flow into lakes, oceans, forests or any other natural ecology, resulting in white pollution. As shown in the report titled From Pollution to Solution: A Global Assessment of Marine Litter and Plastic Pollution released by the United Nations Environment Programme in 2021, there are still about 75 million to 199 million tons of plastic waste in the ocean, accounting for 85% of the total weight of marine debris.

Moderate packaging will effectively reduce resource consumption and waste, and environmentally-friendly packaging materials will also effectively lessen the impact on the environment and ecology. It is crucial for Shanghai Jahwa to reduce the environmental footprint of packaging materials. In addition to putting forward the goal of sustainable packaging, Shanghai Jahwa has actively taken reduction and optimization measures at R&D level, regularly collected performance data of relevant indicators and analyzed the fulfillment of the goal for goal monitoring and tracking to facilitate the achievement of the goal.



## Work with Stakeholders to Minimize Environmental Impact

The Company knows well that it is everyone's responsibility to protect the earth. To this end, it strives to work with the stakeholders in sustainable development. The Company integrates green concepts and goals into routine work, and works out green and sustainable promotion plans. With various forms of sustainable development activities, it advocates green concepts among employees and suppliers so that they keep the enthusiasm themselves and drive all parties to jointly live a green and low-carbon life.

▷ 2021 Sustainable Development Activities of Shanghai Jahwa



March 12, 2021

On Chinese Arbor Day, the Company officially launched the promotion of energy culture in Kuayue Factory by planting trees to show its determination.



River Inspection by River Chiefs



Attaching Importance to Biodiversity

#### April 22, 2021

On World Earth Day, Shanghai Jahwa marked plants with nameplates to draw the attention of employees to biodiversity, and advocate harmonious coexistence between man and nature. It signals that Shanghai Jahwa is working to upgrade its smart and green factories to ecological ones.

#### March 22, 2021

On World Water Day (March 22), the river chiefs of Shanghai Jahwa inspected Qingpu River, advocating employees to pay attention to water protection.



ESG Brainstorming



#### June 2021

June 2021

Kuayue Factory

friendly light food" in

the Environmental

Health and Safety

to their own health

and pursue a green

Month to draw employees' attention

life.

proposed the

The Company held brainstorming sessions to step up ESG understanding, performance and awareness of employees, and promote ESG action plans.



#### November 2, 2021

The Company mounted a tour of sustainable development in Kuayue Factory to introduce LEED buildings, good energy management, and water management measures of the factory to employees.

Moreover, it organized various activities, such as re-creation of empty product bottles and making of special environmentfriendly bags to promote the concept of sustainable products.

## Co-build A Better Future

Shanghai Jahwa is committed to making positive impact on our homes and our society by fulfilling its corporate social responsibilities. Shanghai Jahwa cares for employees, gives back to society, and creates maximum value for employees and society while aiming to develop into a leader in the Chinese beauty and daily chemical industry.

To this end, the Company strives to create a warm and happy workplace for every employee. Besides, it actively participates in social public welfare, supports rural revitalization, and cares for every participant in social co-construction to contribute to a better future and common prosperity.

#### Create a Happy Workplace

Shanghai Jahwa treats all employees as family members. It makes efforts to grow together with them, and give them family-like care. It fosters an efficient, transparent and warm team atmosphere, and creates a warm and happy workplace for employees. In 2021, Shanghai Jahwa established an efficient growth platform, provided employees with smooth communication channels, and organized various forms of activities to better the workplace atmosphere and enhance the sense of identity and cohesion of employees.



Light Food Activity in the Environmental Health and Safety Month



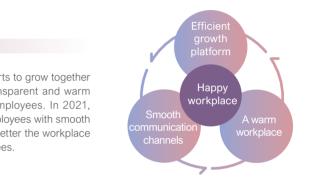
Low-carbon Activity Day

#### September 22, 2021

On World Car Free Day, the Company popularized the concepts of green travel and low-carbon life

activities.

- year;
- improve corporate cohesion.
- projects of the Company at the open platform.
- Company and communicate with employees sincerely throughout the country.



· Improve the abilities of employees and help them grow together with the Company by upgrading the topics and particulars of employee training courses and updating training forms.

· Foster a learning organization to enhance the overall cohesion of departments, and provide employees with more opportunities to expand their knowledge and communicate with each other through various forms of

• Hold birthday parties for employees with different themes regularly, and mount the Employee Family Day every

· Decorate the workplace and organize activities on festivals to create a warm workplace atmosphere and

• Establish an innovation feedback mechanism "Shanghai Jahwa Innovation Club", allowing the innovative suggestions of employees to be presented and implemented and promoting and rolling out the important

· Hold information communication and sharing meetings for all employees - online sharing meetings, without time and space limitations, to share the most authoritative policy interpretation, release the latest news of the

#### Employee Family Day, a Way to Integrate into the Community of Shanghai Jahwa

In 2021, the Company organized "2021 Employee Family Day of Shanghai Jahwa", inviting over 1,000 employees and their families. In the activity, the employees of Shanghai Jahwa and their children performed singing and dancing numbers, heightening atmosphere greatly. In the public welfare area, employees donated idle clothes and books actively to pass positive energy. The chairman, who is always enthusiastic about public welfare, sold handicrafts made by autistic children in the charity bazaar. The proceeds were donated for the rehabilitation of autistic children fully.

