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1898-2023



2022

Environmental, Social and
Governance (ESG) Report

Shanghai Jahwa United Co., Ltd.

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Message from Chairman

The year of 2022 witnessed not only numerous memorable moments but also many uncertainties. The intensified international conflicts exacerbated the energy and food crisis; and the extreme high temperature swept across the Northern Hemisphere in summer, reminding us that climate change is not a concept far away, but a fact affecting our daily life. We urgently demand the development of a community with a shared future for mankind. The report to the 20th National Congress of the Communist Party of China stated “Adhere to high-quality development, uphold and act on the principle that lucid waters and lush mountains are invaluable assets, accelerate green transformation, and advance carbon peaking and carbon neutrality actively and steadily.” Such statements put forward new requirements and point out the new direction for the ESG development of Chinese enterprises.

Until 2023, the 125th anniversary of the Company, Shanghai Jahwa has accompanied Chinese consumers across three centuries. In this sense, Shanghai Jahwa itself has become the best proof of its sustainable development. The long-termism of Shanghai Jahwa is attributable to the Company’s exploration of long-term governance, reflection on the relationship between the Company and society as well as the improvement of the Company-environment relations. The efforts of all generations of Shanghai Jahwa members and the spirit they have imparted and inherited are consistent with the principles of modern ESG management.

As a benchmark enterprise in the Chinese beauty and personal care industry, Shanghai Jahwa shoulders important missions, and, therefore, has taken the lead in the industry to introduce the ESG management model, release carbon peaking and carbon neutrality goals and publish the ESG report for three consecutive years. In 2022, our ESG efforts were highly regarded and recognized by external agencies. MSCI, an internationally renowned index compiling company,

raised the ESG rating of Shanghai Jahwa from CCC to BBB, hitting the all-time high. In the ESG rating by a well-known financial data institution Wind, our rating has climbed from A to AA, topping the domestic beauty and personal care industry. In addition, we have won such authoritative ESG awards as the Golden Cicada Award and YOUNG 100.

In the environmental dimension, we continued to refine our environmental management in 2022 to achieve the carbon peaking and neutrality goals. At the Kua Yue Factory, we adopted clean energy and equipped PV power generation equipment, aiming to reduce energy consumption during the production. As for the logistics, the “Fei Yue Plan” was launched, by which the South China sub-warehouse was set up to be responsible for most purchase orders in South China. By doing so, the delivery efficiency was improved and the transportation time was shortened, thereby reducing greenhouse gas emissions. We also deepened the management over sustainable procurement. In particular, we reviewed the palm oil derivatives used in our raw materials and strengthened the traceability management of palm oil to promote the sustainability of palm oil.

On the social aspect, we are committed to cooperating with more stakeholders to create collaborative and win-win social value. In addition to supplying consumers with more reliable products, we also promote the establishment and implementation of raw material quality standards of the industry. We have published the first group standard for Artemisiae annuae extract in the industry, established a strict raw material management process and the list of prohibited ingredients, and taken the initiative to eliminate risky ingredients. Paying close attention to talent development and employees’ life, we spare no effort to construct a platform where employees can grow rapidly and present themselves. With the employee engagement and satisfaction rising by respectively 8.8% and 15.5%, Shanghai Jahwa

has ascended to the high-performance area/best talent zone of FMCG companies for the first time in the past decade. We continue to undertake and fulfill our community responsibility, and focus our public welfare actions on university-enterprise collaboration, assistance to people in need and diverse care. The ESG-themed business practice competition co-sponsored by Shanghai Jahwa and the School of Management, Fudan University has improved education quality and cultivated more comprehensive talented personnel for society. Our material donations worth of over RMB 8 million have been delivered to 9 provinces or municipalities directly under the Central Government, benefiting more than 72 thousand people.

In terms of corporate governance, we attach equal importance to the protection of investors’ rights and interests and improving the risk management system. On one hand, we build diversified communication platforms to strengthen the communication with minority shareholders, and further improve the transparency and quality of information disclosure. On the other hand, we continue to reinforce internal integrity education, and have identified 14 major risks in business, developed the corresponding risk response solutions and overall strategy and added the complaint system, which significantly improves our anti-corruption capability.

Being “Dedicated to Beauty”, we will exert ourselves to make 2023, the 125th anniversary of Shanghai Jahwa, a productive year. We firmly believe that corporate value shall be created with long-termism, and sustainable development can only be achieved by deeply integrating the ESG management mode and the Company’s management. We will be practical, innovative and always heading towards perfection. According to *The Great Learning*, a well-known classical in ancient China, the way of the Great Learning is to illustrate virtue, to renovate the people, and to rest in the highest excellence. In the future, we will continue to uphold the long-termism, and make unremitting endeavor to present Chinese Beauty to the world!



Chairman & CEO Alex Pan

潘秋生

About Us

Our Profile

Shanghai Jahwa United Co., Ltd. is one of the national enterprises boasting 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 on the Shanghai Stock Exchange in 2001, becoming the first listed company in domestic beauty and daily chemical industry.

Company Overview

Company name	Shanghai Jahwa United Co., Ltd.
Headquarters	Shanghai, China
Main business	Covering three major categories, namely beauty, personal care and household cleaning, and M&B
Main production bases	Shanghai, Hainan and Guangdong of China; Morocco; Britain



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Beauty

佰草集
HERBORIST

Skincare Expert
Driven by Advanced TCM R&D

SINCE 1898
VIVE
雙妹

East & West Melody
Time-honored Beauty

gf高夫

Scientific Skincare Expert for
Chinese Men

玉泽
Dr.Yu

Validated by dermatologists
Guard with Ingenuity

佰草集
HERBORIST
— 典萃 —
HERBORIST DERMA

Essence of Science
Beauty of Skin

Personal Care & Household Cleaning

六神

Chinese herb-based
personal care expert

HomeAegis
家安

Better Cleaning
Better Life

美加净
maxam

Be Natural, Be
Beautiful, Be You

M & B

Giving
启初

Nurture the Origins of Life with the
Essence of Natural Giving

tommee
tippee
汤美星

Higher Technology
Easier Parenting

Corporate Culture



Vision

To become the market leader in the Chinese beauty and personal care industry, presenting Chinese Beauty to the world.



Operation principle

To create the best health and beauty products and services to maximize the value for our consumers, employees, shareholders, and entire society.



Values

ONE pivot (consumer-centricity), TWO drivers (brand innovation and channel evolution), and THREE enablers (culture, process and digital transformation).



Slogan

Dedicated to Beauty.



Mission

Open and transparent, innovative and entrepreneurial, responsible and efficient, collaborative and win-win.



ESG slogan

Born forr beauty, strive for goodness.



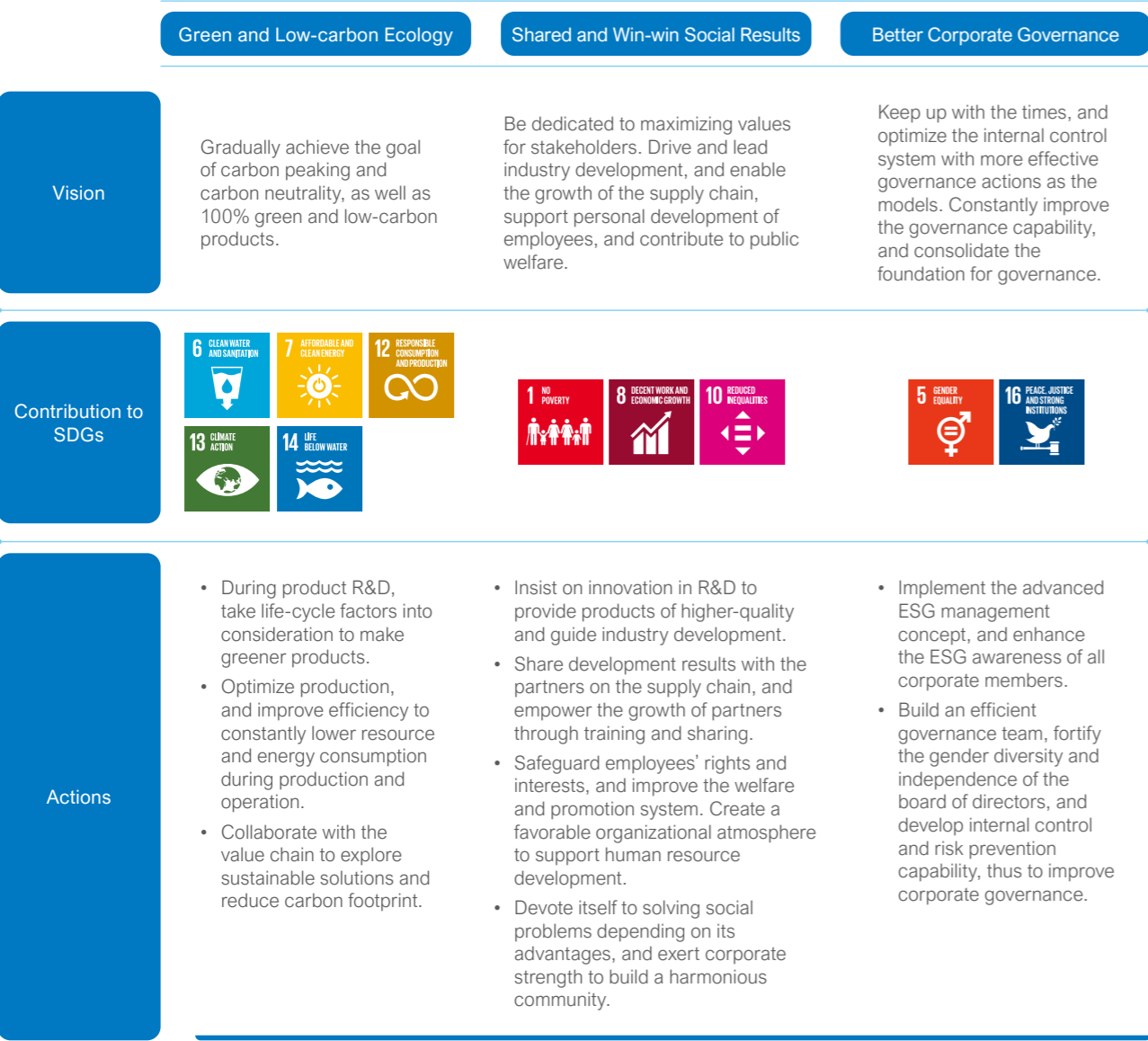
ESG Management



ESG Management Philosophy

Adhering to the philosophy of “Born for Beauty, Strive for Goodness”, Shanghai Jahwa deeply integrates ESG management into its operation and development, and makes continuous efforts to practice its sustainable development strategy. With practical actions, we aim to provide consumers with safer, healthier and greener high-quality products and services, join hands with the whole value chain to build a green and low-carbon ecosystem, and finally achieve win-win social result with consumers, employees, shareholders, partners and the society. In doing so, we make continuous contribution to sustainable development.

ESG Management Model

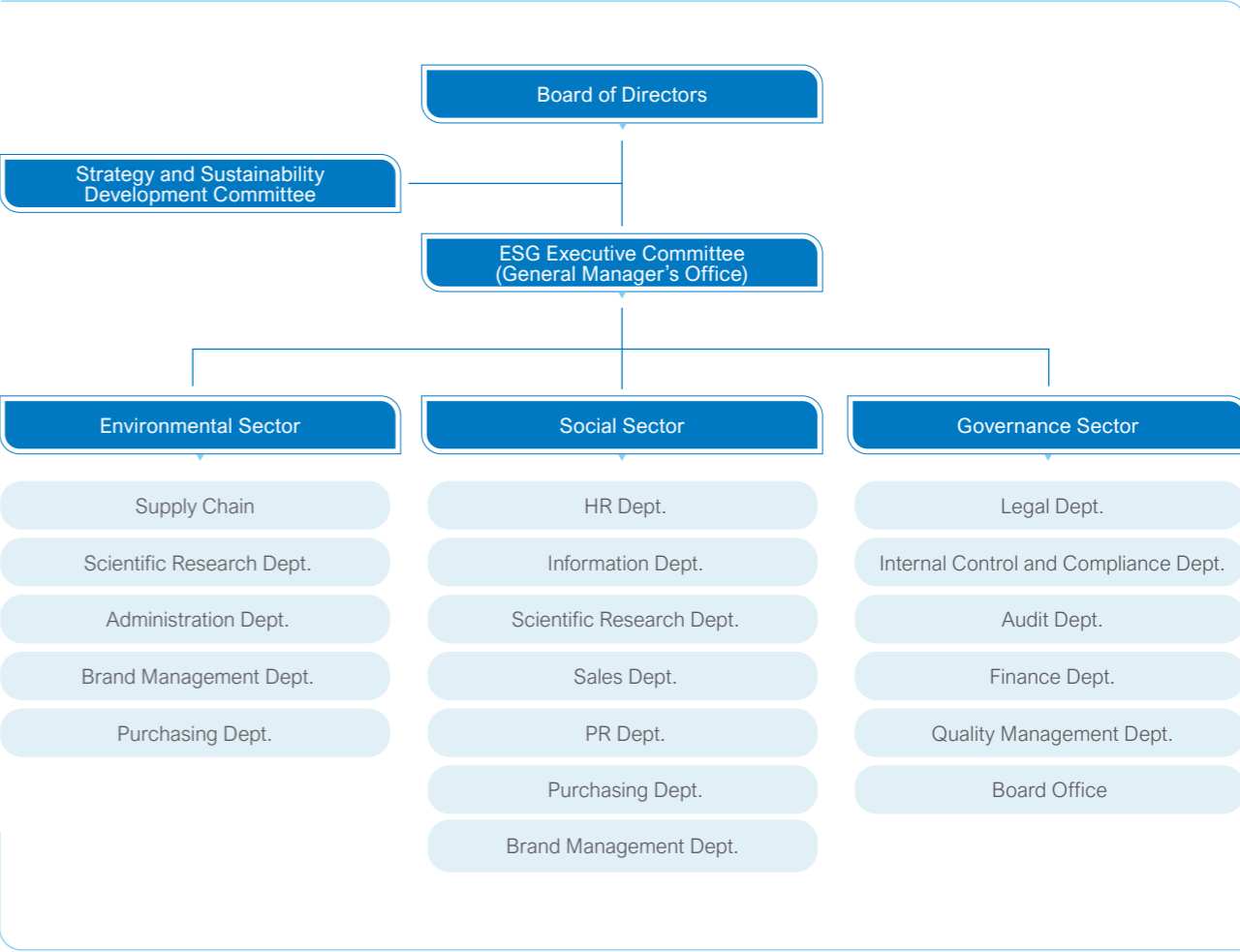


ESG Management Practice

The Board of Directors of Shanghai Jahwa has established the Strategy and Sustainability Development Committee, which is mainly responsible for developing the Company's long-term development strategy, and enhancing the sustainability in environment, society and governance. The Committee also studies and evaluates the main ESG trend and the risks and opportunities faced by the Company, proposes suggestions accordingly, and supervises the formulation and implementation of the Company's ESG goal, lending vigorous support to the Company's ESG development. (For the specific working rules of the Strategy and Sustainability Development Committee, please refer to the *Working Rules of the Strategy and Sustainability Development Committee under the Board of Directors of Shanghai Jahwa United Co., Ltd.*)

The tertiary management system consisting of the Strategy and Sustainability Development Committee, the Executive Committee and executive sectors has been built to fully enhance the management and performance of the Company in environmental, social and corporate governance.

ESG Governance Framework of Shanghai Jahwa









ESG Management Goals and Progress

	2025 Goal	Progress in 2022
 Green and low-carbon ecosystem	<ul style="list-style-type: none">Reduce the environmental impact of more than 50% newly-developed or updated products in their life cycle.Peak carbon emissions of all self-owned operating facilities, including factories, warehouses and offices.Lower the carbon emissions per unit product of self-owned factories by 30%, reduce water consumption per unit product by 25%, and achieve zero waste landfill.	<ul style="list-style-type: none">Launched the “Fei Yue Plan”, and established the logistics network in southern China, thus reducing the greenhouse gas emissions produced by transportation logistics.Installed photovoltaic power generation equipment in factories to use clean energy.Put forward requirements on suppliers in terms of energy conservation and carbon emission reduction when selecting suppliers.
 Win-win Social Results	<ul style="list-style-type: none">Explore diversified learning methods such as classroom training, online short video-based learning and internal knowledge sharing, which cover professional skills, management capability, industrial information, etc., and deliver 5 training sessions per capita to employees in a year.Benefit 1 million people through social welfare projects.Donate funds and goods valuing more than CNY 10 million through social welfare projects.Strengthen the training and exam of personal information security for personnel in personal information processing positions to assure that relevant personnel acquire proficiency in personal information protection policies, technologies and relevant rules (at least 3 times a year).Enhance employees' personal information security awareness, and offer at least 5 communication meetings or training sessions in a year.	<ul style="list-style-type: none">Established personnel development and communication platform.Reached 100% coverage of employee safety training.Built the employee competency model.Carried out 360-degree assessment for cadres.Invested CNY 8.8332 million in community public welfare projects including care for teenagers and emergency relief.
 More Perfect Corporate Governance	<ul style="list-style-type: none">Enhance the diversity of board members.Increase independence of board members, senior executives and the special committees of the Board of Directors.Construct a fair, impartial and sustainable salary incentive system.Further improve the Company's internal control system.Strengthen internal integrity education of the Company.Anti-money laundering.Attach adequate importance to investor relations management.	<ul style="list-style-type: none">Had female directors account for 14% of the Board of Directors.Built the appeal system of the Company.Held 2 General Meetings of Shareholders, to which the investor communication was introduced.Organized 150+ investor communication activities offline or online.

Communication with Stakeholders

We believe that our sustainable development is inseparable from the support of our stakeholders. Therefore, communication with stakeholders is always highly 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 of mutual trust and support.

