



2023

Environmental, Social and Governance (ESG) Report

Shanghai Jahwa United Co.,Ltd.



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Message from Chairman

In 2024, the Year of the Loong, we usher in the changing landscape of the world. In the past year, we have always been steadfast in our beliefs and advanced bravely amidst challenges and uncertainties. We have seized the important opportunities for green and healthy development, and made marked progress and significant breakthroughs in environmental, social, and corporate governance.

Adhering to the long-term sustainability strategy of "Born for Beauty, Strive for Goodness," Shanghai Jahwa maintained its focus on and investment in ESG strategy in 2023. This year, our MSCI ESG rating rose to A, suggesting four consecutive upgrades in two years. We received the highest rating, AA, in the Wind ESG rating Consumer Goods sector. Our CDP climate change rating was B, the highest in China's beauty and daily chemical industry. As fully demonstrated by these achievements, the international and domestic capital market highly recognizes Shanghai Jahwa's ESG management practices.

We positively respond to the topic of climate change that has been drawing increasing global attention. We officially joined the Roundtable on Sustainable Palm Oil (RSPO) as a consumer goods manufacturer to source sustainable and green raw materials. We develop low-carbon products, and reduce, reuse, and recycle packaging materials and wastes. Our Giving Rice Embryo Cream is the first M&B skincare product in China that has a green package certified with TUV Rheinland Renewable & Recyclable Green Packaging. We create green operation scenarios, and introduce green energy for Kua Yue Factory by officially connecting PV to the grid for power generation. Our Fei Yue Plan reduces carbon emissions through transport means and scenarios optimization. We work together with our partners for low-carbon development. By implementing the *Carbon Management Plan for the Whole Value Chain*, we build the green industry chain from raw material to sales.

As for the society, we have the courage to take on challenges, and value gratitude and mutual progress. In 2023, Shanghai Jahwa introduced the international EWG safety rating system to develop all-green ingredient products, providing consumers with more sustainable and healthier choices. Adhering to the policy of diversity, we registered as a signatory to the Women's Empowerment Principles (WEPs) under UN Women, protecting women's rights in management and decision-making and supporting their career development. We always spread positive energy. We published our "Jahwa · Public Welfare" project and established the first volunteer team consisting of employees. Our employees served for over 2,600 hours as volunteers within the year.

We continue to optimize our internal control and risk control procedure, and establish and improve our management system for key risks. In 2023, the Party Committee of Shanghai Jahwa launched the "Bugle Action" against corruption, and founded the Working Group, which was devoted to Party conduct education, anti-corruption publicity, and self-examination and correction, and to strengthening employees' awareness of compliance.

Being dedicated to beauty, the 125-year-old Shanghai Jahwa always highlights dreams, vitality, and inheritance as the principal line of development. With a long-term vision, Shanghai Jahwa will continue to uphold the concept "No act of kindness, no matter how small, is ever wasted." We will focus on long-term and sustainable development, and insist on doing what is difficult yet right, hoping that we can present Chinese Beauty to the world one day!

In a boat race, those who row the hardest will win. Let us work together to create a better future!

Chairman & CEO

Alex Pan

About Us

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 the domestic beauty and daily chemical industry.

Company Overview

Company name	Shanghai Jahwa United Co., Ltd.
Headquarter	Shanghai, China
Main business	Covering three major categories, namely Skincare, Personal&Home care, Maternity, with a total of 10 brands
Main production bases	China: Shanghai, Hainan, and Guangdong; Africa: Morocco; Europe: Britain

Employee and Economic Performance Table

Performance indicator	Unit	2021	2022	2023
Number of employees	person	5,525	5,238	4,824
Revenue	RMB 100 million	76.46	71.06	65.98

Shanghai Jahwa Brands

Skincare			
	Skincare Rooted in Chinese Herbal Formula		Validated by Dermatologists Guard with Ingenuity
	East & West Melody Time-honored Beauty		Instant Efficiency Reliable Formula
	Scientific Tech Skincare Expert for Chinese Men		
Personal & Home Care			
	Chinese Herb-based Personal Care Expert		Better Cleaning Better Life
			Be Natural, Be Beautiful, Be You
Maternity			
	Nurture the Origins of Life with the Essence of Natural Giving		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.	Mission To create the best health and beauty products and services to maximize the value for our consumers, employees, shareholders, and entire society.
Operation principle ONE point (consumer-centricity), TWO drivers (brand innovation and channel evolution), and THREE enablers (culture, systems & process and digital transformation)	Slogan Dedicated to Beauty.
Values Integrity and mutual trust, Innovative and entrepreneurial, Responsibility with courage, Execution with efficiency.	ESG slogan Born for beauty, strive for goodness.