#### Management Training Program of Shanghai Jahwa to Develop Reserve Management Talents

For 51 excellent graduates recruited this year, the Company has designed a one-year management training program in both professional and management skills to help these graduates adapt to the workplace, improve their professional abilities, and explore and cultivate their management competence so that they grow into the management force of Shanghai Jahwa in the future. In 2021, the Company provided management trainees with 12 internal professional courses, 2 external professional courses, 5 online management courses and 2 offline management courses involving pyramid principle, transformation of new talents for excellent workplace, digital transformation, information-based exploration and marketing data analysis. By December 31, the Company arranged 3,600 hours of training courses totally, with 72 hours averaged for each management trainee.



The Company cares for all employees by extending greetings and sending gifts to them on traditional festivals, such as Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival. In 2021, the Company helped 10 employees in difficulty, visited and extended greetings to 300-odd employees who were sick in hospital or had childbirth, 59 employees who donated blood, 3 employees who suffered from serious disease, and over 6,600 employees during festivals.

## Contribute to Public Welfare

Adhering to the public welfare concept of "Born for Beauty, Strive for Goodness ", and remaining true to its original aspiration, Shanghai Jahwa assumes its social responsibilities actively to keep giving back to society while developing its business. It contributes to targeted poverty alleviation and rural revitalization, cares for every builder of Beautiful China, and helps the sound development of communities.

#### ▷ Our Public Welfare Priorities and Projects

#### Contribute to rural revitalization

The Company launched the "Exchange and Assistance Program for Students in Wenshan, Yunan". In the program, the Company donated 33,134 products to the Wenshan Rural Revitalization Bureau of Yunnan Province and the Central School of Zhuili Street to improve the health and growth environment of underprivileged youth and children.

#### pond to public emergencies actively

The Company donated nearly 60,000 products worth more than 1.03 million yuan to the floodaffected areas in Henan to meet the cleaning and hygiene needs of the affected people and facilitate effective disaster relief and epidemic prevention and control.

The Company donated products worth over 910,000 yuan to support the prevention and control of COVID-19 epidemic in Hebei and Jilin provinces with the help of China Youth Development Foundation.



#### Care for every builder of Beautiful China

Teaming up with the "No. 1 Loving" voluntary motorcade of *China Cosmetics Review*, the Company launched the activity of "Saluting Border Soldiers", donating 800 skin care products to frontier guards to solve and prevent skin problems caused by harsh weather conditions.

Caring for heroes in harm's way, the Company donated products including Liushen Floral Water, Herborist Mask, MAXAM Hand Cream to thousands of medical workers with the help of Shanghai Charity Foundation, extending holiday blessings and condolences to the lovely nurses and expressing respect to them.









#### "Friendship" with a Veteran lasting 67 Years

Mr. Zhang, 91 years old, is a veteran who fought in the Korean War. Since the end of the War in 1953, Mr. Zhang started the story of his friendship with Shanghai Jahwa as Shanghai Jahwa kept donating Youyi Cream to him and his comrades.

"After the end of the War, everyone in the camp was given a bottle of cream and I never expected that I would use it for nearly seventy years! Many people think I'm in my 60s, and I tell them that it is because I use Youyi Cream of Shanghai Jahwa every day for years."

-- Mr. Zhang, a Veteran of the Korean War

On the 70<sup>th</sup> anniversary of the Korean War, Shanghai Jahwa extended greetings to Mr. Zhang and thanked him for his contribution to defending the motherland and building a better China.



# Key Quantitative Performance Tables

#### Corporate Governance

#### Performance indicator

Number of directors in the Board of Directors

Number of male directors in the Board

Number of female directors in the Board

Number of completed corruption lawsuits filed against the issuer or its employees during the reporting period

Proportion of employees receiving anti-corruption training

#### Note:

[1] In 2019, two employees of the Company re-sold some of the Company's products after charge-off at cost prices by taking advantage of their positions to obtain illegal profits. After finding their crime clues, the compliance department of the Company triggered the internal compliance review process and reported the case timely. The People's Court of Hongkou District issued a criminal judgment of first instance in March 2020, determining that they committed the crime of embezzlement, and sentenced them to several years in prison, put them on probation and ordered them to return illicit money to the victim. Then the Company received the returned illicit money.

#### **Products and Services**

#### Performance indicator

Number of complaints received about products and services

Complaint handling rate

Sales volume of products that have been sold or shipped but have to b for safety and health reasons

Number of incidents related to the health and safety of products and se violating laws and regulations<sup>[1]</sup>

Total number of incidents related to marketing (including advertising, p and sponsorship) violating laws and regulations<sup>[2]</sup>

Total number of incidents violating laws and regulations on product and information and labeling and voluntary guidelines<sup>[3]</sup>

Total number of incidents related to customer privacy violating laws an regulations

#### Not

[1] In 2019, Shanghai Jahwa United Co., Ltd. was given a warning by the Hongkou District Health Commission for violating the Nursing Regulations. After receiving the punishment, the Company made rectification timely.

In 2020, the Tibet South Road Branch of Shanghai Herborist Hanfang SPA Service Co., Ltd., as a public place subject to administration, was fined 2,100 yuan by the Huangpu District Health Commission for violating the *Shanghai Municipal Measures for the Prevention and Control of Infectious Diseases*. The Longhua Middle Road Branch of Shanghai Herborist Hanfang SPA Service Co., Ltd. was fined 4,963.5 yuan by the Market Supervision and Administration of Shanghai Xuhui District for importing or selling imported cosmetics that were neither approved nor inspected and these cosmetics in question were confiscated by the Administration. After receiving the punishment, the Company made rectification timely. [2] In 2019, Shanghai Jahwa E-Commerce Co., Ltd. committed violations in marketing for four times, and was fined 480,000 yuan cumulatively by the Market Supervision and Administration of Hongkou District. After receiving the punishment, the Company made rectification timely. In 2020, Changsha (Shanghai) Jahwa Sales Co., Ltd. was fined 50,000 yuan by the Market Supervision and Administration of Xiangyin County for misleading commercial promotion. After receiving the punishment, the Company made rectification timely.