© Main Stakeholders and Communication Methods

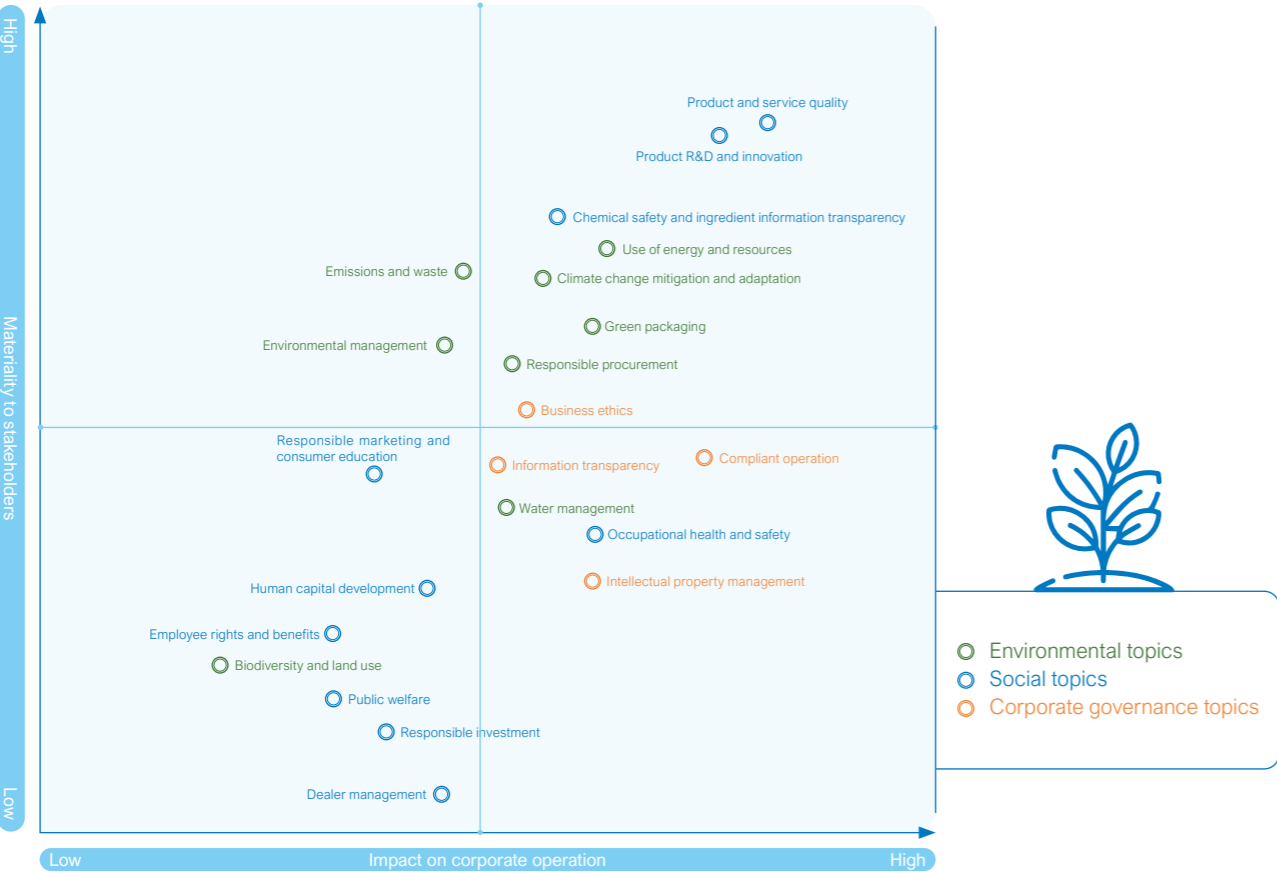
Main Stakeholders	Concerns	Communication Methods/ Channels
 Governments and regulatory organs	<ul style="list-style-type: none">Compliant operationBusiness ethicsBusiness benefitsClimate change mitigation and adaptationEmissions and waste	<ul style="list-style-type: none">Inspection by leaders and competent departmentsRegular work summaries and official correspondencesRoutine implementation of policiesParticipation in meetings and activitiesMonthly e-mail report
 Shareholders and investors	<ul style="list-style-type: none">Economic benefitsInformation transparencyCompliant operationCorporate governanceProduct and service quality	<ul style="list-style-type: none">General Meeting of ShareholdersRegular reports and information disclosure on the official websiteInvestor hotline“SSE e-interaction” platform of Shanghai Stock ExchangeInvestor-dedicated mailboxWeChat Investor Relations mini-program
 Customers/consumers	<ul style="list-style-type: none">Chemical safety and ingredient information transparencyResponsible marketing and consumer educationCompliant operationProduct and service qualityProduct R&D and innovation	<ul style="list-style-type: none">Official website of the Company and new media platformsOffline sales countersOnline sales platformsCustomer services and complaintsCustomer satisfaction surveys
 Partners (suppliers and dealers)	<ul style="list-style-type: none">Compliant operationResponsible procurementDealer managementBusiness ethics	<ul style="list-style-type: none">Dealer conferencesSupplier conferencesDaily emails and phone calls for communicationTrainingsBusiness visits
 Employees	<ul style="list-style-type: none">Occupational health and safetyCompliant operationEmployee rights and benefits	<ul style="list-style-type: none">Internal e-mailsInternal communication platforms and activities: birthday parties, online communication meetings, etc.Platform for collecting suggestions from employees: Innovation ClubIn-house publications
 Communities and the public	<ul style="list-style-type: none">Climate change mitigation and adaptationEmissions and wasteGreen packagingResponsible procurement	<ul style="list-style-type: none">Corporate Citizenship Day, Employee Family Day and other activitiesOfficial website of the Company and new media platformsCommunity activities for public welfare

Analysis of Material Topics

Referring to the GRI Sustainability Reporting Standards, we identify important stakeholders, develop a regular two-way communication mechanism with stakeholders to deeply understand their opinions and values, and respond to their needs through relevant channels, in order to foster long-term relationship of mutual trust and create ultra-long-term value for all parties.



© Material Topic Matrix of Shanghai Jahwa



Responsibility of Corporate Governance

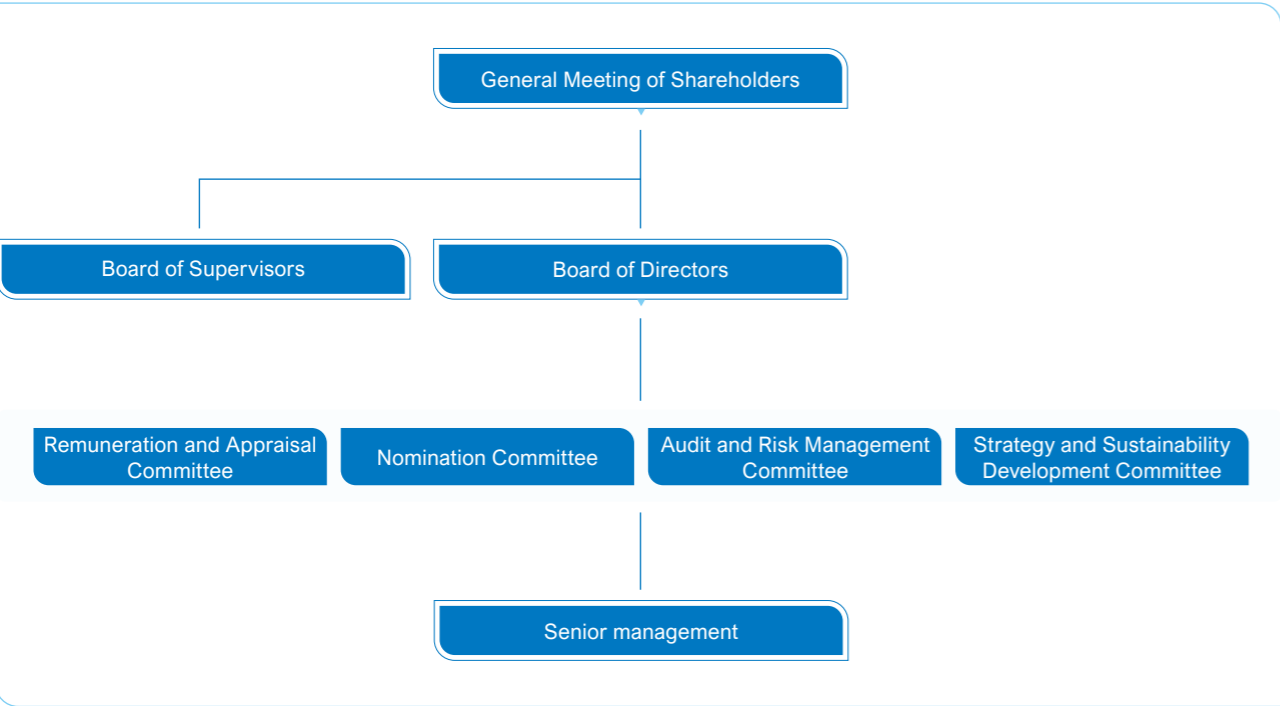


Corporate Governance Framework

Shanghai Jahwa constantly improves the corporate governance framework and the internal control system to strengthen the Company's standardized operation and lend a strong support to 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*, 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 Sustainability 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-ordination, 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*. In compliance with the policy of diversity, the seven directors on the Board of Directors boast different professional backgrounds 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). Among them, six are non-executive directors (including three independent non-executive directors). 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.

Table of Corporate Governance Performance

Indicators	Unit	2022
Number of directors in the Board of Directors	No. of ppl	7
Number of female directors in the Board of Directors	No. of ppl	1
Proportion of female directors in the Board of Directors	%	14.29
Number of independent directors in the Board of Directors	No. of ppl	3
Proportion of independent directors in the Board of Directors	%	42.86
Number of the General Meetings of Shareholders held	Times	2
Number of the meetings of the Board of Directors held	Times	7
Number of the meetings of the Board of Supervisors held	Times	7
Number of cases reviewed in the General Meeting of Shareholders	Case	16
Number of cases reviewed in the meetings of the Board of Directors	Case	36
Number of cases reviewed in the meetings of the Board of Supervisors	Case	22
Number of employee supervisors in the Board of Supervisors	No. of ppl	1
Proportion of employee supervisors in the Board of Supervisors	%	33.33



Protection of Investors’ Rights and Interests

Shanghai Jahwa attaches great importance to the investor relations. In accordance with the CSRC’s (China Securities Regulatory Commission) *Administrative Measures for Information Disclosure of Listed Companies*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Articles of Association*, the Company has formulated a series of systems for investor relations management including the *Accountability System for Major Errors in Annual Report Information Disclosure*, *Shanghai Jahwa Administrative System for Information Disclosure*, *Shanghai Jahwa Administrative System for Investor Relations* and the *Management System for External Information Users*. The Company continues to improve its information disclosure system and workflow, and actively fulfills the information disclosure obligations, to practically protect the rights and interests of investors and other stakeholders.

The Company upholds the basic principle of disclosing authentic, accurate, complete, concise, clear and intelligible information and guarantees the equal and timely access to information of all investors to protect all investors’ interests.

As for internal management, to improve working efficiency, the Company provides a clear and effective division of work for personnel involved in information disclosure, and gives full play to and coordinates different roles in work by means of KPIs setting for each position, etc. The Company also promotes the automation of financial accounting to reduce the work done by hand, and completes the financial statements management system and information disclosure system, to improve the efficiency and performance of accounting and financial management.

In terms of external management, Shanghai Jahwa adopts different response and communication strategies according to different characteristics of the platforms for the communication with investors. The Company reinforces effective communication with investors through such communication channels as the investor hotline, SSE E-interaction and annual strategy conference.

© 2022 Investor Communication Actions

Communication Channels	Communication Actions
Investor hotline and investor email	<ul style="list-style-type: none">Kept interaction with investors, answered their questions, and received investors’ reasonable opinions and suggestions through the investor hotline and investor email.
SSE E-interaction and SSE Roadshow Center	<ul style="list-style-type: none">Maintained the platforms for investor interaction, answered 147 questions from investors, and actively interacted with them.The 2021 & 2022 Q1 Performance Briefing was held in SSE Roadshow Center on May 6, 2022.
“Investor Relations” column	<ul style="list-style-type: none">The “Investor Relations” column was established on the official website of the Company to release the latest business dynamics to the public.
General Meeting of Shareholders	<ul style="list-style-type: none">The investor communication was introduced to the General Meeting of Shareholders, thus fully guaranteeing the engagement of investors. Two meetings were held in 2022, respectively the Annual General Meeting of Shareholders 2021 and the First Interim General Meeting of Shareholders 2022.
Offline or online exchange activities	<ul style="list-style-type: none">Organized 150+ investor exchange activities online or offline including visit receptions, strategy conferences, roadshows and reverse roadshows.

Risk Management and Internal Control

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.*, as well as a comprehensive risk management system. It keeps improving internal control processes, methods ,and tools.



© Risk Management System



As for risk management, on the one hand, the Company has set up an internal control management department to keep its departments familiar with the internal control system, and established a unified internal control system management platform. The Company also fosters an internal control culture by educating employees about internal control and accordingly improving their awareness of internal control. On the other hand, the Audit Department checks and tracks system performance regularly, and reports the problems found to the business departments for rectification timely.

Regarding risk identification and evaluation, the Company has established the risk control matrix based on the practical conditions of the Company, and identified and analyzed the potential risks in strategy, operation, finance, compliance, information, human resources, etc. It conducts a qualitative and quantitative analysis of the risks identified, prioritizes them, and develops the corresponding risk solutions and overall strategies. In addition, the Company performs internal control self-assessment for its affiliated enterprises, with over 90% of the total assets in the consolidated financial statements incorporated in the assessment. It promotes the continuous improvement of internal control by means of process management, risk identification, internal control defects identification, etc.

In 2022, the Company focused on potential risks such as malpractice, violation of professional ethics and operation of new business, and took preventive measures accordingly.

© 2022 Key Risks Identified and Countermeasures

Potential Risks	Countermeasures
Risks arising from malpractice and violation of professional ethics	<ul style="list-style-type: none">Reviewed and revised the <i>Code of Business Ethics and Anti-Corruption in Shanghai Jahwa</i>.Developed a clean governance culture among all employees, and provided anti-fraud trainings, to improve employees' awareness of integrity and self-discipline.Continued to arrange a reporting email and a reporting hotline to encourage reporting of violations, and protect informers.
Risks arising from incomplete and inaccurate identification, approval, and disclosure of related parties and related party transactions	<ul style="list-style-type: none">Determined whether its new suppliers and customers were related parties or not, prepared a list of related parties of the Group, and released it on its platform and updated it regularly.Worked out an approval process for contracts that were concluded with related parties, strengthening the supervision and management of related party transactions.The Audit Department implemented two special audits on the management of related party transactions.Disclosed related party transaction information in the annual report fully to ensure transparency of information disclosure and receive public supervision.
Risks affecting the Company's operation that arise from incomplete execution of relevant systems in new business and new channels	<ul style="list-style-type: none">Provide compliance publicity and education targeting new business and new channels.Supervised and controlled new risks arising from new business and new channels through routine audits, self-inspection and correction, and external audits.

📁 Anti-corruption and Business Ethics

Committed to developing an anti-corruption culture, Shanghai Jahwa has formulated 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* and the *Anti-corruption Management Regulations*, which expressly specify 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. During the reporting period, there were no incidents of corruption, bribery, extortion, fraud or money laundering in the Company, nor were there any lawsuits arising from the above.

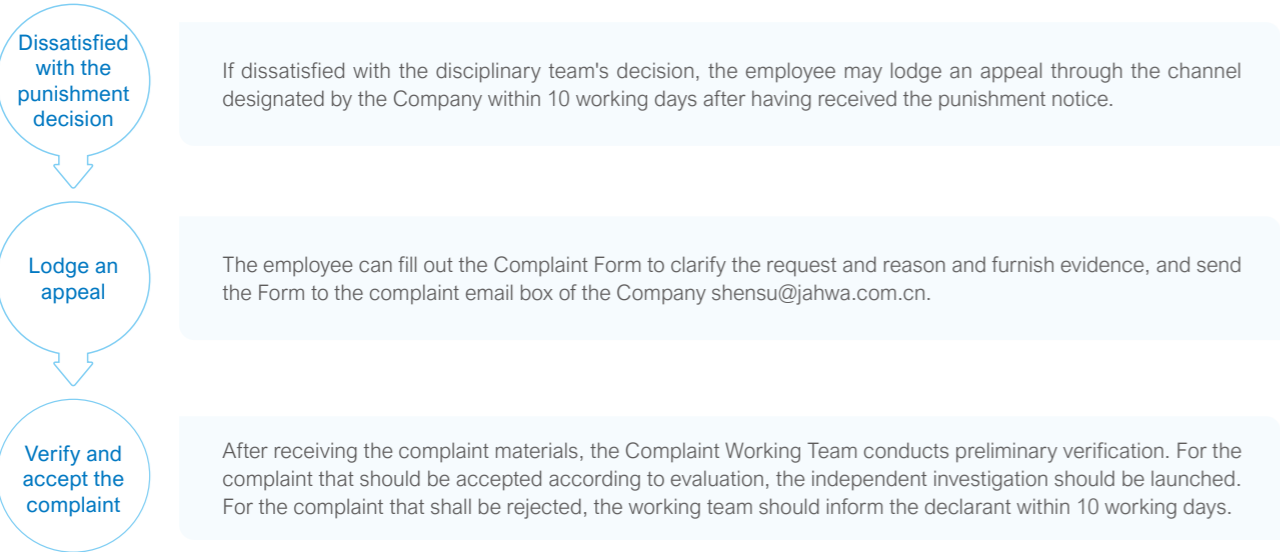
The Company encourages reporting of corruption cases. The *Report Handling Procedures* specifies that employees may report corruption cases by sending emails to the special mailbox or contacting the HR, legal and audit departments, and that the safety and rights of informers shall be effectively protected.

© Report Handling Procedures



In 2022, the Company made continuous efforts to improve the anti-corruption management system. The *Complaint System of Shanghai Jahwa* was developed, and the scientific and complete review and complaint procedure was adopted, to increase the Company's ability to restore the truth of corruption incidents and consolidate the impartial management inside and outside the Company.

© Complaint Procedure of the Company



© Table of Anti-corruption and Anti-bribery Performance

Indicators	Unit	2022
Proportion of board members receiving anti-corruption training	%	100
Hours of anti-corruption training received by each director on average	Hour	0.5

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 including 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*.

During the reporting period, 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.



Environmental Management System

In strict accordance with environmental laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Regulations on the Control over Safety of Dangerous Chemicals* and the *Law of the People's Republic of China on Work Safety*, Shanghai Jahwa has formulated the *Environmental Management System Policy*, *Preventive Measures and Emergency Plans for Hazardous Waste Accidents*, *Management Measures for Laboratory Waste Disposal* and *Hazardous Waste Warehouse Management System*, among others, to regulate environmental management, emergency plans, hazardous waste management, etc. The Company constantly strengthens its management of environmental risks to guarantee that its production and operation comply with relevant laws, regulations and standards. During the reporting period, the company did not exert significant environmental influence due to its use of resources or violate environmental protection laws and regulations. At the same time, the company has paid the full amount of environmental protection-related taxes and fees.


The Company has established a sound environmental management system and assigned the EHS department of each production base to perform and supervise the environmental management of each base. Kua Yue Factory, a subordinate production base of the Company, has obtained the ISO 14001: 2015 environmental management system certification. Being valid until January 13, 2025, the certification covers the cosmetics of Kua Yue Factory (ointment, cream, lotion, liquid, gel and paste). The Company exerts the following environmental impacts during production and operation:

Analysis of Main Environmental Impacts

Production Links	Environmental Factor Input	Environmental Factor Output
R&D and production	<ul style="list-style-type: none">Energy: Purchased power and natural gasWater resource: Municipal water supplyPackaging materials	<ul style="list-style-type: none">Greenhouse gasExhaust gas: VOC_s, NO_xWastewater: Chemical oxygen demand (COD_{cr}), suspended solidsNon-hazardous waste: Sludge, expired products, domestic garbage, packaging wasteHazardous waste: Hazardous reagents, waste engine oil
Supply chain	<ul style="list-style-type: none">Energy: Diesel fuel consumed by freight vehicles, electricity consumed by electric vehiclesPackaging materials	<ul style="list-style-type: none">Greenhouse gasNon-hazardous waste: packaging waste
Office operations	<ul style="list-style-type: none">Energy: Purchased power, electricity and gasoline consumed by private vehiclesWater resource: Municipal water supply	<ul style="list-style-type: none">Greenhouse gasWastewater: Domestic wastewaterNon-hazardous waste: domestic garbage

The Company has adopted different measures in factories and office spaces to enhance employees' awareness of environmental protection and to timely identify and effectively control environmental hazards. During the reporting period, the following measures in environmental management were taken:

Measures in Environmental Management Adopted by the Company



- All departments organize training related to ESG to enhance employees' awareness of environmental protection and garbage classification
- The Company developed environmental emergency plans and organized relevant emergency drills
- The Company monitored ambient noise regularly to avoid noise pollution or injury to employees
- The Company entrusted a qualified environmental detection technology company limited to conducting regular testing on the Company's wastewater, exhaust gas, etc.
- The Company publicized environmental protection-related content on the announcement screen to have environmental awareness take root among employees

Energy and Resource Management

Energy and resources used by Shanghai Jahwa in its production and operation mainly include natural gas, electricity and water resources. As water resources mainly come from the municipal water supply, no significant environmental impact has been exerted in sourcing water. Strictly complying with the *Law of the People's Republic of China on Conserving Energy* and other laws and regulations, the Company has introduced energy management regulations, including 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*, aiming to lower energy consumption and improve energy efficiency in production and operation, and thus enable systematic and refined energy management.