ESG Management Achievements

ESG Performance Highlights




Economy		
RMB 6.598 billion Revenue	RMB 500 million Net profit attributable to shareholders of the parent company	RMB 155 million Total cash dividends
Society		
72.99% Percentage of female employees	98.85% coverage of employee training	RMB 2.9419 million Investment in public welfare
Environment		
0.028 tonnes of CO₂¹ GHG emissions/RMB 10,000 revenue (2.81% decrease compared to the same period last year)	0.275 tonnes General waste discharge/RMB 1 million revenue (11.80% decrease compared to the same period last year)	0.484 m³ Water consumption/RMB 10,000 revenue (14.59% decrease compared to the same period last year)

¹ Data exclude Tommee Tippee and subsidiaries mainly engaged in investment holding and marketing management.

ESG Rating

 <p>Wind ESG Rating (Highest rating in the personal care industry) Time of rating: December 2023</p>	 <p>MSCI ESG Rating Time of rating: October 2023</p>	 <p>CDP Climate Change Questionnaire Time of rating: 2023</p>
<p style="text-align: center;">4 Consecutive Upgrades to A in 2 Years for ESG Rating</p> <p>In 2023, Shanghai Jahwa continued efforts to promote ESG sustainability, and was rated A in the latest Morgan Stanley Capital International (MSCI) ESG rating. After the Company released the <i>Medium- and Long-term Strategic Plan for ESG Sustainability</i> in 2021, it has made four consecutive upgrades in the MSCI ESG rating within two years. Shanghai Jahwa is now among the highest rated enterprises in the domestic beauty industry.</p> 		

ESG Associations and Organizations

 <p>A global signatory to the Women's Empowerment Principles (WEPs) under UN Women Time of accession: December 2023</p>	 <p>Jahwa 上海家化</p> <p>Status: Active</p> <p>Sector: Consumer Goods Manufacturers</p> <p>Membership No: 4-1562-23-000-00</p> <p>Country/Territory: China</p> <p>Category: Ordinary</p> <p>Member since: 20 November 2023</p> <p>A member of Roundtable on Sustainable Palm Oil (RSPO) Time of accession: November 2023</p>
 <p>Deputy Director Unit Member of Shanghai Cosmetic Industry Carbon Peaking and Carbon Neutrality Committee Time of accession: October 2023</p>	

Honors and Awards

Comprehensive Corporate Honors

Date of award	Honors and awards	Awarding authority
2023.1	Top 100 Outstanding Enterprises in Qingpu District 2022 Top 10 Manufacturers in Qingpu District 2022 Outstanding Talent Team for Innovation and Entrepreneurship in Qingpu District 2022	Shanghai Qingpu District People's Government
2023.1	Benchmark Enterprise for Digital Transformation in Cosmetic Production in Shanghai	Shanghai Industrial Internet Association Shanghai Daily Chemistry Trade Association
2023.2	Shanghai Intelligent Plant 100+ (Shanghai Jahwa Qingpu Plant)	Shanghai Municipal Commission of Economy and Informatization
2023.3	Key Enterprises Significant Contribution Award in Hongkou District 2022 Key Enterprises Contribution Award in Hongkou District 2022	Shanghai Hongkou District People's Government
2023.5	TBB Shanghai Manufacturing Brand List	Shanghai Institute of Corporate Culture & Brand Shanghai Federation of Industrial Economics
2023.6	2023 Shanghai Brand 100+ (Consumer Fashion)	Shanghai Municipal Commission of Economy and Informatization
2023.9	Top 100 Shanghai Manufacturers 2023 Top 100 Shanghai Private Enterprises 2023 Top 100 Shanghai Private Manufacturers 2023	Shanghai Enterprise Federation Shanghai Entrepreneurs Organization Shanghai Federation of Economic Organizations Jiefang Daily
2023.11	First Prize for Innovative Achievements in Modern Management of Enterprises 2023	China Light Industry Enterprise Management Association
2023.11	Dingge Jury Prize of the Digital Transformation Pioneers 2023	Institute for Global Industry, Tsinghua University Harvard Business Review, Chinese Edition SAP
2023.11	Digital Transformation Demonstration Case in Consumer Goods Industry - Fei Yue Project	China Light Industry Association

R&D and Intellectual Property

Date of award	Honors and awards	Awarding authority
2023.4	Demonstration Unit of Business Secret Protection in Shanghai	Shanghai Market Regulatory Administration
2023.6	Outstanding Intellectual Property Rights Protection Program 2023	Shanghai Intellectual Property Administration
2023.11	State-level Enterprise Industrial Design Center (Reviewed)	Ministry of Industry and Information Technology of the People's Republic of China
2023.12	State-level Enterprise Technology Center (Reviewed)	Ministry of Industry and Information Technology of the People's Republic of China