After receiving the punishment, the Company made rectification timely. [3] In 2020, the Fangdian Road Branch of Shanghai Herborist Beauty Investment Management Co., Ltd. was fined 20,019.6 yuan by the Market Supervision and Administration of Shanghai Pudong New Area for violating the relevant regulations on the labeling of products or their packaging, and was ordered to correct by the Administration. After receiving the punishment, the Company made rectification timely.

	Unit	2021	2020	2019
	No. of ppl	7	7	7
	No. of ppl	6	7	6
	No. of ppl	1	0	1
6	case	0	1 <sup>[1]</sup>	0
	%	100	100	100

	Unit	2021	2020	2019
	case	627	694	422
	%	100	100	100
be recalled	10,000 yuan	0	0	0
services	case	0	2	1
promotion	case	0	1	4
nd service	case	0	1	0
nd	case	0	0	0

## Employees

Performance indicator	Unit	2021	2020	2019
Employee recruitment				
Total number of employees <sup>[1]</sup>	No. of ppl	4,482	4,484	5,044
Number of male employees	No. of ppl	998	965	1,002
Number of female employees	No. of ppl	3,484	3,519	4,042
Number of employees under the age of 30	No. of ppl	510	336	308
Number of employees aged 30 to 50	No. of ppl	3,514	3,557	3,907
Number of employees over the age of 50	No. of ppl	458	591	829
Number of employees working in Chinese Mainland	No. of ppl	4,480	4,482	5,042
Number of employees working in Hong Kong, Macau and Taiwan (China), and overseas	No. of ppl	2	2	2
Number of grassroots employees	No. of ppl	4,388	4,395	4,966
Number of middle management employees	No. of ppl	84	78	68
Number of senior management employees	No. of ppl	10	11	10
Total number of new employees <sup>[2]</sup>	No. of ppl	506	357	543
Number of new male employees	No. of ppl	107	89	99
Number of new female employees	No. of ppl	399	268	444
Number of new employees under the age of 30	No. of ppl	164	75	92
Number of new employees aged 30 to 50	No. of ppl	333	266	420
Number of new employees over the age of 50	No. of ppl	9	16	31
Number of new employees in Chinese Mainland	No. of ppl	506	357	543
Number of new employees in Hong Kong, Macau and Taiwan (China), and overseas	No. of ppl	0	0	0

Perform	ance indicator
Protect	ion of employee rights and interests
Number	of employees who died caused by work injuries
Proporti	on of employees who died caused by work injuries
Working	days lost due to work injuries
Number	of labor dispute cases
	of penalties for violations of employee employment or laws and regulations
	of penalties for violations of occupational health and ws and regulations
Human	capital development
Employe	ee turnover rate <sup>[3]</sup>
Turnove	r rate of male employees
Turnove	r rate of female employees
Proporti	on of R&D employees
Number	of employees receiving training <sup>[4]</sup>

Notes: [1] Employees refer to all employees with full-time labor contracts, excluding those of Tommee Tippee. [2] In 2021, the number of new employees increased significantly compared with that in 2020 mainly due to digital empowerment and e-commerce business development of the Company, and expanded recruitment scale to improve the talent structure of the Company. [3] Calculation of employee turnover rate: employee turnover rate = the number of employees lost during the year/the total number of employees retained at the end of the year \* 100%.

101%. [4] The statistics of employee training only include the data of employees with full-time labor contracts at the parent company Shanghai Jahwa United Co., Ltd. and Qingpu Branch, excluding that of subsidiaries. In 2021, the number of employees receiving training increased significantly because some training courses were suspended in 2020 due to epidemic and resumed in 2021. In addition, the human resources department of the Company upgraded the training system in 2021 by carrying out a number of management training programs and professional improvement training programs.

Unit	2021	2020	2019
No. of ppl	0	0	0
%	0	0	0
Day	0	0	0
case	0	0	0
case	0	0	0
case	0	0	0
%	12.90	16.32	12.67
%	11.32	11.61	7.49
%	13.35	17.62	13.95
%	4.73	4.57	4.66
person-time	16,402	9,498	1,138

## Information Security Management

Performance indicator	Unit	2021	2020	2019
Number of incidents violating laws and regulations in information security	case	0	0	0
Frequency of training and evaluation in personal information security	times	2	_[1]	-
Number of participants taking part in training and evaluation of personal information security	No. of ppl	2	-	-
Number of people who receive training and pass exam in personal information security	No. of ppl	2	-	-
Frequency of training in personal information security employees receive	times	2	3	0
Number of employees covered by training in personal information security	No. of ppl	200	300	0

[1] Training and evaluation in personal information security was a new task in 2021, and there was no related data for 2019 and 2020.

## Supplier Management

Performance indicator	Unit	2021	2020	2019
Total number of suppliers	No.	188	179	187
Number of suppliers in Chinese mainland	No.	188	179	187
Number of suppliers in Hong Kong, Macao and Taiwan (China), and overseas	No.	0	0	0
Proportion of suppliers that have received evaluation on environment, labor and ethics	%	100	100	100
Proportion of suppliers that have passed evaluation on environment, labor and ethics	%	100	100	100

## Social Welfare<sup>[1]</sup>

Performance indicator	Unit	2021
Amount invested in community public welfare	10,000 yuan	734.98
Amount donated in charity activities	10,000 yuan	60.00
Social contribution value per share <sup>[2]</sup>	Yuan	3.52
Number of people receiving help in social activities for public good	No. of ppl	59,314

[1] The Company started collecting social welfare investment data since 2021, and there was no data for 2019 and 2020.
 [2] Social contribution value per share = (net profit + tax paid to the state + salary paid to employees + loan interest paid to creditors such as banks + donation amount and other value created for other stakeholders - other social costs arising from environmental pollution and other factors)/total shares of the Company.