Kua Yue Factory of the Company obtained ISO 5001 energy management certification in 2018 and passed the renewal review in 2022 (with the validity extended to March 18, 2025). The certification covers the cosmetics production of Kua Yue Factory (ointment, cream, lotion, liquid, gel and paste). Our Hainan Factory was awarded the "Water-saving Enterprise of Chengmai County" medal in February 2022. During the reporting period, the Company adopted the following energy and resource conservation measures:

Energy and Resource Conservation Measures and Achievements in 2022

Resource Types	Measures	Achievements
Energy	<p>Logistics in South China:</p> <ul style="list-style-type: none">Launched the "Fei Yue Plan" and set up the South China sub-warehouse responsible for most purchase orders in South China	<ul style="list-style-type: none">Raised the freight car utilization rate through truck-load transportationHad the head warehouse responsible for receiving orders and the South China sub-warehouse delivering goods to improve the efficiency of express delivery and reduce the transportation timeReduced greenhouse gas emissions by shortening the transport distance
	<p>Kua Yue Factory:</p> <ul style="list-style-type: none">Optimized the operating mode of the chilled water pump in air-conditioning process according to the operating conditionsAdjusted the operation strategy control of the air-conditioning cabinet at the terminal to the production modeEquipped the small water purifier in the TCM workshop with one dedicated low-power air compressorOptimized the air-conditioning host system (season-switch mode & non-production operation mode)Equipped the water purification system in the energy center with one dedicated low-power air compressorOptimized the use of hot water in production and hot water in cleaningStopped the main valve of steam in the transitional season air conditioning system of the Kua Yue FactoryOptimized the use of the raw material drying room of Kua Yue Factory (according to temperature)	<ul style="list-style-type: none">Reduced carbon emissions by 599.67 tons all year around
Water resources	<ul style="list-style-type: none">Initiated the project of intermediate water recovery in the water purification system of the Kua Yue Factory	<ul style="list-style-type: none">Saved water by 68,406 tons all year around

Sustainable Packaging Management

In strict compliance with the *Requirements of Restricting Excessive Package — Foods and Cosmetics* (GB23350-2021) and other laws and regulations related to packaging materials, the Company has formulated the *Management Measures for Sustainable Packaging*, which makes provisions to avoid excessive packaging and reduce and lighten packaging materials. In 2022, the Company adopted the following measures to reduce packaging materials and made the following achievements:

© Packaging Material Reduction Measures and Achievements

Links	Measures	Achievements
Overall optimization of the transportation package	<ul style="list-style-type: none">Upgraded the transportation package of products through optimized structure design and material adjustment and upgrading, and conducted the simulation test according to the national standard <i>Packaging – Transport Packages – Conventional Testing Standards</i> (GB/T4857)Reduced the packaging materials used in current gift boxes and product packages of several brands by adjusting their contents, packaging structure and size	<ul style="list-style-type: none">Saved such materials as cardboard by 348.2 thousand square metersDecreased 3-8 packages for a single box of products, reduced the size by approximately 15% on average and also reduced the transport size
Optimization of product structure	<ul style="list-style-type: none">Reduced the packages of HomeAegis Laundry Liquid through structure, shape and material upgrade in 2022	<ul style="list-style-type: none">Lowered the weight of the whole product package by about 7.7-10.8%, saving petroleum-based plastic by 22.41 tons.Reduced the label area by some 27%, saving materials by 15.5 thousand square meters.



Management of Emissions

In accordance with the *Interim Measures of Shanghai Municipality on the Collection and Management of Hazardous Waste*, 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*, Shanghai Jahwa has developed the *Procedures for Wastewater Discharge Management*, *Procedures for Emissions Management* and *Regulations on Waste Management*, which provide relevant regulations on the disposal of wastewater, emissions and waste. In 2022, no incident of excessive or illegal pollutant emissions led to the Company's punishment.

Wastewater and Exhaust Gas Emissions

The wastewater of the Company mainly includes domestic effluent and production wastewater, which are treated in the effluent treatment station of the factory before being drained to the landscape pond or discharged to the effluent pipe network. The Company has formulated such management regulations as the *Procedures for Wastewater Discharge Management* to regularly monitor the water discharged of the factory and guarantee that the water treated complies with the effluent discharge standards.

The exhaust gas pollutants produced by the Company mainly consist of non-methane hydrocarbons, particulate matter and offensive smell, which are processed by the exhaust gas treatment system of the factory and then emitted to the pipeline. The Company has developed such institutional documents as the *Procedures for Emissions Management* to manage exhaust gas emission. The exhaust gas emitted shall be regularly monitored to ensure compliance with exhaust gas emissions standards. Wastewater and exhaust gas emissions standards and main control indexes of the Company are as follows:

© Wastewater and Exhaust Gas Emissions Standards and Control Indexes

Categories	Emissions Standards	Main Control Indicators
Wastewater	<ul style="list-style-type: none"><i>Integrated Water Discharge Standard</i> (GB8978-1996)	<ul style="list-style-type: none">BOD₅ (biochemical oxygen demand)COD_{cr} (chemical oxygen demand)SS (suspended solids)Ammonia nitrogen
Exhaust gas	<ul style="list-style-type: none"><i>Integrated Emission Standard of Air Pollutants</i> (GB16297-1996)<i>Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boiler</i> (GB13271-2014)	<ul style="list-style-type: none">Nitrogen oxidesParticulate mattersSulfur dioxide

Solid Waste

The solid waste produced by Shanghai Jahwa, including general waste and hazardous waste, is divided into sludge, waste chemical reagents, packaging waste, etc. Among them, hazardous waste is collected by the Company and sent to a qualified institution for centralized disposal regularly. The recyclable parts of general waste are recovered for reutilization. The Company has drawn up the *Regulations on Waste Management* to manage the solid waste produced.

◎ Main Measures and Disposal Standards for Solid Waste

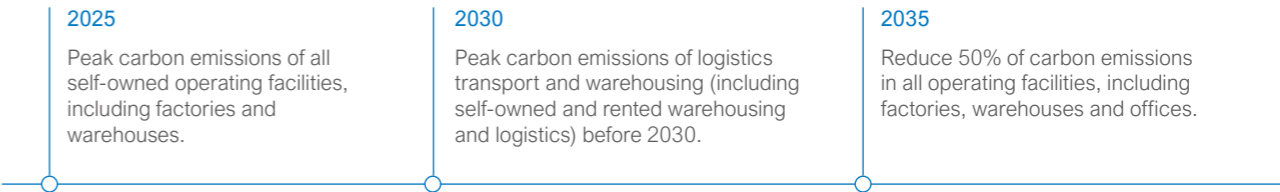
Categories	Pollutants	Main Measures	Disposal Standards
General waste	Domestic garbage, cartons and adhesive tapes	<ul style="list-style-type: none">Collect and sellRecover the recyclable parts for reutilization	<i>Standard for Pollution Control on the Municipal Solid Waste Incineration</i> (GB 18485-2014)
	Kitchen waste and sludge	<ul style="list-style-type: none">Hand them over to a qualified institution for the regular disposal	
Hazardous waste	Waste chemical reagents and waste engine oil	<ul style="list-style-type: none">Hand them over to a qualified institution for the regular disposal	<i>Identification Standards for Hazardous Waste – General Rules</i> (GB5058.7-2019)



Reducing Carbon Footprint of Products

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

◎ Carbon Neutrality Goals and Path of Shanghai Jahwa



Considering the risks and opportunities of climate change identified, the Company adopts the strategy of reducing the carbon footprint of products throughout the full life cycle in business operations to respond to climate change better. It reduces greenhouse gas emissions by analyzing the effective carbon reduction actions in the whole life cycle of products. In 2022, the Company introduced the assessment on products' environmental impacts in the life cycle to develop products to help it understand and improve the products' performance in environmental impacts. The Company has taken the following measures carbon the footprint of products in the life cycle:

◎ Carbon Footprint Reduction Measures in the Life Cycle

Links	Measures
Raw material procurement	<ul style="list-style-type: none">Consider greenhouse gas emissions 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 to assess new suppliers.
Product R&D and production	<ul style="list-style-type: none">Save energy and reduce energy consumptionIncrease energy efficiencyApply new energy, such as photovoltaicsUpgrade equipment and replace high-energy-consumption equipment with low-energy-consumption equipment
Product transportation	<ul style="list-style-type: none">Substitute sea transportation for land transportationConstruct regional logistics networks to improve the efficiency of goods transportation
Product use and disposal	<ul style="list-style-type: none">Provide recycling instructions on the outer packaging of products to guide consumers' sustainable consumption

In 2022, in order to reduce carbon emissions in logistics transportation and warehousing, the Company optimized its logistics transportation and warehousing. With the “Fei Yue Plan” performed, the Company set up the South China sub-warehouse and changed the original mode of the head warehouse solely responsible for goods dispatching, thus having reduced the Company's carbon emissions in logistics transportation and warehousing in South China. In the meantime, sea transportation was adopted for the goods produced by Hainan Factory or the shower gel products supplied to Hainan customers to reduce greenhouse gas emissions.

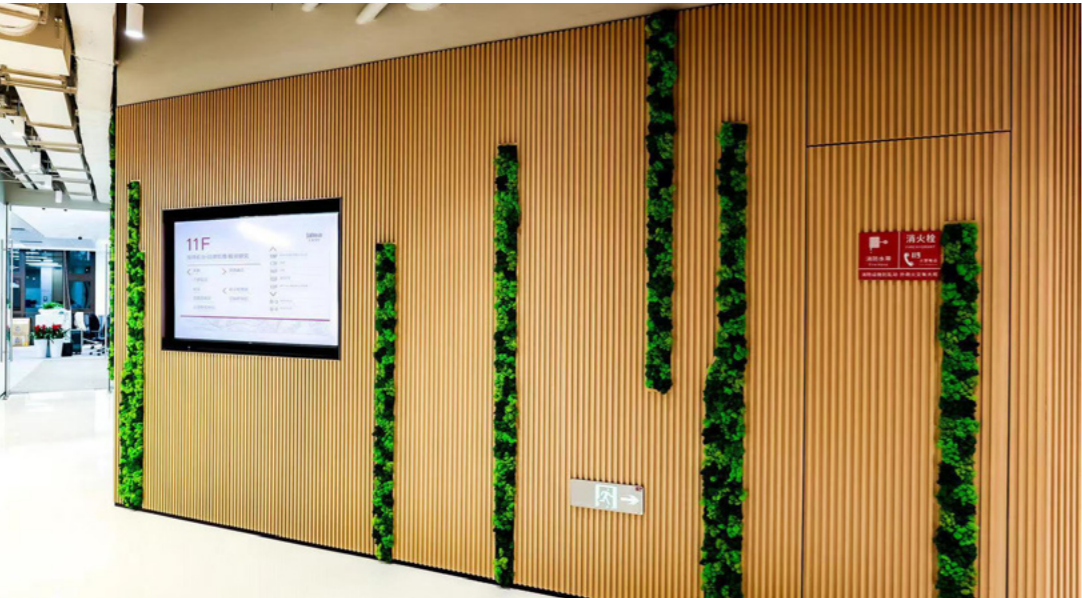
 Green Office

Abiding by the laws and regulations on the office environment, including the *Regulations of Shanghai Municipality on the Management of Domestic Garbage* and *Office Building Property Management Service Criterion in Shanghai*, Shanghai Jahwa has developed regulations on office environment management, such as the *Regulations on Office Electricity Management*.

The Company also mobilises employees to participate in environmental protection actions by building an environment-friendly and healthy workplace environment, practising measures for green office, and advocating paperless office. In the meantime, the Company strengthens the management on energy conservation, emission reduction and waste disposal to reduce energy consumption and carbon emissions in operation. During the reporting period, the Company took the following measures for garbage reduction.

© Garbage Reduction Measures and Achievements

- Recovered recyclable garbage for reutilization and lowered the amount of garbage clean-up of the office building on Baoding Road by 3% during the reporting period on a year-on-year basis, despite the increase of personnel there.
- Educated on the green office to enhance employees' awareness of green office and cultivate their energy-saving habits.
- Saved electric power by means of intelligent control of such equipment as air-conditioners, and reduced office power consumption in 2022 by 3.4% compared to 2021.
- Advocated paperless office and launched the smart-electronic seal function to reduce paper use. The paper use in 2022 was 14.9% lower than that in 2021.



Social Responsibility




Product R&D and Innovation

Dedicated to beauty, personal care & household cleaning, and M&B, Shanghai Jahwa presents numerous well-known brands including Herborist, Dr. Yu, Vive, Herborist Derma, GF, Liu Shen, HomeAegis, Maxamt, Giving and Tommee Tippee. The Company attaches great importance to the innovative R&D of products, and therefore has established a complete R&D innovation management system to support the continuous innovative development of the Company.


With the support by the R&D innovation management system, Shanghai Jahwa focuses on technological innovation, deepens the frontier research, and, depending on the whole-process project management and whole-chain R&D, is dedicated to the study and application of advanced technologies from herbs with Chinese characteristics to molecular cells, from co-innovation with medical authorities to process innovation. By combining independent R&D and the open innovation network, the Company accelerates the commercialization of innovation, makes continuous efforts to establish the technical barrier, and strives to gain the high ground of patented technologies in the industry. Shanghai Jahwa gives full play to technologies from three dimensions, namely basic research, application innovation and product value realization, thus creating the best products and services of beauty.

Dimensions of R&D Innovation Application and Development




Basic Research

Depending on eight basic platforms, including co-innovation with medical authorities, traditional Chinese herbal medicine, cell biology, safety and efficacy evaluation device, performance & efficacy evaluation, packaging design, AI customization and beauty device as well as an independently developed platform for open external cooperation with firms, universities, research institutes and hospitals, we establish a technical barrier and accelerate the commercialization of technologies. We plan a layout of beauty technology, and communicate with consumers based on more intelligent, younger and more fashionable products.



Application Innovation

We empower new products with technology, and innovate raw materials, formulas, processes and packaging relying on the advantages of the upstream and downstream of the industrial chain and modern scientific and technological means.



Product Value Realization

Adhering to consumer centricity, we continue to obtain consumer insights as supported by digitalization, and deeply explore user demand and product pain points, in order to further promote the upgrading of global and multi-dimensional consumer insights methodology.



Part of Research Achievements of Shanghai Jahwa in 2022

Fields	Research Projects	Achievements
Basic research	Deepened the research on Chinese herbal medicine	<ul style="list-style-type: none">Broke through the conventional research and thinking mode of Chinese herbal medicine-based beauty. Cooperated with several top herbal medicine research institutes in China to research the ingredient targets and efficacy of Chinese characteristic plants. Achieved the accurate targeting from ingredients to mechanisms with the help of network pharmacology, and hence enabled the application of Chinese herbal medicine in the beauty industry in a more professional, high-tech and fashionable manner.Cooperated with the century-old national brand Hengshun Vinegar to establish Jahwa – Hengshun Beauty & Fermentation Research Platform, and co-released the first exclusive patented core ingredient for fermentation, “V enzyme”, which was applied as the core ingredient to a new product, Giving Special Care.
	Developed safety and efficacy assessment equipment	<ul style="list-style-type: none">Successfully developed the fluorescence scanning probe technology that can detect the skin AGEs level in real time based on the achievements in study on skin AGEs level and skin ageing. Released the industry-leading high-precision multi-component and miniaturized single-component device accurate to micrograms and its software design. In doing so, the Company led the industry in two dimensions, efficacy detection and consumer skin health monitoring.Expanded the field of efficacy detection technology to realize real-time, non-contact and visualized 3D imaging and 3D reconstruction and reveal the change in skin structure, quantitative damage and other indicators. Achieved dual-link efficacy and safety study of products.
	Continued with the co-innovation with medical authorities	<ul style="list-style-type: none">Collaborated with Ruijin Hospital, Shanghai Jiao Tong University School of Medicine, and based on the research on several skin barrier sectors including skin metabolomics, skin immunology and neuro-cosmetics to further optimize the oil composition and proportioning, thus satisfying the more specific efficacy requests of sensitive skin groups.Cooperated with Director Ma Lin's team from Beijing Children's Hospital, Capital Medical University to study on and demonstrate the skin characteristics, skincare needs and application scenarios of children. Discovered 2 active substances that could effectively relieve and improve children's periodic dry, itching and red skin through the joint research, and co-released 2 Giving products, Giving multi-dimensional soothing Daily Care and Special Care.Continued to strengthen the cooperation with several hospitals including Huashan Hospital and Shanghai Dermatology Hospital in several products, and made accomplishments in commercialization of the research results based on the cooperation with medical research institutes.
Application research	Ocean-friendly green macromolecule sunscreen technology	<ul style="list-style-type: none">It created the domestic leading macromolecule sunscreen technology for people with sensitive skin, and was applied to Dr. Yu Fresh UV Protection Emulsion. The sunscreen molecules with a weight over 500 Dalton and an advantage in molecular structure were selected to provide a product that features stable protection and meets the high safety requirement of weak skin permeation. In the meantime, the sunscreen ingredients hazardous to ocean environment were removed. The EWG green and ocean-friendly sunscreen system was adopted to provide innovative solutions for people with sensitive skin.
	Strengthened the in-depth research on the efficacy and mechanism of raw materials	<ul style="list-style-type: none">Fermented natural Artemisiae annuae relying on dual-membrane separation technology, and improved babies' dry, itching and red skin with the extract of Artemisiae annuae. Released the first group standard for Artemisiae annuae extract in the industry. In the meantime, obtained the patent for Glutinous Rice Fermentation and extract, and combined the Prolipid care technology to build the second barrier for skin and improve problematic skin through excellent soothing and precise care.Studied carefully on Chinese ingredients Dendrobium officinale and Dendrobium nobile, and acquired two invention patents “dual Dendrobium soothing and moisturizing factor”. Applied the patented technology of nanoscale “R2 repair microcapsule” to Herborist dual Dendrobium soothing and moisturizing collection. The core technology of the Company won the 23rd China Excellent Patent Award.

In 2022, Shanghai Jahwa R&D Center was awarded the “CNAS Laboratory Accreditation Certificate” by the China National Accreditation Service for Conformity Assessment for its large number of international sophisticated basic research equipment and the strict review process and quality control from creative product design to product R&D, from consumer study to basic study. This Certificate, covering safety, efficacy and physical and chemical properties, suggests that the Company’s R&D technology and system has once again received the authoritative certification from professional committees.

To inspire employees’ innovation, the Company has formulated the *Management Measures of Patents of Shanghai Jahwa United Co., Ltd.* and the *Management Measures of Technical Secrets of Shanghai Jahwa United Co., Ltd.*, which encourage and support employees to throw themselves into innovative R&D by means of internal technical title judgment, post appointment, promotion and other forms of rewards. Also, to motivate employees to express their creativity, the Company has established “Jahwa Innovation Agency”, which encourages employees to express their innovative ideas through the internal communication platform. The employees, whose creative ideas have been adopted, will be rewarded differently by the Company based on the expected returns.

Shanghai Jahwa Appeared in the First World Design Capital Conference - A Perfect Union of Chinese Aesthetics and the Beauty of Science and Technology

From September 15 to 18, Shanghai Jahwa attended the first 2022 World Design Capital Conference hosted by the Shanghai Municipal People's Government. In this Conference, the intelligent beauty technology “space capsule” of Shanghai Jahwa was moved to the exhibition, which displayed AI skin detection system, 3D skin tomography scanner, AGEs fluorescent scanning probe, microfluidic controller, capsule frequency emitter, supercomputer, sensory fragrance and other intelligent beauty technology products. Shanghai Jahwa’s great R&D strength in frontier technology was fully presented.