Date of award	Honors and awards	Awarding authority
2023.12	National Intellectual Property Demonstration Enterprise 2023	China National Intellectual Property Administration
2023 年 2023	Enterprise Standard Forerunner Certificate - Shampoo	Enterprise Standard Forerunner Management Information Platform
	Enterprise Standard Forerunner Certificate - Facial Mask	
	Enterprise Standard Forerunner Certificate - Moisturizer	
	Enterprise Standard Forerunner Certificate - Facial Cleanser	
	Enterprise Standard Forerunner Certificate - Skincare Lotion	
	Enterprise Standard Forerunner Certificate - Children's Shampoo and Bath Foam	

ESG Construction

Date of award	Honors and awards	Awarding authority
2023.3	Demonstration Enterprise for Green Design of Industrial Products	Ministry of Industry and Information Technology of the People's Republic of China
2023.8	2022 Outstanding Collective in the Assessment of Blood Donation of Shanghai Community, Enterprises, and Public Institutions	Shanghai Blood Administration Office
2023.11	Guoxin Cup - ESG Golden Bull Award Top 100	China Securities Journal
2023.11	2023 ESG Excellence Cases in the Fragrance Flavour and Cosmetic Industries	China Association of Fragrance Flavour and Cosmetic Industries
2023.11	Golden Bridge Award - Excellent ESG Practice Enterprise of 2023	Investor China
2023.11	2023 ESG Excellence Cases of Listed Companies	China Association for Public Companies
2023.12	Grade AAAA Enterprises in Corporate Social Responsibility Evaluation	China Light Industry Association
2023.12	2023 ESG Pioneer & Practitioner	Securities Daily
2023.12	ESG Excellence Leader of the Year 2023	The Economic Observer
2023.12	2023 Outstanding Corporate Social Responsibility Report	Golden Bee
2023.12	ESG Profound Award	Cailian Press
2023.12	2023 ESG Green Company Star	China Investment Network
2023.12	Social Responsibility Excellence Award of the Year	Jiemian
2023.12	WISE2023 - ESG Enterprise of the Year	36 Kr
2023.12	2023 ESG Disclosure Rank of Model Sustainable Brands	Huxiu
2023.12	ESG Innovation Award	ECI AWARDS
2023.12	2023 Top 100 Best ESG Practices of Listed Companies in China	Wind
2023.12	2023 Best ESG Practices of Listed Companies in China	Yidong & Value Online

ESG Management

ESG Governance Framework

Shanghai Jahwa builds the tertiary management system consisting of the Strategy and Sustainability Development Committee, the ESG Committee, and executive sectors to fully enhance the management and performance of the Company in environmental, social, and corporate governance.



Division	Responsibility
Board of Directors	The highest authority of ESG governance. It is responsible for developing the Company's ESG management policy and strategy. It authorizes the ESG Committee to assist the Board of Directors in managing and making decisions on related matters.
Strategy and Sustainability Development Committee	It develops the Company's long-term development strategy (including environmental, social, and governance dimensions), and enhances the sustainability in environment, society, and governance. It studies and evaluates the main ESG trend and the risks and opportunities faced by the Company, and guides and supervises the formulation and implementation of the Company's ESG goals, 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.)
ESG Committee	It sets the Company's ESG goals, identifies important ESG topics, develops management measures, and evaluates the Company's ESG performance. It communicates with the Strategy and Sustainability Development Committee on ESG implementation on a monthly basis, tracks the progress of ESG strategy completion, and regularly reports the progress of ESG efforts and management results to the Board of Directors.
Executive sectors	The Environmental (E), Social (S), and Governance (G) sectors are respectively in charge of the implementation of specific goals and operation and development strategies in the three ESG areas. They are responsible for preparing work plans and action programs, supervising and managing the progress of ESG goals and operation and development strategies, and reporting the work progress and management results to the ESG Committee on a regular basis.