## Environment<sup>[1]</sup>

Performance indicator

Number of penalties for violations of environmental protection laws and regulations	
Total exhaust gas emissions	
Total waste water discharge	
Industrial waste water discharge	
Chemical oxygen demand (COD) emissions (in waste water)	
Ammonia nitrogen (NH3-N) emissions (in waste water)	
Total non-hazardous waste generated	
Total hazardous waste generated	
Total non-methane hydrocarbon emissions <sup>[2]</sup>	
Total power consumption	
Gasoline consumption of self-owned vehicles	
Diesel consumption of self-owned vehicles	
Total natural gas consumption	
Total steam consumption	
Comprehensive energy consumption	Ton of standa
Greenhouse gas emissions in Scope 1 <sup>[3]</sup>	Ton of dioxide eq
Greenhouse gas emissions in Scope 2 <sup>[4]</sup>	Ton of dioxide eq
Total greenhouse gas emissions <sup>[5]</sup>	Ton of dioxide eq
	Ton of
Greenhouse gas emissions per 10,000 products	equivalent/ p
Total water consumption	
Total recycled water consumption	
Proportion of recycled and reused water consumption in total water consumption	

Notes:

[1] Disclosure scope of environmental performance data: data from the corporate headquarters, R&D offices, Kuayue Factory, Hainan Factory, Hanli Factory and Jahwa Biotechnology, excluding Tommee Tippee and subsidiaries with investment and sales management as main business. In December 2021, the Company set up a new location in Shuangshihui Building, with little environmental data generated. Hence, the data of this location was not included in the statistics. The existing location, Shangpu Center, was put to an end and its data was still included in the statistics of 2021. The environmental data of the headquarters and R&D offices is estimated based on the property management cost data. [2] The total non-methane hydrocarbon emissions decreased for two consecutive years in 2020 and 2021 mainly because the printing volume in Hanli Factory reduced in 2020; the [2] The total non-internate hydrocarbon emissions decreased in two consective years in 2020 and 20 [5] Greenhouse gas emissions in Scope 2 come from the consumption of power purchased by the Company. The calculation formula and the emission factor are subject to the *Guidelines for Reporting Key Environmental Performance Indicators* issued by Hong Kong Stock Exchange on May 28, 2021. The emission factor of the State Grid of China published in the above Guidelines is 0.6101 kg CO2/kWh [Data source: the Ministry of Ecology and Environment of the People's Republic of China (2019)] [6] Greenhouse gas emissions include emissions in Scope 1 and Scope 2.

[7] Compared with 2020 and 2019, the total quantity of the recycled water consumed by the Company increased in 2021 mainly because Kuayue Factory adopted the reuse process of reclaimed water.

Unit	2021	2020	2019
case	0	0	0
m <sub>3</sub>	132,019,046	108,530,500	132,572,500
m <sub>3</sub>	192,148.10	172,829.90	183,731.30
m <sub>3</sub>	178,808.00	159,680.00	166,581.00
Ton	3.04	2.70	3.16
Ton	0.02	0.02	0.04
Ton	1,507.79	1,365.12	1,884.75
Ton	137.28	125.68	194.58
kg	176.16	872.44	1,538.00
MWh	17,286.88	16,089.99	17,367.45
L	12,553.66	13,271.01	13,952.55
L	51,304.96	43,944.25	46,300.06
m <sub>3</sub>	65,301.00	29,870.00	90,466.00
MWh	18,528.00	15,594.00	15,492.00
standard coal	4,837.65	4,198.93	4,318.39
Ton of carbon ide equivalent	317.60	222.43	361.99
Ton of carbon ide equivalent	14,632.46	13,256.01	14,013.58
Ton of carbon ide equivalent	14,950.05	13,478.44	14,375.57
Ton of carbon dioxide valent/10,000 products	0.2267	0.2163	0.2405
m <sub>3</sub>	280,898.00	251,255.00	284,528.00
m <sub>3</sub>	70,888.90 <sup>[7]</sup>	25,524.80	22,630.30
%	25.24	10.16	7.95

# Honors

#### **Corporate Awards**

- Tmall Beauty Awards · The Most Growing Group in 2021
- Shanghai Institute of Corporate Culture and Brand, the School of Management of Fudan University, and Shanghai Federation of Industrial Economics jointly released the Shanghai Manufacturing Brand Value List (TOP 50) - the only enterprise in the beauty industry included in the List

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- The Third Shanghai Intellectual Property Innovation Awards jointly sponsored by Shanghai Municipal People's Government and the World Intellectual Property Organization (WIPO)
- One of Annual Top 100 Fashion Retailers in China for the third time titled by the China Chain Store & Franchise Association (CCFA)
- One of the Top 100 Shanghai Private Enterprises 2021 titled by Shanghai Commercial Association
- One of the Top 100 Shanghai Manufacturers 2021 titled by Shanghai Commercial Association
- One of the Top 100 Shanghai Private Manufacturers 2021 titled by Shanghai Commercial Association
- Annual Excellent Enterprise for Public Relation titled by China Investment Network
- Annual Outstanding Brand Award of Listed Company granted by China Times
- Excellent Digital Logistics and Supply Chain Innovation Enterprise titled by the Economic Observer
- Annual Corporate Management Action Award granted by the Business Review
- The Best Corporate Image Film "Dedicated to Beauty" of Shanghai Jahwa titled by Operator Finance Network
- ♦ 36 Kr · Enterprise Digital Innovation Case in 2021