By now, the AI skin detection system has been successfully piloted in Herborist stores. This skin detection APP based on millions of facial data was jointly created by Shanghai Jahwa and domestic AI giants after some two years of painstaking efforts. Innovatively integrating the top AI algorithm capability in China and the skin texture and constitution of the Chinese people and combing the Western and Chinese technology concepts, this APP offers rich detection dimensions and precise indicators.



© R&D Innovation Performance

Indicators	Unit	2022
R&D investment	CNY 10,000 yuan	17,790.28
Proportion of R&D expenditure in operating revenue	%	2.50
Number of R&D employees	People	190
Proportion of R&D employees	%	3.63
Number of valid patents*	Pcs	427
National invention patents*	Pcs	96

*By 2022, Shanghai Jahwa had obtained 427 valid patents, including 96 national invention patents. In 2022, a total of 99 new patents had been applied.

Intellectual Property Protection

To protect its own intellectual property, Shanghai Jahwa has formulated a series of intellectual property management regulations such as the *Management Measures of Technical Secrets*, the *Management Measures of Trademarks*, the *Management Measures of Patents*, and the *Management Measures of Copyrights*, by referring to the *Enterprise Intellectual Property Management* and other regulations. The Company also upgraded the intellectual property database, organized training for employees and resorted to legal means to safeguard its own intellectual property.

To further strengthen its awareness of intellectual property protection, the Company updated the *Management Measures of Copyright* in 2022. This update institutionalized the daily operation principles and standards of the departments, clarified the principles of copyright management and the division of relevant responsibilities among different departments, and defined the registration application, use, management and protection of copyright.

In order to ensure no infringement on the intellectual property of others, the Company strictly reviews and controls the legality and rationality of 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 the legality and rationality of trademarks and works used in products to be developed to avoid repeated development or potential risks of infringement.

In 2022, on the first day after China submitted *The Hague Agreement concerning the International Deposit of Industrial Designs*¹, Shanghai Jahwa submitted the EHAGUE to the WIPO (World Intellectual Property Organization) and approved the Company’s first Hague appearance design, which demonstrates that the Company attaches great importance to cultivating high-quality patent and planning for the intellectual property layout overseas.

During the reporting period, 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.

Recognition of Intellectual Property Protection Efforts – Awarded as One of the First Batch of Business Secret Demonstration Sites of Hongkou District

On August 23, 2022, the awarding ceremony for the demonstration unit of business secret protection was held in Hongkou District. Shanghai Jahwa attended the ceremony as one of the first batch of units awarded as the business secret demonstration site of Hongkou District. As a leading listed company engaged in the beauty industry, we are fully aware that protecting intellectual property is essentially protecting innovation, and regarding the protection of intellectual property, business secrets constitute one of the core and most competitive intangible assets of an enterprise. Shanghai Jahwa hopes to play a leading role in the industry, serve as a model, and drive more enterprises in this district to enhance their awareness and ability to protect business secrets.

The Company will continue to improve its business secret protection system, enrich the atmosphere of intellectual property protection within the Company, and explore innovative ideas in terms of intellectual property creation, protection and application, thus boosting innovation and entrepreneurship.



¹ On February 5, 2022, the Chinese government submitted the instrument of accession to the Geneva Act of the Hague Agreement (1999), making China the 68th party to the 1999 Act and the 77th member to the Hague Agreement.

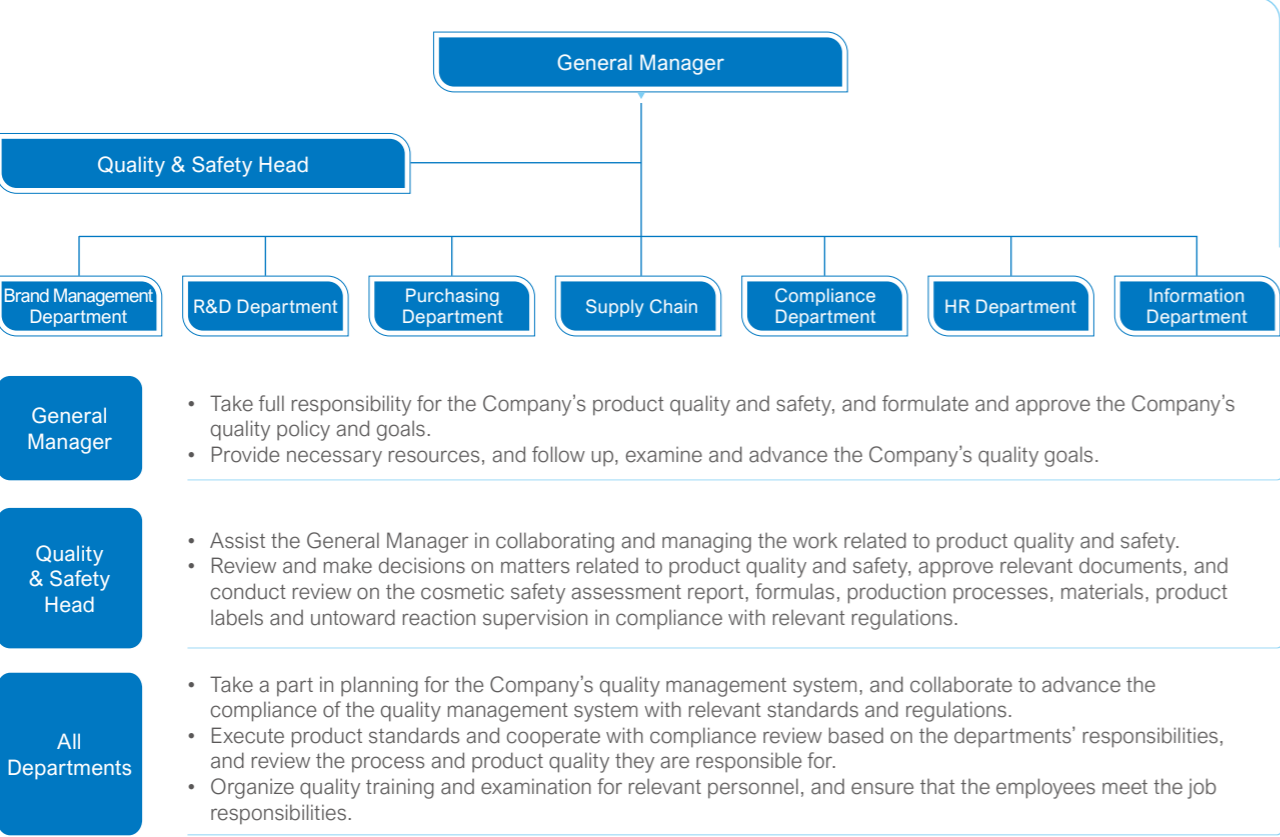
Product Quality Management

In strict accordance with the *Cosmetics Supervision and Administration Regulations* (hereinafter referred to as the “*Regulations*”), *Measures for the Supervision and Administration of Production and Distribution of Cosmetics*, *Administrative Measures on Cosmetics Registration and Notification* and *Quality Management Standards for Cosmetics Production*, Shanghai Jahwa has established a full-process product quality control system covering raw materials and finished products as well as product design, development and consumer use. Based on this system, the Company ensures that its product quality 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 ISO 9001 Quality Management System Standard and ISO 22716 & CGMP-US Good Manufacturing Practice Guidelines for Cosmetics.

In 2022, the new *Regulations* was enforced. The special working group established by the Company continued to respond to the opportunities and challenges brought by the *Regulations*. Seeing the gap between the updated regulations and the practical conditions of production, the working group updates and improves the Company’s quality management procedures and institutional documents, and timely conducts training at all levels.

Strictly observing the quality policy of “customer orientation, compliance and accountability, efficient collaboration, improvement and prevention”, Shanghai Jahwa has developed the quality management responsibility system according to the new Regulations, improved its quality management system structure, and clarified the quality obligations of the legal representative, the quality and safety head and all departments associated with product quality and safety. In doing so, the Company’s quality management system is further strengthened, and its quality management is upgraded.

Quality Management System Structure



Study Updated Regulations, Guarantee the Compliance of Products

According to the updated *Cosmetics Supervision and Administration Regulations* and the regulatory regulations and standards successively introduced, Shanghai Jahwa updated its internal institutional documents in 2022. In addition, the Quality Management Department organized the regulation interpretation training provided by the National Chemical Products Administration Institute of Executive Development, third-party professional institutions and the Company for the heads and relevant employees from all departments, in order to help employees in relevant positions understand the key points of this update, advance the standards for product R&D and production with the times, and guarantee the compliance and excellent quality of products.



Product Development Stage

At the product development stage, we have 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

- The Company has worked out the *Development and Production Quality Specifications for Giving Products* dedicated to Giving, a children’s skin care brand of Shanghai Jahwa. The document specifies stricter requirements on safety evaluation of raw materials, design and development verification, procurement and supplier management, production process, inspection and release to ensure the safety and quality of Giving products and minimize product quality and safety risks.



Cosmetic products

- Observe the national requirements of cosmetics registration and filing, and arrange tests specific to physical, chemical and microbiological indicators, and safety of products.
- Conduct necessary efficacy validation tests.
- Follow internal development standards and procedures for formula development in such links as laboratory design, small test, initial expansion experiment and pilot scale-up to fully ensure the stability and consistency of material quality, and formulate internal control quality standards that are stricter than national and industrial ones.



Non-cosmetic products

- Follow internal development standards and procedures for formula development in such links as laboratory design, small test, initial expansion experiment and pilot scale-up to fully ensure the stability and consistency of material quality, and formulate internal control quality standards that are stricter than national and industrial ones.

For raw material control, the Company specifies that raw materials should be tested, validated and evaluated by professionals in case of any use of new raw materials, changes in formulas and changes in raw material sources, 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. At present, it has developed various methods such as skin irritation, eye irritation, skin sensitization and skin pricking to vigorously support the safe screening of raw materials and products in R&D.

In addition to 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 and therefore visualize pain sense signals.

© Product Safety Evaluation System



Product Production Stage

At the product production stage, we have 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

Prepare complete production management standards

- 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 and implement 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 contracted products meet requirements.

Conduct production inspection

- 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.
- Regularly monitor production 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 released product after recording and approving each batch.

Conduct unqualified product management

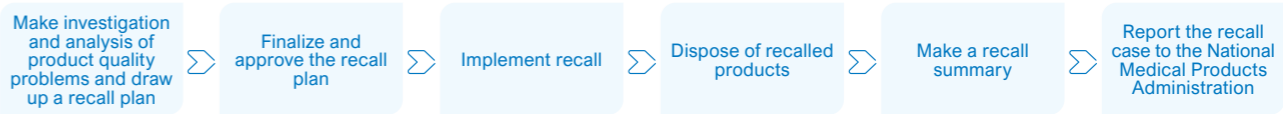
- Establish disposal procedures for unqualified products and expired materials and products to control quality strictly.

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. Then 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 2022, the Company organized a recall drill in which 1,140 bottles of 180ml Herborist Advanced Whitening Revitalizing Toner (Product No.: 75552) stocked in dealers and sales divisions at all levels were recalled, reaching a recall rate of 96.4%. In 2022, there were no products that had been sold or delivered but had to be recalled for safety and health reasons, and there were no violations of laws or regulations in terms of health and safety of products and services.

In addition, to further guarantee product quality and safety, the Company accepts positively the review conducted by regulatory departments such as the National Medical Products Administration, the Customs and SGS, and external professional institutions, and takes the initiative to invite a third-party evaluation organization to carry out product evaluation and testing. By taking professional reviews and exams by multiple parties, the Company is promoting product compliance and quality in an all-round way. For any disqualified item discovered, the quality management head will call together relevant departments to discuss the solutions, and timely follow up and solve relevant problems.

Chemical Safety Management

In terms of chemical safety management, Shanghai Jahwa not only abides by Chinese laws, regulations and standards, including the *Regulations on the Control over Safety of Dangerous Chemicals* and the *Safety and Technical Standards for Cosmetics 2015*, but also refers to the *Cosmetic Ingredient Review* of the US, Regulation (EC) No. 1223/2009 of the European Parliament and of the Council of 30 November 2009 on Cosmetic Products of the EU, and relevant regulatory requirements of EU Scientific Committee on Consumer Safety, thus improving product safety based on more comprehensive and complete standards inside and outside China.

The Company observes applicable laws and regulations strictly in terms of product ingredients, and eradicates prohibited ingredients including but not limited to the 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, etc.²

Moreover, Shanghai Jahwa strives to increase the proportion of green chemicals in the product. It continuously reduces or bans the use of controversial ingredients in the R&D of new products. The “*Star-rating*” *Management System* for chemical raw materials has been developed, according to which chemicals are classified for management based on different warning levels, and the key indicators for Shanghai Jahwa’s selection of green raw materials have been gradually completed. In 2022, the Company set up the *List of Prohibited Ingredients* and the *List of Concerned Risk Ingredients*.

© List of Prohibited and Concerned Risk Ingredients

Prohibited ingredients	Borax, formaldehyde, Cannabis sativa fruit, nylon-12, nylon-6/12, benzophenone-3, polyethylene
Concerned risk ingredients in 2022*	Iodopropynyl butylcarbamate, imidazolidinyl urea, diazolidinyl (methylol) urea, DMDM hydantoin, quaternary ammonium salt-15

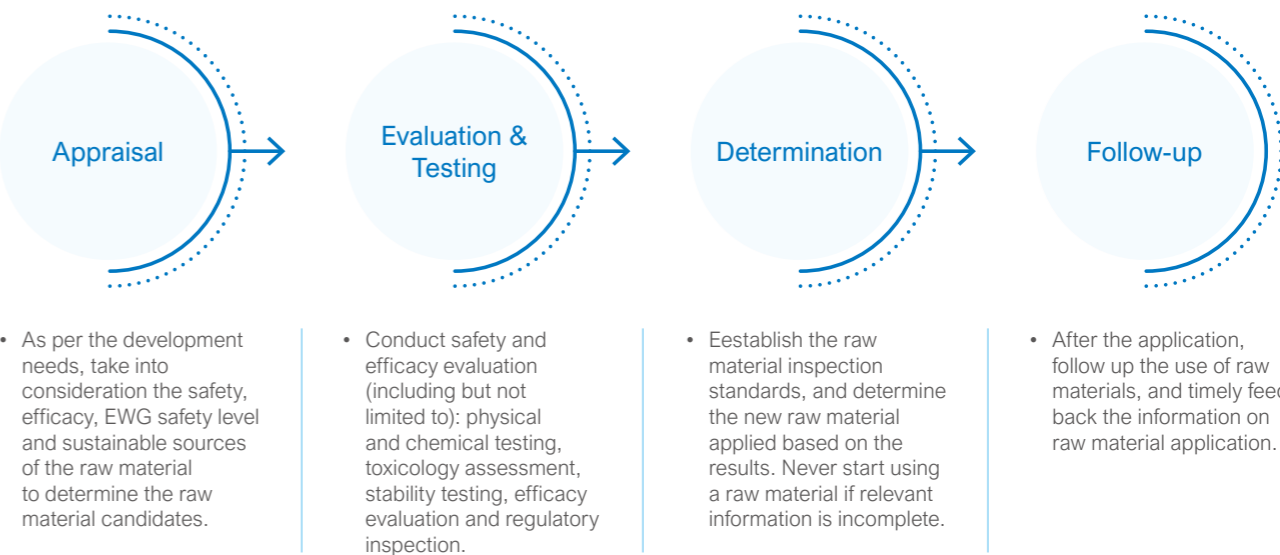
* The risk ingredients that we focus on and will be gradually phased out.

²The 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.

To improve the safety guarantee of products, the Company introduced product safety evaluation as an important step when starting to use raw materials in 2022, which reveals the Company's emphasis on ingredient safety from product R&D to raw material selection and will further enhance the product's safety performance. The Company guarantees that before using raw materials, the product safety experts will review the material's toxicological information and the conditions of its risk substances. If the raw material data is incomplete, the Company will conduct an overall safety evaluation on it.

In the meantime, the Company has gradually completed the key indicators for Shanghai Jahwa's selection of green raw materials. In particular, among the new materials applied by the Company in 2022, over 70% comply with the safety level of EWG (Environmental Working Group) or the green standards in the Beauty, Evolution APP. The Company also strengthens the independent development of green raw materials. It has created many key active substances (such as *Dendrobium officinale*, *epiphyllum*, *Artemisia annuae* and *oryza sativa* lees) depending on eight extraction technologies and promoted the commercialization of active substances and exploration of technological innovations. The Company has conducted comprehensive safety and efficacy evaluation on its self-developed raw materials and performed toxicology-related experiments (including skin irritation, eye irritation, teratogenicity testing and mutagenesis testing).

© New Raw Material Application Procedure and Safety Evaluation Mechanism



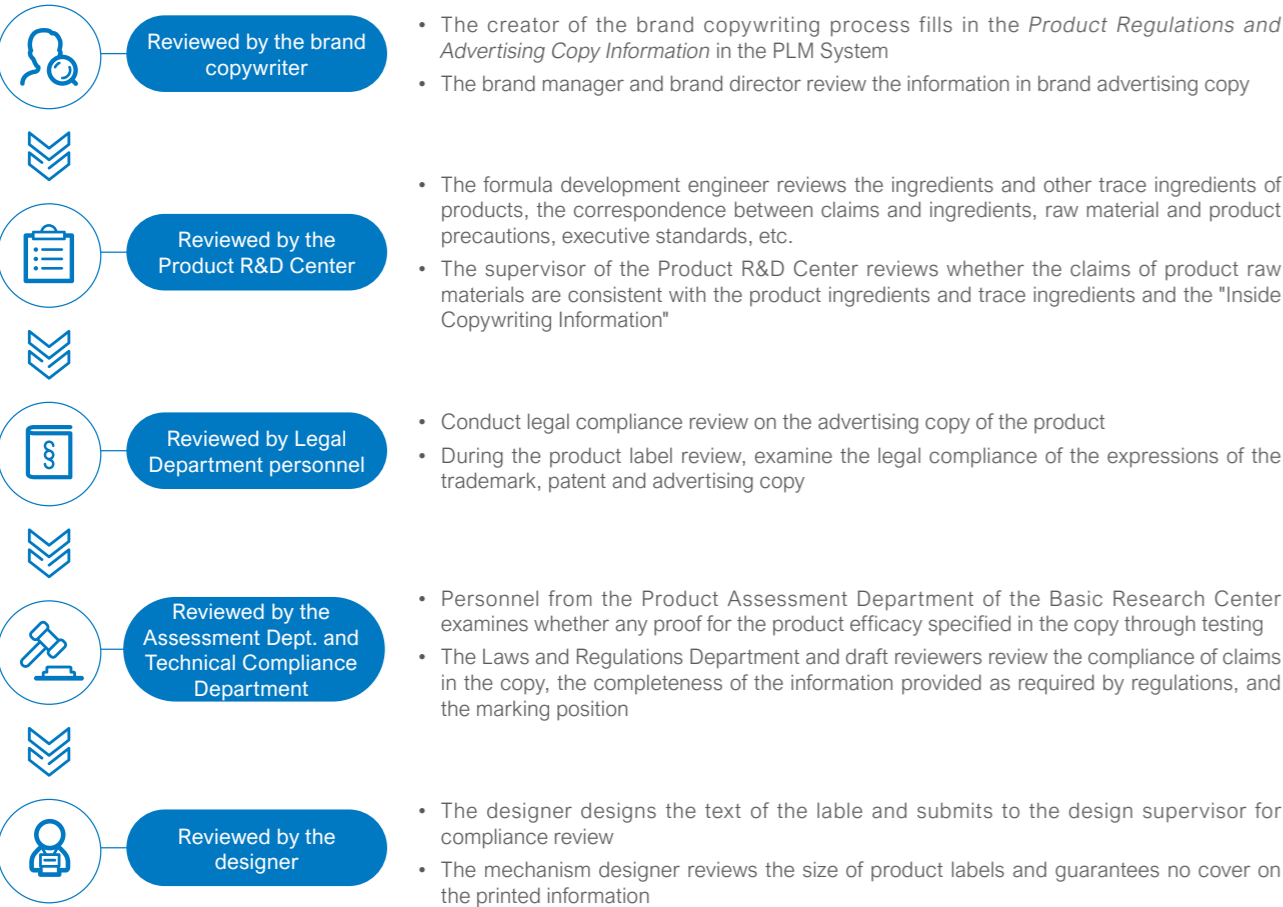
Service Quality Management

Responsible Marketing

We guarantee accurate and authentic product information as an indispensable part of product quality and safety management. In accordance with the *Measures for the Administration of Cosmetic Labels, Regulations on the Management of Registration and Filing of Cosmetics, Evaluation Criteria for Efficacy Claims of Cosmetics, Code of Conduct for Live Streaming Marketing* and *General Principles for the Management of E-commerce Creators*, Shanghai Jahwa has developed the *Process for Review of Labels on Cosmetics Sales Packages* to regulate the making and process review of the labels on cosmetic packages of the Company, guarantee accurate label information, and meet the compliance and listing requirements of products.

The Company reviews the product label and advertising copy strictly following the process. The labels, sales packages, contents, display panels, visual panels and slogans of products will be reviewed by the brand copywriter, R&D personnel, legal reviewer, designer and other roles in the PLM system.

© Process for Review of Labels on Product Sales Packages



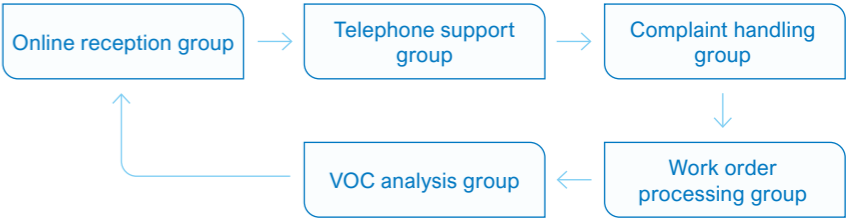
In addition, we pay close attention to the compliance with business ethics by agents, dealers and contractors in their business activities, encourage integrity and self-discipline, and value their responsible promotion and marketing. We encourage integrity management of partners and prohibit fraud such as false data reporting, false accounting, and false performance results. We consistently observe laws and regulations of responsible marketing, and request that our partners comply with the requirements of accuracy, clarity and transparency for responsible marketing.

In 2022, with the Company's broadening of online marketing channels, Shanghai Jahwa attached greater importance to e-commerce platform-related regulations, including *Code of Conduct for Live Streaming Marketing, Management Regulations for Taobao Live Streaming, Administrative Measures for JD Content Creators* and *General Principles for the Management of E-commerce Creators*, and organized training for live streaming and e-commerce-related regulations. In doing so, it guarantees the compliance of live streaming marketing and online sales with laws and regulations and builds the Company's good image of integrity management and responsible marketing.

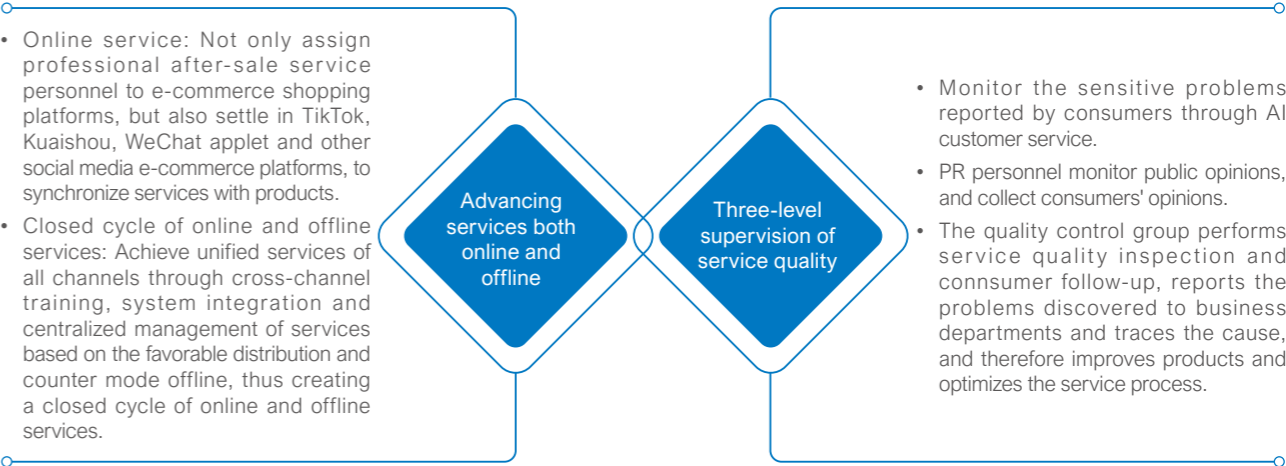
Protection of Consumer Rights and Interests

Shanghai Jahwa attaches great importance to safeguarding customers' rights and interests and products' after-sales services. Abiding by the *Law on the Protection of Consumer Rights and Interests*, adhering to "consumer centricity", and taking "customer satisfaction" and "efficient handling of customers' problems" as goals, the Company has established a complete after-sale service guarantee system and the independent and professional after-sale service enter, under which several collaborative groups have been set up to reach consumers in multiple forms and dimensions. The Company stays committed to providing customers with quality services.

© After-sale Service Guarantee System



As for the service process, the Company "advances services both online and offline, and conducts three-level supervision of service quality." To "advance services both online and offline" means the interaction between online and offline services. Shanghai Jahwa joins the common platforms for users, by which it provides services such as knowledge popularization, and uses the solid foundation of offline operation to achieve the interaction between online and offline services. To realize "three-level supervision of service quality," the Company monitors the problems consumers report through AI customer service technology, the PR personnel and quality control group carry out consumer investigation and service quality inspection, and the business departments trace the cause. In this way, we improve products and optimize the service process.



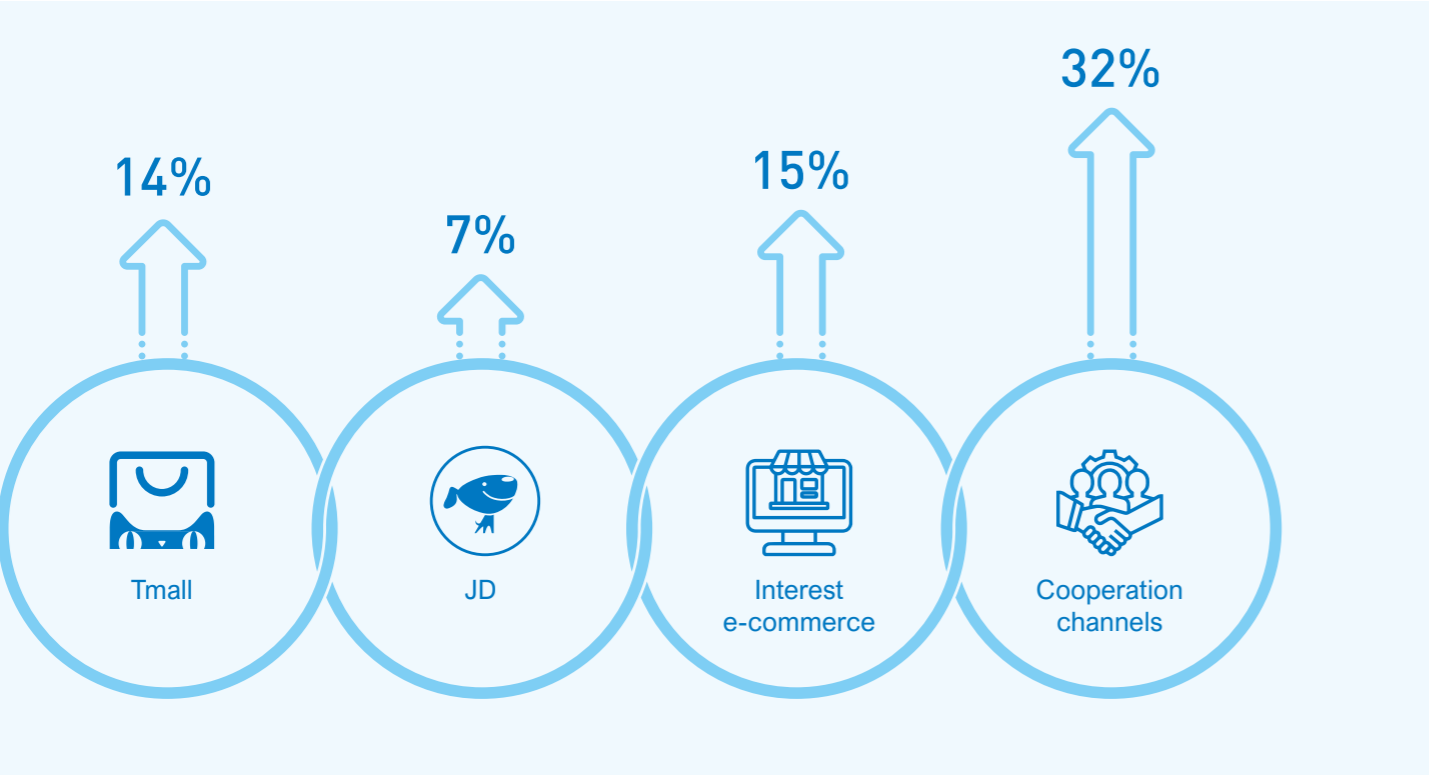
Moreover, the Company adopts targeted handling methods for different types of customer complaints. The Complaint Handling Group of the Company has developed a complaint handling process that covers the complaints associated with quality, safety, laws, regulations and other problems from all channels online and offline to ensure complaints are handled properly.

© Consumer 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, analyse causes in-depth 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.

Consumer feedback reflects our progress made in services. The Company conducts consumer satisfaction investigations regularly to collect users' opinions. Customers have recognized our products and services through constantly improving our customer service system. According to statistics, our consumer satisfaction had increased in 2022, achieving a Y-O-Y rise of 14% in Tmall, 7% in JD, 15% in interest e-commerce and 32% in cooperation channels.

© Consumer Satisfaction Growth in 2022

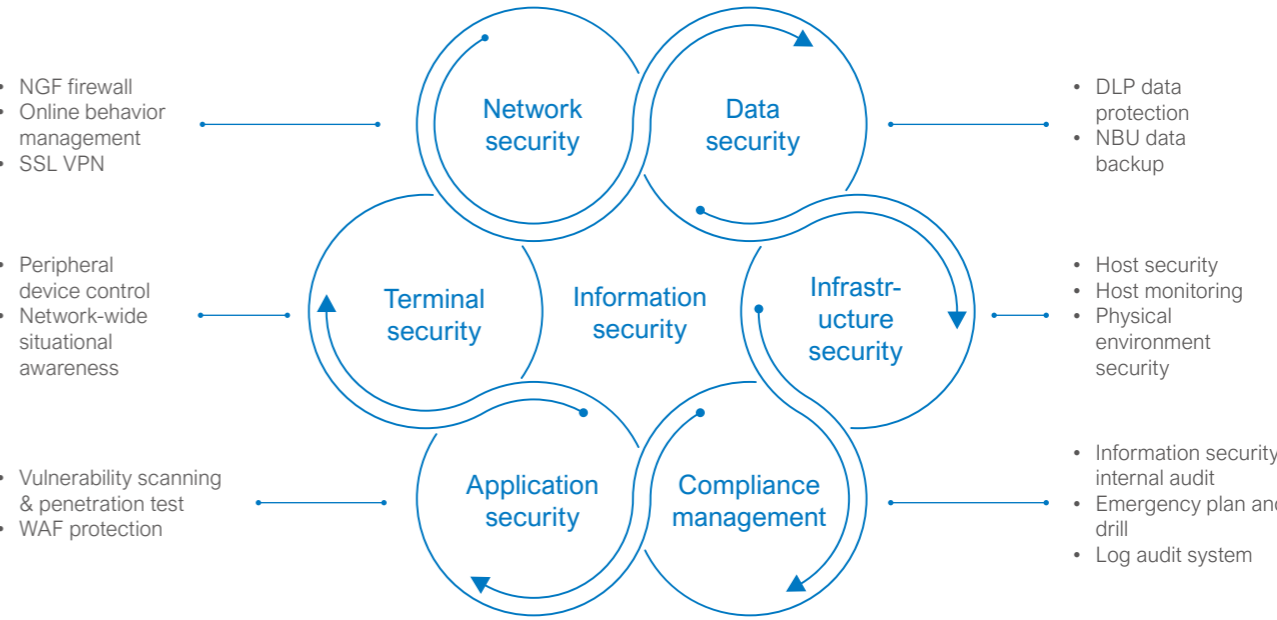


Data Security and Privacy Protection

With the increasing informatization of society, customer privacy protection has become one of our focuses. In the digital transformation process, the Company keeps improving its information management competence to protect the privacy of its customers effectively. The Company observes the *Cybersecurity Law of the People's Republic of China*, 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 and 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 2022, in compliance with national laws and regulations, Shanghai Jahwa established its information security management system based on the national requirements on the protection level and the international ISO 27001 information security system as the framework. The Company integrated the supplier relationship management system (SRM), visualization system and operation and maintenance security audit system into its One Jahwa platform, aiming to consolidate its overall information security system with the integrated platform.

© Shanghai Jahwa Information Security Management System



© Information Security Management Certification

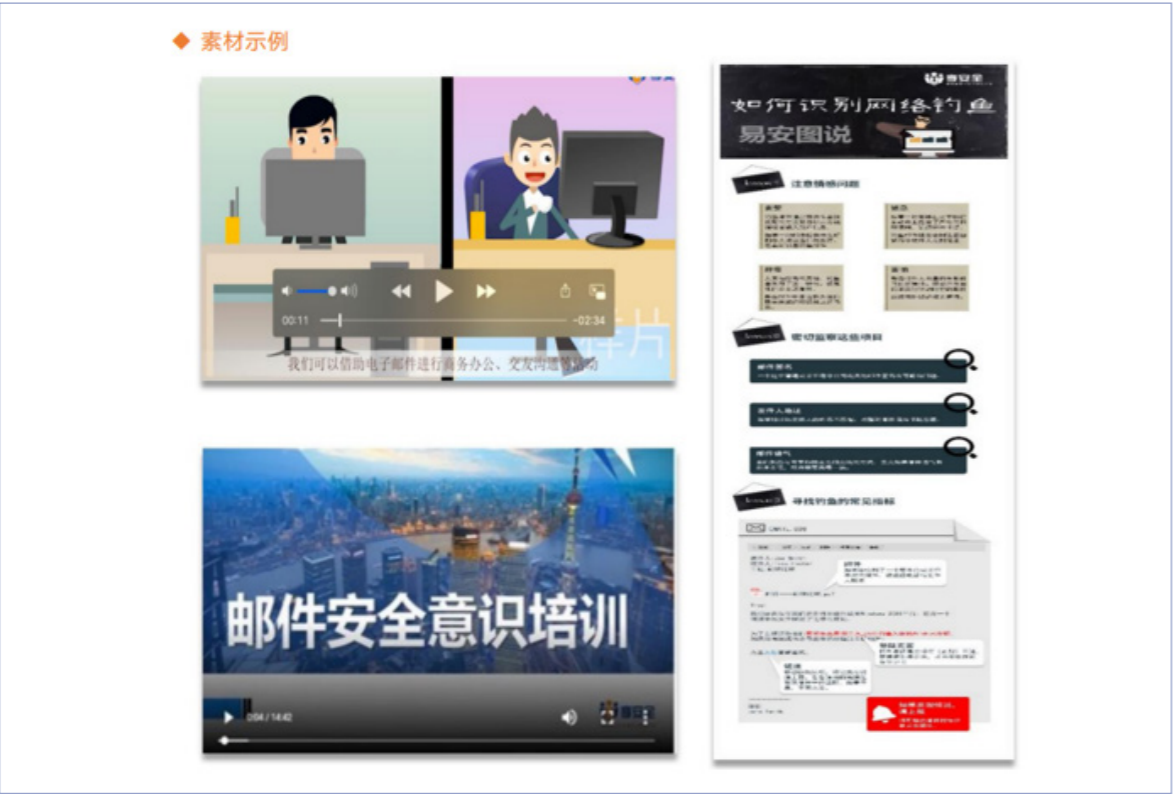
Systems	Certification
Company customer relationship management system (CRM)	National Level-3 Protection Certification
Special Channel Mall	National Level-3 Protection Certification
Integrated order management system (OMS)	International ISO 27001 Security Certification

The Company also updated the provisions on customer privacy in the *Policy for Consumer Privacy Protection* to protect consumer privacy with more rigorous measures. In 2022, the Company had no violations or litigation cases related to data security and privacy protection.

In addition, the information security department of Shanghai Jahwa organizes a series of training courses concerning information security annually to strengthen the information security awareness of all employees. In 2022, the Company held themed training on data security, personal information protection, e-mail security, media communication security, senior management privacy, etc. By the end of December, 3,272 employees had accepted training, 3,046 among whom had passed the exam.

Improve All Staff's Information Security Skills through Diversified Training

In 2022, the Company carried out training on 12 information security-related hot topics including data security, password security, mobile security and remote office. Images, videos and courseware were introduced to the training, and many pictures and videos were made, including “Phishing Emails Favored by Hackers”, “Social Engineering Attack that Is Impossible to Prevent”, “How to Set a Safe Password” and “Guidelines for Remote Office Security”. The training helped employees learn knowledge on information security through rich media in different scenarios and master security-related knowledge needed in daily work in the office and life, and promoted their awareness of and skills in security information.



Supply Chain Management

Sound supply chain management constitutes the foundation for us to provide quality products. 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.

Supplier Management

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 Indirect Procurement* and the *Management Regulations on the Performance Evaluation of Material Suppliers*, and utilizes the supplier relationship management system (SRM) to conduct life-cycle supplier management from supplier accession, evaluation, rewards, to supplier elimination, thus ensuring that suppliers meet its requirements.

© Main Suppliers of Shanghai Jahwa

Supplier Categories	Main Purchasing Items
Suppliers of raw materials	Raw materials and packaging materials
Intermediary suppliers	Physical items (props, lamps, printed products and gifts), market survey, R&D and testing services, business trips and conferences, information services, logistics, facility services and media

The Company annually evaluates important suppliers and organizes a full evaluation for all suppliers every three years. Supplier evaluation associated with environmental protection includes the following:

- Green and environmental protection index of processes and materials: Score according to using environmentally friendly materials in products and processes.
- Environmental protection qualification index: Score according to environmental protection certificates, pollutant treatment processes and equipment of suppliers.
- Greenhouse gas emission index: Consider greenhouse gas emissions 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 the evaluating.



In order to acquaint itself with supplier information and changes more comprehensively, follow up on the development of suppliers and make adjustments accordingly, the Company has formulated the *Regulations on Dynamic Management of Suppliers*. By adopting the “yellow card” and “green card”, it has improved the response rate and services of suppliers and hence guaranteed the Company’s product quality.