#### **Corporate Governance Honors**

- 2020 Annual Report Performance Briefing "Best Practice Case" of Listed Companies titled by China Association of Public Companies
- Annual Excellent Board of Directors titled by the Chinese Securities Journal
- Annual Consumer Company with the Most Investment Value titled by China Investment Network
- Listed Company with the Most Investment Value in China's New Economy titled by CaiLianShe (CLS)
- [Gold Medal Award] Annual Corporate Leader granted by Jiemian
- Gold Medal Award] Annual Secretary of the Board of Directors granted by Jiemian
- The Best Chairman granted by the National Business Daily
- The Best Secretary of the Board of Directors for the Listed Company in the Main Board Market granted by the National Business Daily

#### **Corporate Social Responsibility Honors**

- CRO Chief Responsibility Officer granted by the Good Business Research Center of the National Business Daily
- Grade A rated by Wind ESG The Fourth Place of the Daily Consumption Field
- 2021 Excellent Social Responsibility Enterprise titled by China Investment Network
- 2021 ESG Green Company Star titled by China Investment Network
- Public Welfare Development Star titled by China Cleaning Industry Association
- Green Development Star titled by China Cleaning Industry Association
- One of Top Three in the Daily Chemical Industry 2021 China Corporate Social Responsibility Development Index titled by the Chinese Academy of Social Sciences

#### Brand Honors

#### Herborist

- The Favorite List of Rayli Trend Awards · Annual Extraordinary Repairing Facial Cream Tai Chi Skin Care Cream VIVI-COSME AWARDS · The Favorite Toner List - Tai Chi Skin Care Essence
- OK! Magazing Awards · The Most Anticipated Essence Advanced Whitening Anti-spot Serum

#### Dr.Yu

- 2021 Annual Potential Brand of China's New Consumption titled by YICAI and CBNData
- TMIC Tmall New Product Innovation Award Dr.Yu "Intensive Hydrating and Activating Essence" granted by Tmall Innovation Center (TMIC)
- China Cosmetics G20 Brand Award
- 2021 Meiyi Awards TOP · Skincare Recovery Lotion Award Dr.Yu Skin Barrier Recovery Essence Lotion
- 2021 China Cosmetics Bluerose Awards · The Most Competitive Brand

#### Herborist Derma

- 2021 Recommended Brand of Annual Cosmetics Report
- Nicotinamide Brightening Essence
- ♦ 2021 Watsons HWB Health and Beauty Awards Ceremony · The Best Brand Award





♦ 2021 Watsons HWB Health and Beauty Awards Ceremony · Annual Must-try Product Award - Herborist Derma

🖕 2021 Meiyi Awards Fashion · Skincare Recovery Essence - Herborist Derma Polypeptide Firming Anti-Wrinkle Essence

#### **Brand Honors**

#### MAXAM

- 2021 Rayli Trend Awards · Annual Anti-aging Essence MAXAM Fermented Rice Revitalizing Micro Serum
- 2021 FMCG TOP List · 2021 Potential Stars MAXAM Multi-effect Deep Moisturizing and Recovery Hand Cream

#### Liushen

• One of Top Three Shower Gel Products in China's Cosmetics Brands and Sub-brands

2021 GMTIC Annual Effect Marketing Award · Bronze Award - "Daily Intimate Wash"

• 2021 Favorite Product for Online Shopping - Femfresh Caring Lotion

#### GF

• One of Top Three Men's Skincare Products in China's Cosmetics Brands and Sub-brands 2021 Watsons HWB Health and Beauty Awards Ceremony · Annual Must-try Product Av and Oil Control Cleanser • 2021 Watsons HWB Health and Beauty Awards Ceremony · The Favorite Product Award 2021 Meiyi Awards TOP · Men's Skin Care Award - GF Intensive Oil-Balance Volcanic Mu Giving • Tmall V List · Baby Cleaning and Care V List - Giving Multi-effect Moisturizing Cream 2021 Watsons HWB Health and Beauty Awards Ceremony · Popular Maternal and C Giving Baby Cream + Body Lotion Cherry Awards · The Best Product Performance Award of 2021 - Giving Soothing Cream Baby Tree · 2021 Ingenious Award - Giving Baby Multi-Effect Moisturizing Cream Baby Tree · 2021 Professional Award with Public Praise - Giving Baby Soothing Cream **Tommee Tippee** • 2021 Mama.com Reputation List of Maternal and Child Brands · Baby Category - Selecter • 2021 ci123.com Quality Product List · Annual Popular Feeding Product for Babies Batiste • 2021 GMTIC Annual Content Marketing · Silver Award - "Oil Control for Fluffy and Stylish Femfresh ● 2021 Watsons HWB Health and Beauty Awards Ceremony · Popular Female Care Pi