Yellow card	Green card
<ul style="list-style-type: none">When the supplier violates relevant regulations, relevant departments of Shanghai Jahwa have the right to issue a verbal or written warning to the supplier. If the supplier responds to the warning in a negative way or fails to correct its error in time, a yellow card will be given as a warning.If the supplier violaes relevant regulations in a serious manner, the yellow card warning can be given directly.	<ul style="list-style-type: none">If the supplier supports and helps the work of relevant departments of Shanghai Jahwa pursuant to relevant regulations, a green card shall be given as a reward.

Sustainable Procurement

We are deeply aware that our procurement acts exert profound impact on forests, biodiversity, climate change, and labor rights, showing a close association with the environment and society. Persisting in the concept of green procurement, Shanghai Jahwa has developed 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 improving the sustainable procurement process. By doing this, the Company aims to reduce the impact of procurement on the environment and society and ensure compliance with business ethics. In the meantime, the sustainable development principles have been specified and integrated into the areas of concern in sustainable procurement.

© Areas of Concern in Sustainable Procurement and Particulars

Areas of Concern	Particulars
Environment	<ul style="list-style-type: none">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, such as RSPO (Roundtable on Sustainable Palm Oil)-certified palm oil.Give preference to raw and auxiliary materials suppliers that adopt internationally-recognized environment management systems, such as ISO 14001.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 suppliers, and consider the results as a basis for evaluating new suppliers.Encourage suppliers to continuously enhance environmental management, keep environmental performance transparent, and issue sustainable development commitments.
Society	<ul style="list-style-type: none">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, religious belief and marital status.Require suppliers to provide their employees with a healthy and safe working environment. Give preference to suppliers that adopt internationally-recognized management systems, such as OHSAS 18001 Health and Safety Management System.Seek opportunities to purchase materials from suppliers that support the local economy and/or help disadvantaged groups.

Areas of Concern	Particulars
Corporate governance	<ul style="list-style-type: none">Work out anti-corruption policies targeting suppliers to encourage suppliers to be honest and self-disciplined and prevent business ethics violationsProvide smooth reporting channels for suppliers to encourage reporting of violations of business ethics and corruption cases. Reporting email: jubao@jahwa.com.cn.Protect suppliers pursuant to the <i>Informer Protection Regulations</i>, and keep the personal information of informers and all reporting materials provided by them confidential in all links of acceptance, registration, storage and investigation.

Palm oil planting exerts a significant impact on ecological environment. Our products produced with palm downstream products as raw materials account for 8% of the total sales. To further promote sustainable procurement and advance biodiversity protection and the development of forest ecosystems with practical efforts, Shanghai Jahwa launched sustainable palm oil procurement in 2022. The Company has worked out the sustainable palm oil procurement plan for the future, sought for qualified suppliers of sustainable palm oil, and initiated preliminary communication with them. During the reporting period, we had drafted and implemented the preliminary plan.

As positively influenced and driven by the Company’s sustainable procurement, our suppliers actively respond to us by taking measures to reduce their negative environmental impacts in production and operation and raising their sustainability. In 2022, the company’s raw material suppliers, intermediary suppliers and logistics suppliers all adopted relevant measures for energy conservation and emissions reduction, having actively contributed to the construction of a green supply chain.

© Suppliers’ Measures for Energy Conservation and Emissions Reduction

Supplier Categories	Measures	Achievements
Packaging suppliers	<ul style="list-style-type: none">A glass supplier of ours invested CNY 5.5 million in energy-saving technological upgrading in 2021-2022, and guaranteed the up-to-standard emissions by applying new technologies, developing the effluent tank with new technics, and upgrading the environmental protection facilities such as VOC waste gas treatment system.It also recycled the solid waste of the desulfurization and denitrification system (desulfurization residues) as the raw material for frosting effluent treatment, thus reducing raw material procurement and solid waste discharge.	<ul style="list-style-type: none">Reduced emissions by 279 tons from January to October 2022, with a Y-O-Y decline rate of 29%.
Logistics suppliers	<ul style="list-style-type: none">A packaging supplier developed the Herborist SPA new year gift box jointly with the Company. This gift box, with 100% pure pulp as raw materials, was produced through one-time hot pressing molding in the fully automatic production line.The logistics supplier replaced original transport vehicles with new-energy vehicles driven by electricity and natural gas.	<ul style="list-style-type: none">Achieved 100% recycling rate.Realized complete degradation in 68-83 days, contributing to zero environmental pollution.Lowered monthly carbon emissions by over 10 tons of carbon dioxide equivalent.

Employee Rights and Benefits

Since its founding, Shanghai Jahwa always treats employees as valuable wealth. The Company attracts talents with an open, equal and inclusive attitude and respects and safeguards employees' legitimate rights and interests. Furthermore, it establishes a platform for employees to grow rapidly and show their talent. It creates a warm, cooperative and efficient working environment to release employees' enthusiasm and promote personal development.

Compliant Employment and Diversity

In strict compliance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other policies and regulations, Shanghai Jahwa has formulated its *Employee Handbook* to establish a sound and standardized human resources management system that covers recruitment and dismissal, working hours and leave, remuneration and promotion, etc. and fully protect employees' legitimate rights, interests and benefits.

The Company expressly prohibits child labor, forced labor or other inappropriate employment, and guarantees no child labor or forced labor through strict screening and daily management and supervision. It also protects employees from discrimination based on race, religious belief, gender, age, marital status, disability or nationality. Employees' political rights, such as the freedom of association, collective bargaining and free election are greatly respected. In 2022, there was no case of illegal employment.

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

Categories	Measures for the Protection of Employees' Rights and Interests	Regulations
Recruitment	<ul style="list-style-type: none">Recruitment: Adhere to the principles of compliance, fairness and non-discrimination in employee recruitment, and resolutely avoid discrimination, child labor or forced labor.	<i>Employee Handbook</i>
Dismissal	<ul style="list-style-type: none">Dismiss labor contracts upon equal consultation with employees pursuant to the <i>Employee Handbook</i>.	<i>Employee Handbook</i>
Working hours and leave	<ul style="list-style-type: none">Working hours: standard labor hours - 40 hours per week. Employees subject to the irregular or comprehensive working hours system are allowed to adjust working hours as appropriate.Leave: paid annual leave, marriage leave, funeral leave, maternity leave and other holidays as specified by the state.	<i>Employee Handbook</i>
Remuneration	<ul style="list-style-type: none">Remuneration mainly depends on job responsibilities, post rank, performance, and employee potential.After fully knowing the market and investigating the industry's remuneration, the Company formulates the whole-year salary adjustment policy combining internal employees' contributions, with resources mainly favoring the employees of great performance and low salaries at the grassroots level and employees to be promoted. The Company considers all dimensions and strives to be fair and impartial in remuneration.	<i>Employee Handbook and Management Regulations on Occupational Health and Safety</i>
Promotion	<ul style="list-style-type: none">Formulate the annual performance assessment plan for each employee at the beginning of the year, and evaluate the whole-year performance at the end of the year. Employees passing the assessment will gain the promotion opportunity.	<i>Employee Handbook</i>

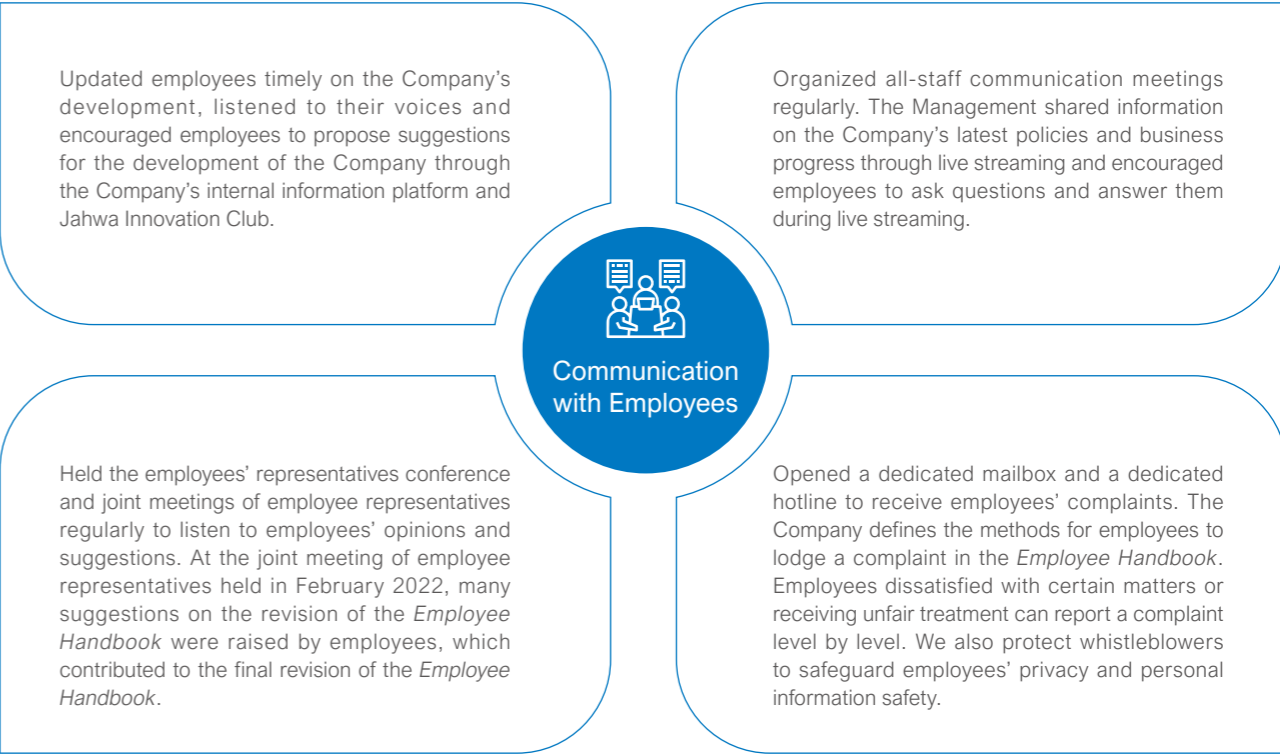
Advocating diversity, the Company offers equal opportunities to each employee or job applicants. During the reporting period, female employees accounted for 73.3% of total employees; and 59.0% of new employees were female.

Seeing the high proportion of female employees, the Company attaches great importance to all female employees' career and life challenges. The *Employee Handbook* stipulates that female employees enjoy statutory and other benefits provided by the Company and equal opportunities for promotion and career development. In addition to statutory leaves such as marriage, maternity, breastfeeding, and leave for routine tests during pregnancy and parental leave, the Company also provides female employees with extra leaves and benefits. The Company has set up the Mommy's Room to help female employees return to work after giving birth.

Communication with Employees and Care for Them

Adhering to the concept of "human orientation", Shanghai Jahwa believes that employee engagement plays a crucial role in Company's business development. The Company has set up a sound mechanism to enable smooth communication with all employees, fully protected employees' right to participate and express, and established a harmonious and stable labor relationship. During the reporting period, the Company communicated with employees through the following measures:

© Measures for Communication with Employees





© The Company's Care for Employees in Difficulty

- We paid visits and brought warmth to employees in financial difficulty or long-term sickness.
- We visited employees who were sick in the hospital, had given birth and donated blood. During the reporting period, the Company paid visits to more than 300 employees who were sick in the hospital or had given birth, and 83 employees who donated blood.
- Around traditional Chinese festivals, the Company visited the trade union members and sent them gift packs and daily necessities, having benefited a total of 6,600 employees. During the high-temperature season, the Company conveyed greetings to more than 600 employees in positions exposed to high temperatures.
- During the stoppage of the Shanghai factory and the logistics base, we sent three batches of supplies there, benefiting over 7,000 employees.
- We affected supplementary insurance for employee hospitalization and Ping An commercial insurance for employees. In 2022, the Company effected the supplementary insurance for mutual assistance of employees of the Municipal Federation of Trade Unions for 1,602 employees, accounting for 37.80% of all employees, and affected Ping An insurance for 2,080 employees, occupying 49.07% of the total staff.



Emphasizing employees' work-life balance, Shanghai Jahwa creates a happy, healthy, harmonious working and living atmosphere. We enhance employees' sense of belonging and happiness and enrich employees' life by organizing literary and sports clubs and organizing fun activities regularly.

© Measures for Employees' Work-Life Balance in the Reporting Period

Literary & sports clubs	Fun activities
<ul style="list-style-type: none">• Set up seven clubs, respectively for football, badminton, basketball, tennis, swimming, yoga and plays & dramas, and organized weekly club activities to enrich employees' spare time.	<ul style="list-style-type: none">• Carried out frisbee experience, comedy appreciation, laser shooting and some other activities to make employees happier and more united.
	

The Function of Intelligent Electronic Seal Was Launched



On July 15, 2022, Shanghai Jahwa launched its smart electronic seal function, which saved the complex process of official seal approval and use, and improved efficiency. The launch of this function enhanced the working efficiency of HR efforts and improved employee satisfaction, making an important milestone in employee management.

At present, the seals for relevant documents are all used in an online and paperless manner. Shanghai Jahwa exercises the ESG concept with its practice and spares no effort to advance the development of green and environment-friendly office. In the future, Shanghai Jahwa will continue to upgrade the electronic seal service to reduce cost, improve enterprise efficiency, and execute the concept of low carbon and environmental protection.

Occupational Health and Safety

Shanghai Jahwa cares for employees' physical and mental health. Strictly abiding by applicable laws and regulations on occupational health and safety, such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Measures for the Administration of the Declaration of Occupational Hazard Items* and the *Work Safety Law*, the Company has formulated the *Management Regulations on Occupational Health and Safety* to build a sound occupational health and safety management system. Kua Yue Factory, a subordinate of the Company, has obtained the ISO 45001 occupational health and safety management system certification. Being valid until March 1, 2025, the certification covers the cosmetics of Kua Yue Factory (ointment, cream, lotion, liquid, gel and paste).

The Company always focuses on employees' occupational health and safety. It offers diversified benefits and comprehensive measures to create a healthy, safe working and living atmosphere for employees.

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.

© Occupational Disease Risks and Preventive Measures

Posts	Risks	Protective Equipment
Preparation workshop	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 identifies and manages the hazards to occupational health in the working environment. To protect employees from occupational diseases, the Company improves employees' awareness of occupational disease prevention through occupational health and safety lectures and education.

The Company pays close attention to not only physical health but also mental health. When employees worked at home, the Company provided three live courses on mental health counselling for all employees and reached employees remotely via announcements and image and text advertising. The mental health counselling covered the themes of emotion management, parent-child relationship and the mentality for the return to work to help employees develop a positive attitude towards changes and challenges.

Safe Production

Adhering to the management policy of “putting prevention first, integrating prevention and treatment”, Shanghai Jahwa has developed its health and safety management goals and established an EHS management system with clear powers and responsibilities and a clear division of labor. By building a sound EHS management system, setting up a professional EHS team, and promoting the “zero accident” EHS culture of mutual assistance among all staff, the Company provides employees with the safest working environment and cultivates their concept of safety. The Company identifies the risks in ESG management and prepares corresponding emergency plans. There were no incidents related to safe production at the Company in the past three years.

To promote the implementation of EHS management measures, the Company has provided relevant regulations on EHS training and assessment systems in the *Employee Handbook*. We enhance employees' EHS awareness and ability through routine publicity and training, and improve EHS management by relying on our sound inspection mechanism. The Company organizes safe production training each year, achieving 7,649 hours and covering 254 employees in safety training. The training is available for the whole Kua Yue Factory. Through the safe production training, the Company helps employees acquire the knowledge needed for the safe production and thus improves their ability to prevent accidents and deal with emergencies.



Talent Development and Retention

Employee Selection and Promotion

Shanghai Jahwa focuses on employee development and plans a clear and smooth career development path for employees. Based on this path, employees can choose their direction of career development according to their own aspiration and expertise, and develop their special abilities with more concentrated efforts. Their growth and contributions are properly and clearly reflected by their ranks.

The Company has built a platform for employee development communication. With this platform, the Company understands employees' expectations for career development and communicates with employees considering their aspiration and their matching with positions. Then, it applies measures such as implementing job rotation/internal transfer, improving employees' abilities for their targeting positions and guiding employees' career development according to the communication results, to ensure high consistency between the employees' expectations and the positions.

A unified performance management system has been built. The Company formulates the annual performance assessment plan for each employee at the beginning of the year and evaluates the whole-year performance at the end of the year. Employees passing the assessment will gain the promotion opportunity. In 2022, the Company released the stock incentives for key middle and senior management, to further promote employees' stability and loyalty.

In 2022, the Company conducted the organizational climate investigation over all employees. As shown in the investigation results, the employee engagement scored 73.2, 10 points higher than that in 2021, suggesting a high-performance/best-talent result. The employee satisfaction scored 79.1, presenting an evident rise compared with 2021.

In 2022, 400+ employees with excellent performance have been promoted, and 1,300+ high-performance employees had their pay raised. In November 2022, the Company was awarded the “2022 Excellent Model for HeRo Chinese Talent Management” by Beisen Cloud Computing and Beisen Talent Management Research Institute.

© Shanghai Jahwa Was Awarded “2022 Excellent Model for HeRo Chinese Talent Management”



The 21st Support Action to Management Trainee Growth and Development



Stressing the importance of the backup talent base, the Company launched the management training program. The Company has drawn up the plan for the contents of learning for employees' whole-year job rotation, covering career transition, office skills, structural thinking, ability of action, data analysis, presentation and expression. Provided both online and offline, the training has efficiently assisted the young management trainees in quicker adaption to and transition in work and built a more professional image for them.



On-site training of management trainees

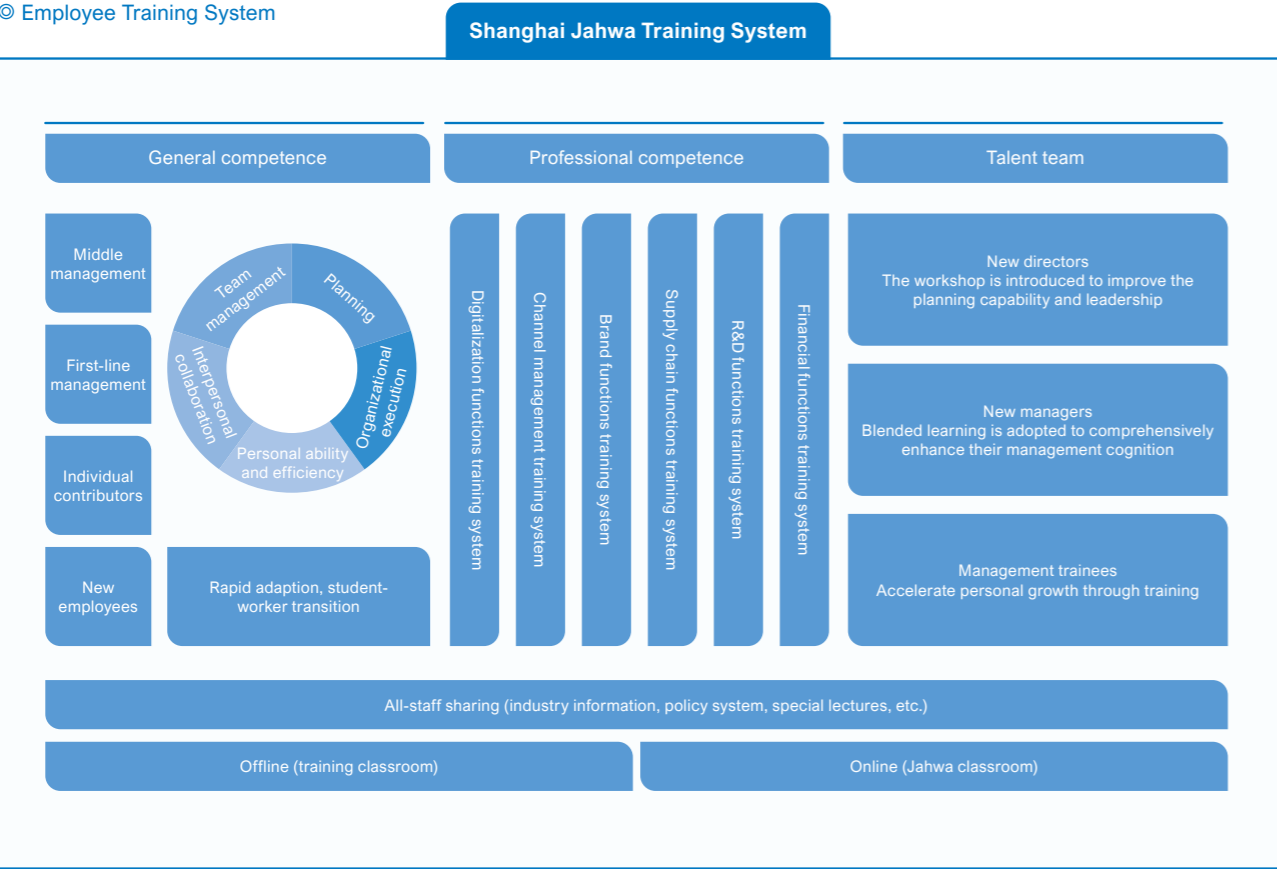
Talent Training and Support

Shanghai Jahwa always regards employee growth and development as the cornerstone for the Company's steady development. In addition to employees' physical and mental health, the Company also focuses on cultivating employees' vocational abilities. Hence, the Company has worked out the talent cultivation plan to provide systematic talent cultivation in terms of professional competence and general competence and support echelon construction.

Management Measures for Employee Competence Improvement

Competences	Measures
Professional competence	In 2022, as a part of the Company's important functions, we officially launched the project to establish a professional competence training system. We determined the capacity of priority and training demand based on competency assessment, investigation and interview, customized the professional training plan, and started the implementation of the training plan since the latter half of 2022.
General management	In 2022, based on the competency model, we initiated comprehensive training combining online and offline courses for employees of different positions from the dimensions of "personal ability and efficiency, interpersonal collaboration, organizational execution, planning and team management" to support personal competence improvement. Also, the Company strengthened the training and education on internal control and compliance in 2022. It developed and released 24 internal video courses covering internal control and internal audit, financial management, laws and regulations, public opinion management, information security, etc., and met the requirements of internal management.

Employee Training System



Category of and Specific Actions for Employee Training

Categories	Specific Actions
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.
External training	The Company has formulated the <i>Regulations on Expatriate Training</i> to regulate the expatriate study of employees. During the reporting period, the Company assigned 42 people to expatriate study, who shared their learning outcomes.
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 examinations	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 the occupational skills required for their posts.

In 2022, in order to optimize the environment for the development of excellent employees and offer training targeting the weak link in talent, the Company conducted the 360-degree evaluation for cadres, having made 203 assessments for directors or above and 548 assessments for managers. This evaluation program provides data for the Company to effectively draw up and execute its training plan and creates a favorable environment for benign competition depending on the 360-degree evaluation results.

During the reporting period, the Company has built the competency model for the grassroots level from scratch and set up the specific competency models for the positions in the Company's middle and senior management. By referring to the competency requirements for each position, summarizing the conditions of the employees at key positions and their successors, and integrating the investigation data, we have created the Company's talent map. With the competency evaluation, employees can have a deeper understanding of their own abilities, know their weaknesses and improve themselves accordingly; and the Company can comprehensively know its overall talent situation and find the data and theoretical support for its development of talent development and training plan afterwards.

Shanghai Jahwa and IMA Established a Platinum Partnership

In December 2022, IMA (the Institute of Management Accountants)³ and Shanghai Jahwa United Co., Ltd. jointly signed a memorandum of platinum partnership. In the future, both parties will carry out in-depth cooperation in terms of the construction of management accounting talent team, support to career development of financial and accounting talent, knowledge popularization, continuing education and industry research.

Shanghai Jahwa values talent as the precious wealth of an enterprise as well as the source of an enterprise's core competitiveness. It treasures employees, cares about their needs, and is dedicated to the perfect combination of the enterprise's strategic goal and the employee's personal ideal, the joint improvement of enterprise's organizational ability and the employee's personal ability, as well as the win-win results between enterprise and the employee.

On this framework, IMA will support Shanghai Jahwa to internally establish and apply the management accounting knowledge system, which will help develop the internal management accounting talent reserve, offer employees the opportunities for comprehensive development, and improve the comprehensive quality and management ability of employees at key positions. After becoming a platinum partner of IMA, Shanghai Jahwa will also encourage employees to make full use of the several learning and exchange platforms constructed by IMA to improve their own professional knowledge and broaden their global vision.

³ Founded in 1919, the IMA is a global-leading international organization of management accountants. Upholding the principle of serving public interests, the IMA is dedicated to serving global financial management, contributing to individual career development, optimizing enterprise performance and realizing value innovation through research, CMA certification, continuing education, social network and advocacy of the highest professional ethics.

Contribute to Community Development

Emphasizing community development, public welfare and volunteer activities and always adhering to the concept of “Born for Beauty, Strive for Goodness”, Shanghai Jahwa mobilizes employees to join the community construction. In 2022, the Company continuously focused on three public welfare dimensions, i.e., school-enterprise collaboration, assistance to people in need, and care in diversified forms. In these actions, the Company encouraged employees to actively undertake and perform their community responsibilities and contribute to a better society.

Our Public Welfare Achievements



In 2022, Shanghai Jahwa:

Made investments in community public welfare in the forms of cash and product donations, including:

- Donating over **90,000** pieces of materials in a year, worth **7.3332** million yuan
- Donating cash of **1.29** million yuan

Participated in public welfare activities in **9** provinces and cities

Benefited over **72,000** people in public welfare programs

Keep Giving Back to Society

Shanghai Jahwa keeps giving back to society and contributing to the construction of common prosperity by actively involving in public welfare activities and charitable donations to deliver health and care.



Social Welfare Actions of Shanghai Jahwa in 2022

Environmental protection

- On the Citizen Day, Shanghai Jahwa organized employees to actively participate in environmental protection actions such as recycling old materials, river patrol and sustainable class.
- Organized the “low carbon life” social practice for employees’ children to pass on the green and low carbon environmental protection concept to the next generation.

Emergency rescue

- When the public health emergency broke out in Shanghai, the Company donated cleaning and skincare products, valuing more than 2.3 million yuan to the medical staff and young volunteers in the wards through Shanghai Charity Foundation, Shanghai Youth Development Foundation, Shanghai Red Cross Society, Soong Ching Ling Foundation and Ruijin Hospital.
- The Company donated living and study supplies to poor residents at its place of registration.
- Donated over 250 thousand yuan worth of disaster relief materials of Liu Shen, Maxamt, Giving, Arm & Hammer and HomeAegis to earthquake victims in Luding County through China Youth Development Foundation.

University-enterprise linkage

- In 2022, Shanghai Jahwa and Fudan University co-hosted the second Fudan University MBA iLab Business Challenge. On-job MBA students conducted research centering on ESG topics based on interview, investigation and competition, created efficient ESG solutions on four topics, supply chain, zero-carbon product, public welfare planning and corporate data governance. The Chairman and several executives of the Company attended the Challenge as jury members. This activity promoted the exchange between the Company and students and advanced their common development.

Caring for teenagers

- Donated over a thousand of pieces of materials to the college students affected by Xi’an public health emergency through China Youth Development Foundation.
- Cooperated with Fudan University to launch the business challenge to assist university students in innovation and business start-ups and donated 200 thousand yuan worth of cash and materials.
- During the China International Import Expo, donated wash supplies worth more than a million yuan to the volunteers working at the Expo through Shanghai Youth Development Foundation, which has solved volunteers’ problem of dry skin due to long-time mask-wearing and helped them serve the visitors with a passionate and professional image.

Empowering women

- Visited the female staff members of Shanghai Women’s Federation who served the China International Import Expo, and donated Maxamt products and other materials to pay our respects and show our care for female workers.
- Sent the woman pacesetters of Shanghai Women’s Federation the Vive gift box during the Mid-Autumn Festival, to respect outstanding women.

Rural revitalization

- Donated more than 200 schoolbags to ethnic minority students and poor students in Yunnan, Guizhou and other mountain areas via China Charity Federation.

Caring for disadvantaged groups

- Donated three batches of products to the Autism Child Welfare Home Development Center.
- In Shanghai Charity Week, donated kinds of clean and skincare products to poor people.

Employee Engagement in Community Communication

The close relationship with the local community will enhance employees' sense of happiness in daily life. Moreover, one of the diversified channels for employees to realize their self-value is to promote the healthy development of the community. Shanghai Jahwa supports employees to take an active part in the activities related to community communication, and takes the initiative to provide employees with the opportunities to participate in the activities. On the Corporate Citizen Day every year, the Company helps employees join the community communication through diversified forms of volunteer and public welfare activities. Employees' volunteer services and public welfare activities mainly cover environmental protection, common prosperity, intangible cultural heritage, and several other areas.

Moreover, Shanghai Jahwa keeps close communication with foundations, NGOs, industrial associations, universities and societies to create professional and diversified experience in community communication for employees.

In 2022, on the Corporate Citizen Day themed "Practicing Sustainability to Make a Better 'Home'", Shanghai Jahwa practiced the concept of green development and organized employees to engage in public welfare activities actively. The Company performed workplace public welfare activities in three different places, invited an external NGO to popularize the concept of environmental protection and recycling, and organized the recovery of old materials, sale of goods for charity, intangible cultural heritage workshop, river patrol and other activities.

© Activities on 2022 Corporate Citizen Day

Zero-waste workshop



Employees could study the knowledge on zero waste in a flexible and fun way and practice sustainability through the workshop.

Old material recovery at three workplaces



Old materials weighing 71.37kg were recovered in three workplaces, having reduced the carbon dioxide emissions caused by landfill by about 47.99kg. Employees could trade the waste resources recycled for the tree-planting quota. A total of 100 trees had been planted, which will absorb about 5,700kg of carbon dioxide in the next ten years.

Sale of goods for charity



Employees actively participated in the online and offline sale of goods for charity. They purchased about 100 handicrafts made by autistic children to show their love for these children.

Yanchuan cloth stickers creation



The cloth sticker is an intangible cultural heritage of Shaanxi Province. By participating in the Yanchuan cloth stickers creation, employees contributed to the development and profit of the Women's Cooperative in Yanchuan and Ansai.

Keeping river clean



Kua Yue Factory organized river patrol for employees. Aiming to create an "intelligent, green and ecological" environment, they kept the river clean and protected biodiversity.

ESG Quantitative Performance Tables

Corporate Governance

Performance indicators	Unit	2022	2021	2020
Number of directors in the Board of Directors	People	7	7	7
Number of male directors in the Board of Directors	People	6	6	7
Number of female directors in the Board of Directors	People	1	1	0
Number of completed corruption lawsuits filed against the issuer or its employees during the reporting period ^[1]	Case	0	0	1
Proportion of employees receiving anti-corruption training ^[2]	%	95	100	100

Note:
[1] See the completed corruption lawsuits filed against the issuer or its employees during the reporting period and the results in *Shanghai Jahwa 2021 ESG Report*.
[2] The data of 2020 and 2021 cover the employees at the headquarters of Shanghai Jahwa, while the data of 2022 share the same scope with the Company's Consolidated Financial Statements for the same period.

Products and Services

Performance indicators	Unit	2022	2021	2020
Number of complaints received about products and services	No.	663	627	694
Complaint handling rate	%	100	100	100
Sales volume of products that have been sold or shipped but have to be recalled for safety and health reasons	CNY 10,000 yuan	0	0	0
Number of incidents related to the health and safety of products and services violating laws and regulations ^[1]	Case	0	0	2
Total number of incidents related to marketing (including advertising, promotion and sponsorship) violating laws and regulations ^[2]	Case	0	0	1
Total number of incidents violating laws and regulations on product and service information and labeling and voluntary guidelines ^[3]	Case	0	0	1
Total number of incidents related to customer privacy violating laws and regulations	Case	0	0	0

Note:
[1][2][3] See the violations in 2020 and their results in *Shanghai Jahwa 2021 ESG Report*.

Employees

Performance indicators	Unit	2022
Employee recruitment ^[1]		
Total number of employees	People	5,238
Proportion of R&D personnel	%	3.63
Number of male employees	People	1,399
Number of female employees	People	3,839
Number of employees under the age of 30	People	606
Number of employees aged 30 to 50	People	4,086
Number of employees over the age of 50	People	546
Number of employees working in Chinese Mainland	People	4,767
Number of employees working in Hong Kong, Macau and Taiwan (China), and overseas	People	471
Number of grassroots employees	People	5,063
Number of middle management employees	People	156
Number of senior management employees	People	19
Total number of new employees	People	843
Number of new male employees	People	346
Number of new female employees	People	497
Number of new employees under the age of 30	People	325
Number of new employees aged 30 to 50	People	501
Number of new employees over the age of 50	People	17
Number of new employees in Chinese Mainland	People	722
Number of new employees in Hong Kong, Macau and Taiwan (China), and overseas	People	121
Employee turnover rate ^[2]	%	16.78
Turnover rate of male employees	%	25.45
Turnover rate of female employees	%	13.62
Number of employees who died caused by work injuries	People	0
Proportion of employees who died caused by work injuries	%	0
Working days lost due to work injuries ^[3]	Day	269

Performance indicators	Unit	2022
Number of labor dispute cases ^[4]	Case	2
Number of penalties for violations of employee employment and labor laws and regulations	Case	0
Number of penalties for violations of occupational health and safety laws and regulations	Case	0
Employee training ^[5]		
Employee training coverage ^[6]	%	97.65
Per capita training hours for employees ^[7]	Hour	6.62
Per capita training sessions for employees ^[8]	Session	7.93

Note:

[1] The data of employee recruitment in 2020 and 2021 cover all employees with full-time labor contracts within the consolidated financial statements, excluding Tommee Tippee employees. The data of employee recruitment in 2022 cover all employees with full-time labor contracts within the consolidated financial statements, including Tommee Tippee employees.

[2] Employee turnover rate = the number of employees of the same category lost during the year/the total number of employees of the same category retained at the end of the year * 100%.

[3] In 2022, 4 employees of the Company were injured on their way to work or during their work in the workshop. The Company cooperated with the employees in work-related injury identification, and provided them work injury leave according to relevant regulations.

[4] There were 2 labor disputes in 2022, where former employees of Tommee Tippee requested for dismissal compensation. As reviewed by the administrative agency, all their requests had been rejected. The Company does not need to take any further action or make any compensation.

[5] The data of employee training only cover the employees of Shanghai Jahwa United Co., Ltd., excluding the data of subsidiaries. In 2022, as the Company had enriched its employee training system, the per capita training sessions for employees show a significant rise.

[6] Employee training coverage = number of employees accepting the training (by the end of the reporting period)/total number of employees (by the end of the reporting period) * 100%.

[7] Per capita training hours for employees = total training hours/total number of employees (by the end of the reporting period).

[8] Per capita training sessions for employees = Total training sessions for employees (by the end of the reporting period)/total number of employees (by the end of the reporting period).

Information Security Management

Performance indicators	Unit	2022	2021	2020
Number of incidents violating laws and regulations in information security	Case	0	0	0
Frequency of training and evaluation in personal information security	Times	4	2	—
Number of participants taking part in training and evaluation of personal information security	People	4	2	—
Number of people who receive training and pass exam in personal information security	People	4	2	—
Personal information security training sessions for employees	Times	15	4	3
Number of employees covered by personal information security training	People	2,594	200	300

Supplier Management^[1]

Disclosure indicators	Unit	2022	2021	2020
Total number of suppliers	No.	309	188	179
Number of suppliers in Chinese mainland	No.	238	188	179
Number of suppliers in Hong Kong, Macao and Taiwan (China), and overseas	No.	71	0	0
Proportion of suppliers that have received evaluation on environment, labor and ethics ^[2]	%	67	100	100
Proportion of suppliers that have passed evaluation on environment, labor and ethics	%	100	100	100

Note:

[1] The disclosure indicator data of supplier management in 2020-2021 exclude Tommee Tippee, and the supplier disclosure indicator data in 2022 cover Tommee Tippee. The scope of supplier data from 2020 to 2022 mainly includes the raw material suppliers, but excludes the intermediary suppliers.

[2] The "proportion of suppliers that have passed evaluation on environment, labor and ethics" in 2022 is 100% when excluding Tommee Tippee data, which is consistent with the previous year.

Social Welfare

Disclosure indicators	Unit	2022	2021
Amount invested in community public welfare	CNY 10,000 yuan	862.32	734.98
Including amount donated in charity activities	CNY 10,000 yuan	129	60.00
Social contribution value per share ^[1]	CNY yuan	3.26	3.52
Number of people receiving help in social activities for public good	People	72,082	59,314

Note:

[1] 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^[1]

Performance indicators	Unit	2022	2021	2020
Number of penalties for violations of environmental protection laws and regulations	Case	0	0	0
Energy Resource Consumption				
Electricity purchased ^[2]	MWh	25,042.32	17,286.88	16,089.99
Gasoline consumption of company-owned vehicles ^[3]	L	9,520.00	12,553.66	13,271.01
Diesel oil consumption of company-owned vehicles	L	41,900.00	51,304.96	43,944.25
Total natural gas consumption ^[4]	m ³	42,976.00	65,301.00	29,870.00
Total steam consumption	GJ	58,443.76	66,700.8	56,138.4
Steam consumption density	GJ/10,000 yuan revenue	0.08	0.09	0.08
Comprehensive energy consumption ^[5]	Ton of standard coal	4,004.85	4,564.82	4,001.90
Total water consumption	m ³	298,613.00	280,898.00	251,255.00
Total recycled water consumption ^[6]	m ³	97,077.00	70,888.90	25,524.80
Water consumption density (unit production)	m ³ /10,000 pcs of products	5.03	4.26	4.03
Water consumption density (unit revenue)	m ³ /10,000 yuan revenue	0.42	0.37	0.36
Emissions				
Total exhaust gas emissions	m ³	96,959,500	132,019,046	108,530,500
Total effluent discharge	m ³	227,976.00	192,148.10	172,829.90
Industrial effluent discharge	m ³	150,345.00	178,808.00	159,680.00
Chemical oxygen demand (COD) emissions (in effluent)	Ton	2.255	3.04	2.70
Ammonia nitrogen (NH ₃ -N) emissions (in effluent)	Ton	0.015	0.018	0.016
Total non-hazardous waste generated	Ton	1,643.80	1,507.79	1,365.12
Density of non-hazardous waste generated	Ton/million yuan revenue	0.23	0.20	0.19
Total hazardous waste generated ^[7]	Ton	386.14	305.08	228.69

Performance indicators	Unit	2022	2021	2020
Density of hazardous waste generated	Ton/million yuan revenue	0.054	0.040	0.033
Total non-methane hydrocarbon emissions ^[8]	Kg	68.00	176.16	872.44
Total greenhouse gas emissions ^[9]	Ton of carbon dioxide	15,447.05	18,199.05	16,211.31
Greenhouse gas emissions in Scope 1 ^[10]	Ton of carbon dioxide	228.00	315.24	219.59
Greenhouse gas emissions in Scope 2 ^[11]	Ton of carbon dioxide	15,219.05	17,883.81	15,991.73

Note:

[1] The environmental performance data in 2020 and 2021 cover the headquarters of the Company, Baoding Road workplace, Kua Yue Factory, Hainan Factory and Han Li Factory, and exclude Tommee Tippee and subsidiaries mainly engaged in investment holding and marketing management. The environmental performance data in 2022 cover the headquarters of the Company, Baoding Road workplace, Kua Yue Factory, Hainan Factory and Tommee Tippee, and Han Li Factory is excluded as it was shut down in 2022. The greenhouse gas data in 2020-2022 exclude Tommee Tippee.