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# Appendix

## Benchmarking Index Table

Guidelines of Shanghai Stock Exchange on Self-discipline Supervision of Listed Companies - No. 1 Document: Standard-based Operation 2022

		f Shanghai Stock Exchange on Self-discipline Supervision of mpanies - No. 1 Document: Standard-based Operation>	Chapters	
	No.	Main Content	enquere	
GF Moisturizing	8.1	Stakeholder Communication and Social Responsibility Practice	Communication with Stakeholders and Analysis of Material Topics	
-	8.2	Abide by Business Ethics and Anti-unfair Competition	Anti-corruption Anti-unfair Competition	
nser	8.3	Social Responsibility Management and Strategic Planning	Our Contribution to Sustainable Development	
	8.4	Social Contribution Per Share	Key Quantitative Performance Tables	
	8.5	Social Responsibility Report Disclosure Subject and Public Disclosure	ESG Governance Framework	
are Products -	8.6	Scope of Social Responsibility Report	Report Preparation Instructions	
	8.7	Employee rights protection	Responsibilities for Employees Co-build A Better Future	
	8.8	Environmental Management Policy	Responsibilities for the Environment Protect Our Common Green Planet	
nt Award	8.9	Environmental Management Performance	Responsibilities for the Environment Key Quantitative Performance Tables	
	8.10	Environmental Impact	Not Involving	
	8.11	Environmental Rectification	Environmental Management	
	8.12	Discharge and Emergency Management of Key Pollutant Discharging Units	Environmental Management	
Femfresh Female	8.13	Production and Product Safety Assurance	Product Innovation and R&D Product Quality Control create the best health and beauty products and services	
	8.14	Employment Management, Occupational Health and Safety, Employee Training	Responsibilities for Employees Create a Happy Workplace	
	8.15	Scientific Ethics	Product Innovation and R&D Tackle Key Problems with Scientific Research and Pursue Greener Beauty	

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## Index Chart of GRI <Sustainability Reporting Standards>

Sustainability Reporting Standards Index	Chapters	Sustainability Reporting Standards Index	Chapters
GRI 102: General Disclos	ures	102-40	Communication with Stakeholders
Organizational profile		102-42	Communication with Stakeholders
102-1	Our General Information	102-43	Communication with Stakeholders
102-2	Our General Information	102-44	Communication with Stakeholders
102-3	Our General Information	Reporting practice	
102-4	Our General Information	102-45	Report Preparation Instructions
102-5	Our General Information	102-46	Analysis of Material Topics
102-6	Our General Information	102-47	Analysis of Material Topics
102-7	Our General Information	102-50	Report Preparation Instructions
102-8	Our General Information	102-52	Report Preparation Instructions
102-11	Our General Information	102-53	Report Preparation Instructions
Strategy		102-54	Report Preparation Instructions
102-14	Message from the Chairman	102-55	Index Chart of GRI <sustainability Reporting Standards&gt;</sustainability 
102-15	Message from the Chairman	Economic	Neporting Standards>
Ethics and integrity		GRI 203: Indirect Econom	ic Impacto
102-16	Our General Information	203-1	Our General Information
102-17	Our General Information	GRI 204: Procurement Pra	
Governance		GRI 204. Procurement Pro	
102-18	Corporate Governance Framework	204-1	Key Quantitative Performance Tables
102-19	Corporate Governance Framework	GRI 205: Anti-corruption	
102-20	ESG Governance Framework	205-2	Anti-corruption
102-21	Communication with Stakeholders	205-3	Anti-corruption
102-22	Corporate Governance Framework	Environmental	
102-26	Corporate Governance Framework	GRI 103: Management Ap	pproach 2016
102-29	Analysis of Material Topics		

Sustainability Reporting Standards Index	Chapters
103-1	
103-2	Responsibilities for the Environment
103-3	
GRI 302: Energy	
302-1	Key Quantitative Performance Tables
302-3	Key Quantitative Performance Tables
GRI 303: Water 2016	
303-1	Key Quantitative Performance Tables
303-2	Key Quantitative Performance Tables
303-3	Environmental Management Key Quantitative Performance Tables
GRI 305: Emissions 2016	
305-1	Key Quantitative Performance Tables
305-2	Key Quantitative Performance Tables
GRI 306: Effluents and Wa	aste 2016
306-1	Key Quantitative Performance Tables
306-2	Key Quantitative Performance Tables
GRI 307: Environmental C	ompliance 2016
307-1	Environmental Management
GRI 308: Supplier Environ	mental Assessment 2016
308-1	Responsibilities for the Supply Chain
Social	

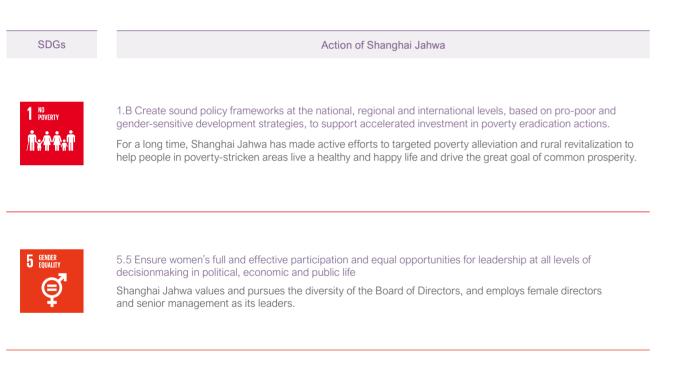
Stakeholder engagement

Sustainability Reporting Standards Index	Chapters		
GRI 103: Management Approach 2016			
103-1	Responsibilities for Employees		
103-2	Responsibilities for the Supply Chain Responsibilities for Products and		
103-3	Customers		
GRI 401: Employment 2016			
401-1	Key Quantitative Performance Tables		
401-2	Employee Rights and Benifits		
GRI 403: Occupational Health and Safety 2016			
403-2	Key Quantitative Performance Tables		
403-3	Occupational Health and Safety Key Quantitative Performance Tables		
GRI 404: Training and Education 2016			
404-1	Key Quantitative Performance Tables		
404-2	Employee Training and Development		
404-3	Key Quantitative Performance Tables		
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Employee Rights and Benifits		
GRI 414: Supplier Social Assessment 2016			
414-1	Responsibilities for the Supply Chain		
GRI 416: Customer Health Safety 2016			
416-2	Product Quality Control		
GRI 418: Customer Privacy 2016			
418-1	Key Quantitative Performance Tables		