[2] The electricity consumption in 2022 shows a sharp rise because the electricity consumption of Tommee Tippee is added to the data.

[3] Han Li Factory was shut down by the Company in 2022, resulting in the significant decline of gasoline consumption.

[4] As influenced by the logistics and stoppage of the base in the first half of 2022, the time of office use was reduced, leading to the fall of the natural gas consumption.

[5] The calculation formula of comprehensive energy consumption and the factors are introduced from GB/T2589-2020 *General Principles for Comprehensive Energy Consumption*. This data excludes Tommee Tippee data.

[6] The recycled water consumption refers to the part in the total water consumption that has been recycled.

[7] The data of hazardous waste discharged in 2020-2021 have been updated based on data tracing.

[8] The Company shut down Han Li Factory in 2022, therefore significantly lowering the non-methane hydrocarbon emissions.

[9] Total greenhouse gas emissions include those from Scope 1 and Scope 2. Its calculation and emission factor refer to the *Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting – Power Generation Facilities* (2022 Revision).

[10] Greenhouse gas emissions in Scope 1 come from natural gas consumption of the Company, and gasoline and diesel consumption of the company-owned vehicles. The heat values of natural gas, gasoline and diesel refer to *China Energy Statistical Yearbook 2021*.

[11] Greenhouse gas emissions in Scope 2 come from the consumption of steam and power purchased by the Company. The emission factor of the greenhouse gas emissions from power purchased in 2020 and 2021 adopts 0.6101kgCO₂/kWh, the emission factor of the State Grid published by the Ministry of Ecology and Environment in 2019. The emission factor of the greenhouse gas emissions from power purchased in 2022 adopts 0.5703kgCO₂/kWh, the emission factor of the State Grid published by the Ministry of Ecology and Environment in the *Circular on Management of Greenhouse Gas Emissions Reporting of Power Generation Enterprises 2023-2025*. The emission factor of the greenhouse gas emissions from steam in 2020-2022 refers to the *Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting – Power Generation Facilities (Exposure Draft)* (2022), which is 0.11tCO₂/GJ; and the data 2020-2021 is updated on this basis to guarantee the comparability of the data in different years.

Honors



Corporate Honors

- ☆ Thank-You Letter from Shanghai Commission of Economy and Information Technology
- ☆ One of the Top 100 Shanghai Private Enterprises 2022 awarded by Shanghai Enterprise Federation
- ☆ One of the Top 100 Shanghai Private Manufacturers 2022 awarded by Shanghai Enterprise Federation
- ☆ One of the Top 100 Shanghai Manufacturers 2022 awarded by Shanghai Enterprise Federation
- ☆ First Prize for Innovative Achievements in Modern Management of Light Industry Enterprises awarded by China Light Industry Enterprise Management Association
- ☆ TBB Shanghai Manufacturing Brand Value List published by Shanghai Federation of Industrial Economics and Shanghai Institute of Corporate Culture and Brand
- ☆ 2022 “50 Good Companies” Excellent Development of the Year granted by Jiemian
- ☆ Excellent Innovating Enterprises of 2022 granted by the *Economic Observer*
- ☆ “Star” Company on Main Board of 2022 titled by the *Chinese Securities Journal*
- ☆ Corporate PR and Communication Award of the Year titled by Finance Net (CAIJING.COM.CN)
- ☆ Excellent PR Team of 2022, Golden Bridge Awards granted by *Investor Journal Weekly*
- ☆ Excellent PR Team of the Year, Jin’ge Award granted by GuruClub
- ☆ Top 100 Influential Listed Companies of 2022 granted by Snowball



ESG Construction and Management Honors

- ☆ Honest Partner to Shanghai Youth Volunteers granted by Shanghai Committee of Chinese Communist Youth League
- ☆ Public Welfare Contribution Star titled by China Cleaning Industry Association
- ☆ 100 Shortlisted Enterprises in China’s Low carbon Transformation and High-quality Development titled by China Chamber of International Commerce and SynTao
- ☆ “Model for ESG Governance” of the 7th Social Value Co-creation Forum titled by CCM CSR Promotion Center and the School of Management, Fudan University
- ☆ The Most Socially Responsible Listed Company of 2022 Chinese Listed Companies of the Best Reputation titled by the *National Business Daily*
- ☆ Excellent ESG Enterprise of the Year of the 20th Financial Power Chart titled by Hexun
- ☆ 2022 ESG Green Company Star titled by *China Investment Network*
- ☆ ESG Investment of the Year of 2023 China Capital Market Financial Summit titled in 36 Kr WISE2022 The King of the New Economy
- ☆ MSCI Index: BBB level
- ☆ 2022 Wind ESG rating: AA



Corporate Governance Honors

- ☆ The Best Board of Directors of Listed Companies of 2022 Chinese Listed Companies of the Best Reputation titled by the *National Business Daily*
- ☆ Best Board of Directors of the “Round Table Award” titled by *Directors & Boards*
- ☆ 2021 Annual Report Performance Briefing “Best Practice Case” titled by China Association of Public Companies
- ☆ 2021 Investor Relations Management Award of the 24th Golden Bull Award for Listed Companies titled by *China Securities Journal*
- ☆ Excellent IR Enterprise of the Investor Relations Gold Award titled by Quanjing Net
- ☆ Diligence Award for Performance Briefing of the Investor Relations Gold Award titled by Quanjing Net
- ☆ Award for Relations with Medium and Small Investors of the Investor Relations Gold Award titled by Quanjing Net



R&D Innovation and Design Innovation Honors

- ☆ Outstanding Award of the 23rd China Patent Award granted by China National Intellectual Property Administration
- ☆ National “CNAS Laboratory Accreditation Certificate” Granted by China National Accreditation Service for Conformity Assessment
- ☆ Core Drafter of Group Standards granted by Shanghai Daily Chemistry Trade Association
- ☆ The WIPO-SMPG Shanghai IP Innovation Award (Third Prize for Patents) granted by Shanghai Intellectual Property Administration
- ☆ Star of Innovation & Upgrading and Star of New, Well-known and Fine Products Based on Digital Technology granted by China Cleaning Industry Association
- ☆ Shanghai Jahwa Industry Design Center awarded as 2002 Advanced Collective for Color Research and Development granted by China Fashion Color Association
- ☆ Fashion & Beauty of the Year – Dr. Yu Intensive Hydrating & Activating Essence honored by WDCC 2021 Fashion 100+
- ☆ 2021-2022 Shanghai Design 100+ of the Year – Herborist Tai Chi Collection Products
- ☆ Design Creativity Award of 2022 Asia Cup Label Award – Giving New Essence of Naturals Babycare Collection



Brand Honors

Herborist

- ☆ Herbal Skincare Brand of the Year of 2022 Trust Award granted by Jiemian
- ☆ Most Trusted Patch Facial Mask of the Year granted by Sohu Fashion in 2022 – Herborist Brightening Freezed Mask
- ☆ Award of Brightening & Whitening National Essence of Star Commentor Prize of 2022 Rayli Beauty Awards – Herborist Advanced Whitening Anti-spot Serum

Dr. Yu

- ☆ The Most Competitive Brand of 2022 China Cosmetics Bluerose Awards
- ☆ National Skincare Brand of the Year of 2022 Trust Award granted by Jiemian
- ☆ 2022 (Autumn) Potential Stars of China FMCG – Dr. Yu Fresh UV Protection Emulsion
- ☆ Tmall TMIC New Product Innovation Award – Dr. Yu Fresh UV Protection Emulsion
- ☆ Watsons Health and Beauty Awards 2022 Best New Product – Dr. Yu Fresh UV Protection Emulsion

Liu Shen

- ☆ China Chic Personal Care Brand of the Year of 2022 China Chic Selection granted by Jiemian
- ☆ Kantar Worldpanel Brands of the Decade (Leap Growth)
- ☆ Silver Prize of the 13th Tiger Roar Award
- ☆ Golden Mouse Social Marketing Silver Prize
- ☆ TOP FMCG Classic Products · 2022 (Autumn) High-end Classic Products – Fresh Herb Collection

Giving

- ☆ Tmall Best Product for Babies of 2022 · The Most Popular Infant and Child Wash Award of the Year
- ☆ TOP Classic Products · 2022 (Autumn) Potential Stars – Giving Daily Care + Special Care
- ☆ Popular Wash Products for Babies of the Year – Giving Daily Care + Special Care granted by Yu Er Net
- ☆ 2022 Watsons Health and Beauty Awards – Hot M&B Products – Giving Smooth & Silky Shampoo and Gentle Body Wash
- ☆ Babytree Brilliant Awards · Industry Reputation of 2022 – Giving Daily Care + Special Care
- ☆ Babytree Brilliant Awards · Consumer Reputation of 2022 – Giving Baby Moisturizing Soft Cream

GF

- ☆ TOP Classic Products · 2022 (Autumn) Potential Stars – GF Oil Control & Purifying Skincare Collection

Maxamt

- ☆ Top digital Innovative Marketing Award · Integrated Marketing Silver Prize – Shanghai Jahwa x Kuaishou Media Platform CNY Digital Marketing

Herborist Derma

- ☆ 2022 CBE Good Brands
- ☆ CBE “Ten Star Products” on the Super Product Day – Herborist Derma Polypeptide Firming Anti-wrinkle Serum
- ☆ Watsons Health and Beauty Awards Best Brand Prize – Herborist Derma Polypeptide Firming Anti-wrinkle Serum

Tommee Tippee

- ☆ Popular Feed Product among Mothers granted by Yu Er Net
- ☆ 2022 Best Feeder of Motherhood Choice Award
- ☆ 2022 Golden Prize of My Child Magazine Award
- ☆ 2022 Golden Prize of Mother & Baby Best Products for Baby Sleeping
- ☆ 2022 Best Baby Thermos Cup and Best Electric Feed Appliance of The Best of Baby by The Bump
- ☆ 2022 Golden Prize of Made for Mums
- ☆ 2022 Golden Prize of Bounty Baby Award for Baby Sleeping Products and Electric Feed Appliances

Benchmarking Index Table

Shanghai Stock Exchange Guidelines No. 1 on Self-regulation of Listed Companies – Standardized Operation (2022)

Shanghai Stock Exchange Guidelines No. 1 on Self-discipline Supervision of Listed Companies – No. 1 Document: Standard-based Operation (2022)		Chapters
No.	Main Content	
8.1	Stakeholder Communication and Social Responsibility Practice	Communication with Stakeholders Analysis of Material Topics
8.2	Abide by Business Ethics and Anti-unfair Competition	Anti-corruption and Business Ethics Anti-unfair Competition
8.3	Social Responsibility Management and Strategic Planning	ESG Management Philosophy ESG Management Practice ESG Management Goals and Progress
8.4	Social Contribution Per Share	Key Quantitative Performance Tables
8.5	Social Responsibility Report Disclosure Subject and Public Disclosure	Corporate Governance
8.6	Scope of Social Responsibility Report	Report Preparation Instructions
8.7	Employee rights protection	Employee Rights and Benefits
8.8	Environmental Management Policy	Environmental Management System
8.9	Environmental Management Performance	Environmental Management System Energy and Resource Management Management of Emissions Reducing Carbon Footprint of Products
8.10	Environmental Impact	Energy and Resource Management Management of Emissions
8.11	Environmental Rectification	Environmental Management System Energy and Resource Management Management of Emissions
8.12	Discharge and Emergency Management of Key Pollutant Discharging Units	Management of Emissions
8.13	Production and Product Safety Assurance	Product R&D and Innovation Product and Service Quality Management Chemical Safety Management
8.14	Employment Management, Occupational Health and Safety, Employee Training	Employee Rights and Benefits Occupational Health and Safety Talent Development and Retention
8.15	Scientific Ethics	Product Innovation and R&D

Report Preparation Instructions

This report is the 7th Environmental, Social and Governance (ESG) Report of Shanghai Jahwa United Co., Ltd., which discloses to stakeholders the Company’s concepts, management methods, efforts and achievements in ESG management.

Scope of Report

This Report covers Shanghai Jahwa United Co., Ltd., and its subsidiaries (hereinafter referred to as “Shanghai Jahwa”, the “Company” or “we”). Unless otherwise specified, the scope of this Report is consistent with the scope of Shanghai Jahwa (stock code: 600315) Consolidated Financial Statements for the same period. Part of data that vary in the statistical scope have been explained where it is involved.

Entities covered by this Report include the follows:

Company Name	Company Name
Shanghai Jahwa Industrial Management Co., Ltd.	Shaanxi Shanghai Jahwa Sales Co., Ltd.
Shanghai Hanli Paper Co., Ltd.	Jinan Shanghai Jahwa Sales Co., Ltd.
Shanghai Herborist Beauty Investment Management Co., Ltd.	Nanjing Shanghai Jahwa Sales Co., Ltd.
Shanghai Herborist Hanfang SPA Services Co., Ltd.	Guangzhou Shanghai Jahwa Sales Co., Ltd.
Chengdu Shanghai Jahwa Sales Co., Ltd.	Xinjiang Shanghai Jahwa Sales Co., Ltd.
Huamei Jahwa Cosmetics Co., Ltd. of Shanghai Jahwa	Fuzhou Jahwa Sales Co., Ltd.
Shanghai Herborist Cosmetics Co., Ltd.	Jahwa Economic and Trade Co., Ltd. in Ningbo Economic and Technological Development Zone
Beijing Herborist Cosmetics Co., Ltd.	Changsha (Shanghai) Jahwa Sales Co., Ltd.
Shanghai Jahwa Sales Co., Ltd.	Shanghai Linbi Beverage Sales Co., Ltd.
Hainan Linbi Beverage Co., Ltd.	Shanghai Jahwa E-commerce Co., Ltd.
Dalian Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Huamei Science and Technology Co., Ltd.
Harbin Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa International Trading Co., Ltd.
Zhengzhou Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Trading Co., Ltd.
Suzhou Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Commercial Sales Co., Ltd.
Tianjin Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Hainan Daily Chemicals Co., Ltd.
Beijing Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Pharmaceutical Science and Technology Co., Ltd
Qingdao Shanghai Jahwa Sales Co., Ltd.	Shanghai GF Cosmetics Co., Ltd.
Xiamen Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Hongyuan Culture Communication Co., Ltd.
Hangzhou Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Cosmetics Sales Co., Ltd.
Nanchang Shanghai Jahwa Sales Co., Ltd.	Shanghai Jahwa Brand Management Co., Ltd.
Wuhan Shanghai Jahwa Sales Co., Ltd.	Jahwa International Investment Company Limited
Hefei Shanghai Jahwa Sales Co., Ltd.	

Company Name	Company Name
Hong Kong Herbal Laboratory Company Limited	Jackel International China Limited
Jahwa-Herborist Europe	Mayborn USA Inc
Abundant Merit Limited	Mayborn ANZ PTY Limited
Cayman A2, Ltd.	Mayborn France SARL
Financial Wisdom Global Limited	Mayborn Morocco SARL
Glamour Time Limited	Mayborn Italy S.R.L
Success Bidco 2 Limited	Steri-bottle UK Ltd
Jake Holdings Limited	Kindertec Limited
Jake Investment Limited	Gro-Group Holdings Ltd
Jake Nominees Limited	Gro-Group Ltd
Jake Acquisitions Limited	Gro-Group International Ltd
Mayborn Group Limited	Gro Company Australia Pty Ltd
Mayborn (UK) Limited	Mayborn Gro (Shenzhen) Trading Co., Ltd.
Sangenic International Limited	Tommee Tippee Limited
Product Marketing Mayborn Limited	Mayborn Canada Inc.
Jackel China Limited	Tommee Tippee Americas LLC
PMM China Limited	Mayborn Deutschland GmbH

Abbreviations in the Report are explained as follows:

Abbreviation	Explanation
Shanghai Jahwa, the Company, we/us	Shanghai Jahwa United Co., Ltd.
Kua Yue Factory	The Company's production base in Qingpu District, Shanghai
Hainan Factory	Shanghai Jahwa Hainan Daily Chemicals Co., Ltd., a holding subsidiary of Shanghai Jahwa
Tommee Tippee	Mayborn Group Limited and its subsidiaries, a holding subsidiary of Abundant Merit Limited

Reporting Period

This report covers the period from January 1, 2022 to December 31, 2022. Unless otherwise specified, all data in this report are for this period.

Basis of Preparation

This report is prepared according to the *Guidelines of Shanghai Stock Exchange on Self-discipline Supervision of Listed Companies - No. 1 Document: Standard-based Operation* (2022), and also with reference to Global Reporting Initiative (GRI) *Sustainability Reporting Standards* ("GRI Standards"), Chinese Academy of Social Sciences *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* (CASS-ESG5.0) and 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).

Data Interpretation

Data and cases in this report are excerpted from the Company's official business records. In case of inconsistency between financial data in this report and the Company's annual financial report, the annual financial report shall prevail. The financial data in this report are all in CNY.

Access to Report

This report is published in electronic form on the information disclosure platform designated by the stock exchange, and can also be viewed or downloaded at the Company's official website (<https://www.jahwa.com.cn/>).

Contact Us

Contact us via the following methods if any opinion or suggestion on the report:
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Principles of Preparation

Aiming to communicate with stakeholders based on effective, complete, accurate and comprehensive content, the preparation of this report complies with the following principles.

<p>Importance</p> <p>The Company identifies the operation-related material topics concerned by investors and other stakeholders and makes them the key points of this report. While discussing the material topics, this report attaches importance to the characteristics of the industries and regions involved in the operation of the Company. See the process and results of material topic analysis in the ESG Management section of this report. This report focuses on environmental, social and governance matters that may exert important influence on investors and other stakeholders.</p>	<p>Accuracy</p> <p>This report ensures that the information is as accurate as possible. The statistical scope, basis of calculation and assumptions are provided for each calculation result of quantitative information, to prevent the calculation errors misleading information users. Please refer to the details of quantitative information and notes in the Performance section of this report.</p> <p>The Board of Directors guarantees that this report is free from any false records, misrepresentations or material omissions.</p>
<p>Balance</p> <p>This report reflects objective facts, and discloses any positive or negative information about the Company in an impartial manner. According to the search of the subjects within the scope of this report in Shanghai Qingyue Credit Database, during the reporting period, no negative event was found that should have been disclosed but was not.</p>	<p>Clarity</p> <p>This report is published in simplified Chinese and English. In case of any inconsistency between the two versions, the simplified Chinese shall prevail. Tables, model diagrams, glossaries, etc. are incorporated in this report as supplements to the text. To help stakeholders acquire relevant information more rapidly, this report provides the contents and the index table of ESG standards.</p>
<p>Quantification and Consistency</p> <p>This report discloses the key quantitative performance indicators, and as much historical data as possible. The statistical and disclosure method shall remain consistent for the same indicator in different reporting periods. Any change in the statistical and disclosure method will be explained in the notes to the report, to help stakeholders conduct meaningful analysis and evaluate the development trend of the Company's ESG performance.</p>	<p>Completeness</p> <p>With a scope consistent with the Company's Consolidated Financial Statements, this report guarantees the full disclosure of information within the scope.</p>
<p>Timeliness</p> <p>This is an annual report which the Company strives to release as soon as possible after the end of the reporting year, providing timely information for stakeholders to make decisions.</p>	<p>Verifiability</p> <p>The cases and data disclosed in this report come from the Company's original records or financial reports relating to the actual operations. The HiESG performance management system is applied to manage the ESG quantitative performance indicators over the years. All the sources and computation processes of the data disclosed in this report are traceable, which supports external verification.</p>

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