#### Contribute to Global Sustainable Development Goals

The 193 member states of the United Nations adopted the 2030 Agenda for Sustainable Development in 2015, covering 17 Sustainable Development Goals (SDGs) and 169 targets. These goals and targets involve in economic, social and environmental dimensions of sustainable development. They work to eradicate poverty, hunger and inequality, enhance the rights of women and girls, build peaceful, fair and inclusive societies, and protect the planet and its natural resources.

Based on the sustainable development model and medium and long-term strategic plans, the Company will contribute to the following SDGs: Goal 1 (No poverty), Goal 6 (Clean water and sanitation), Goal 8 (Decent work and economic growth), Goal 12 (Responsible consumption and production), Goal 13 (Climate action) and Goal 14 (Life below water).





Goal 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable consumption and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

During production and operation, Shanghai Jahwa takes measures, such as water saving and recycling, to significantly improve the use efficiency of water.









8.5 By 2030, reach full and productive employment and decent work for all women and men, including for the young and persons with disabilities, and equal pay for work of equal value.

Shanghai Jahwa creates a warm workplace culture, protects the rights and interests of employees, and provides an equal and open career platform, a diversified growth platform and unblocked communication channels.

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment in accordance with agreed international frameworks.

Shanghai Jahwa provides consumers with safer, healthier and greener products and services through R&D innovation and responsible production.

12.5 By 2030, significantly reduce waste generation through prevention, reduction, recycling and reuse

Following the 3R principle of "reduction, reuse and recycle", Shanghai Jahwa takes measures to reduce waste emissions.



13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

With green design and green manufacturing, Shanghai Jahwa supplies green products and promotes green and low-carbon value chain, driving the realization of the carbon neutrality goal.



14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

Shanghai Jahwa takes packaging reducing and optimizing measures, and selects environmentally-friendly packaging materials to replace plastic packaging. We reduce waste by process optimization and other measures in the production process. And it cuts marine pollution from land-based activities by reducing plastics and waste.

#### Action of Shanghai Jahwa

## **Report Preparation Instructions**

The 2021 Environmental, Social and Governance (ESG) Report of Shanghai Jahwa (hereinafter referred to as the "Report") is the sixth ESG report issued by Shanghai Jahwa United Co., Ltd. The Report clarifies the principles and performance in fulfilling corporate social responsibilities in 2021, and the sustainable development issues related to the environment and society that are concerns of important stakeholders.

#### **Preparation References**

The Report is prepared in accordance with the 2022 edition of the *Guidelines of Shanghai Stock Exchange on Self-discipline Supervision* of Listed Companies - No. 1 Document: Standard-based Operation released by Shanghai Stock Exchange, and with reference to the *Guidelines for the Content and Form of Information Disclosure by Companies Publicly Offering Securities - No. 2 Document: Content and Form of Annual Reports (Revised in 2021)* issued by the China Securities Regulatory Commission, and to the *Sustainability Reporting Standards* (2016) released by Global Reporting Initiative (GRI).

#### **Reporting Principles**

The Report defines the content referring to the principles of stakeholder inclusiveness, sustainable development background, materiality and integrity in the *Sustainability Reporting Standards* of GRI, and improves the quality referring to the following principles for defining report quality:

#### Accuracy

The Report states the calculation basis and assumptions for information and data provided, and the basic assumptions on which the estimation is based.

#### Clarity

The Report is published in Simplified Chinese and English, and provides index tables of benchmarking and professional terms for stakeholders to understand the information better.

#### Reliability

The data and cases in the Report come from the original records or financial reports of the actual operation of the Company. The Board of Directors guarantees that the Report has no false records, misunderstanding statements or major omissions.

#### Balance

The Report reflects objective facts, and discloses indicators involving positive and negative information.

#### Comparability

The Report discloses key quantitative performance indicators, interprets the meaning of indicators, and explains the calculation basis and assumptions. Besides, indicators are used in different reporting periods as consistent as possible to reflect performance trends.

#### Timeliness

The Report is an annual report from January 1, 2021 to December 31, 2021, and will be published as soon as possible after the end of the reporting year.

#### **Report Scope**

Time frame: The Report is an annual report and ranges from January 1, 2021 to December 31, 2021. Some information is outside this range and is stated at the corresponding information.

Scope of organizations: The Report covers Shanghai Jahwa United Co., Ltd. and its subsidiaries which are consistent with the entities coverd in annual report consolidated financial statements. The statistical scope of some data diffes from above scope, which is explained in the data section.

The Report covers the following entities:

## Company name

Shanghai Jahwa Industrial Management Co., Ltd.	
Shanghai Jahwa Biotechnology Co., Ltd.	
Shanghai Hanli Paper Co., Ltd.	
Shanghai Herborist Beauty Investment Management Co., Ltd.	
Shanghai Herborist Hanfang SPA Service Co., Ltd.	
Chengdu Shanghai Jahwa Sales Co., Ltd.	
Huamei Jahwa Cosmetics Co., Ltd. of Shanghai Jahwa	
Shanghai Herborist Cosmetics Co., Ltd.	
Beijing Herborist Cosmetics Co., Ltd.	
Shanghai Jahwa Sales Co., Ltd.	
Hainan Linbi Beverage Co., Ltd.	
Dalian Shanghai Jahwa Sales Co., Ltd.	
Chengdu Shanghai Jahwa Sales Co., Ltd.	
Harbin Shanghai Jahwa Sales Co., Ltd.	
Zhengzhou Shanghai Jahwa Sales Co., Ltd.	
Suzhou Shanghai Jahwa Sales Co., Ltd.	
Tianjin Shanghai Jahwa Sales Co., Ltd.	
Beijing Shanghai Jahwa Sales Co., Ltd.	
Qingdao Shanghai Jahwa Sales Co., Ltd.	
Xiamen Shanghai Jahwa Sales Co., Ltd.	
Hangzhou Shanghai Jahwa Sales Co., Ltd.	
Nanchang Shanghai Jahwa Sales Co., Ltd.	
Wuhan Shanghai Jahwa Sales Co., Ltd.	
Hefei Shanghai Jahwa Sales Co., Ltd.	
Shaanxi Shanghai Jahwa Sales Co., Ltd.	
Jinan Shanghai Jahwa Sales Co., Ltd.	
Nanjing Shanghai Jahwa Sales Co., Ltd.	
Guangzhou Shanghai Jahwa Sales Co., Ltd.	
Xinjiang Shanghai Jahwa Sales Co., Ltd.	
Fuzhou Jahwa Sales Co., Ltd.	
Jahwa Economic and Trade Co., Ltd. in Ningbo Economic and	

Jahwa Economic and Trade Co., Ltd. in Ningbo Economic and Technological Development Zone

Changsha (Shanghai) Jahwa Sales Co., Ltd. Shanghai Linbi Beverage Sales Co., Ltd. Shanghai Jahwa E-Commerce Co., Ltd. Shanghai Jahwa Huamei Science and Technology Co., Ltd. Shanghai Jahwa International Trading Co., Ltd.		
Shanghai Jahwa E-Commerce Co., Ltd. Shanghai Jahwa Huamei Science and Technology Co., Ltd.		
Shanghai Jahwa Huamei Science and Technology Co., Ltd.		
Shanghai Jahwa International Trading Co., Ltd.		
Shanghai Jahwa Trading Co., Ltd.		
Shanghai Jahwa Commercial Sales Co., Ltd.		
Shanghai Jahwa Hainan Daily Chemicals Co., Ltd.		
Shanghai Jahwa Pharmaceutical Science and Technology Co., Ltd.		
Shanghai GF Cosmetics Co., Ltd.		
Shanghai Jahwa Hongyuan Cultural Communication Co., Ltd.		
Shanghai Jahwa Cosmetics Sales Co., Ltd.		
Shanghai Jahwa Brand Management Co., Ltd.		
Jahwa International Investment Company Limited		
Hong Kong Herbal Laboratory Company Limited		
Jahwa-Herborist Europe		
Abundant Merit Limited		
Cayman A2, Ltd.		
Financial Wisdom Global Limited		
Glamour Time Limited		
Success Bidco 2 Limited		
Jake Holdings Limited		
Jake Investment Limited		
Jake Nominees Limited		
Jake Acquisitions Limited		
Mayborn Group Limited		
Mayborn (UK) Limited		
Sangenic International Limited		
Product Marketing Mayborn Limited		
Jackel China Limited		

Company name	Company name
PMM China Limited	Gro-Group International Ltd
Jackel International China Limited	Gro Company Australia Pty Ltd
Mayborn USA Inc	Mayborn Gro (Shenzhen) Trading Co., Ltd.
Mayborn ANZ PTY Limited	Tommee Tippee Limited
Mayborn France SARL	Mayborn Canada Inc.
Mayborn Morocco SARL	Tommee Tippee Americas LLC
Mayborn Italy S.R.L	Mayborn Deutschland GmbH
Steri-bottle UK Ltd	
Kindertec Limited	
Gro-Group Holdings Ltd	

The abbreviations in the Report are defined as follows:

Abbreviation	Definition
Shanghai Jahwa, the Company, we/us	Shanghai Jahwa United Co., Ltd.
Kuayue Factory, Qingpu Branch	Qingpu Branch of Shanghai Jahwa United Co., Ltd. is a production site of the Company located in Qingpu District, Shanghai.
Hainan Factory	Shanghai Jahwa Hainan Daily Chemicals Co., Ltd. is a subsidiary of Shanghai Jahwa.
Hanli Factory	Shanghai Hanli Paper Co., Ltd. is a subsidiary of Shanghai Jahwa Industrial Management Co., Ltd.
Jahwa Biotechnology	Shanghai Jahwa Biotechnology Co., Ltd. is a subsidiary of Shanghai Jahwa Industrial Management Co., Ltd.
Tommee Tippee	It includes Mayborn Group Limited and its subsidiaries, and it is a subsidiary of Abundant Merit Limited.

#### **Data Interpretation**

Gro-Group Ltd

The data and cases in the Report are taken from the original records or financial reports of the actual operation of the Company.

#### **Reliability Guarantee**

The Board of Directors guarantees that the Report has no false records, misunderstanding statements or major omissions.

#### Contact us

For inquiries related to the Report or ESG governance of Shanghai Jahwa, please contact us by the following ways. Address: ESG Committee, Shanghai Jahwa United Co., Ltd., Floor 12, Block A, No. 399 East Changzhi Road, Hongkou District, Shanghai Tel.: 021-35907000-9474 Email: jahwapr@jahwa.com.cn

# Jahwa上海家化

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