At least once a month

ESG executive sectors reporting the progress of ESG efforts to the ESG Committee
Tracking the progress of ESG strategy completion

Communications with Stakeholders

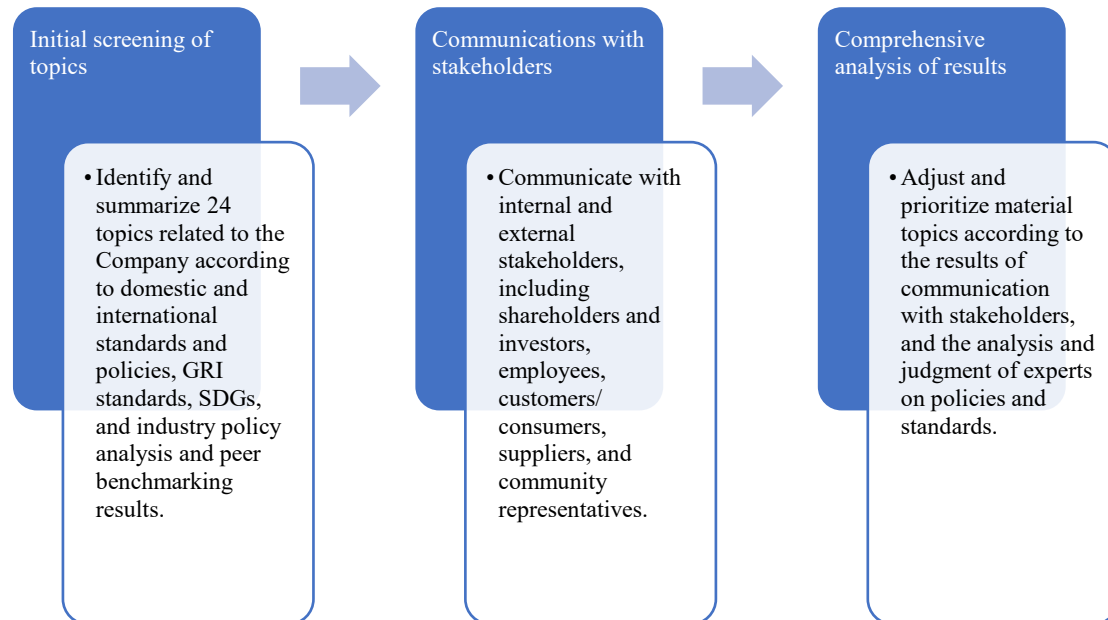
Our sustainable development is inseparable from the support of our stakeholders. Therefore, communication with stakeholders is always highly valued. We identify important stakeholders, develop a regular two-way communication mechanism with stakeholders to deeply understand their opinions, and actively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

Main Stakeholders and Communication Methods

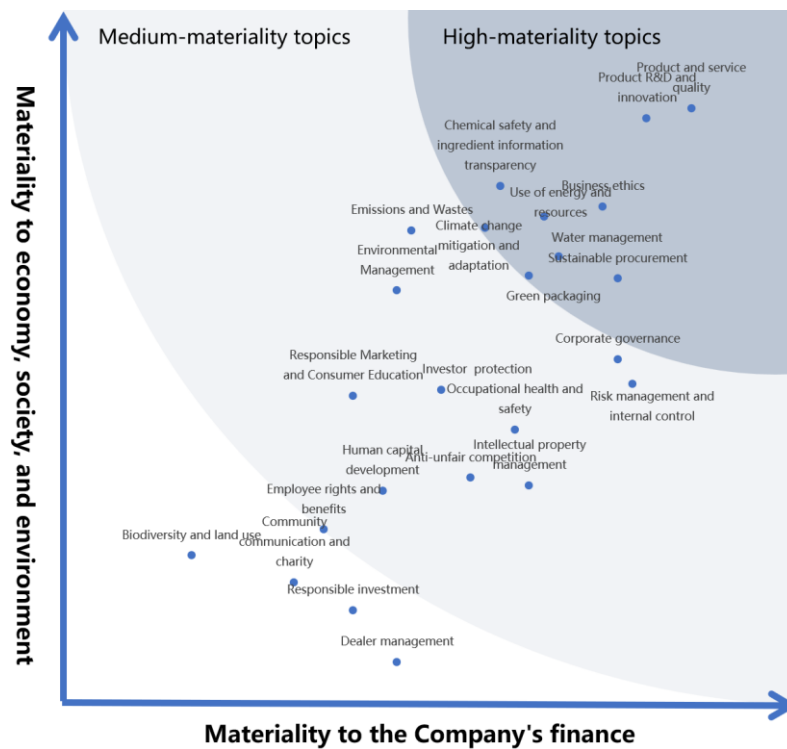
Main Stakeholders	Topics of Concerns	Communication Methods/ Channels
Government and regulatory authorities	<ul style="list-style-type: none"> Corporate governance Risk management and internal control Business ethics Energy and resource management Emissions management 	<ul style="list-style-type: none"> Inspection by leaders and competent departments Regular work summaries and official correspondences Routine implementation of policies Participation in meetings and activities Monthly e-mail report
Shareholders and investors	<ul style="list-style-type: none"> Corporate governance Risk management and internal control Protection of investors' rights and interests Product and service quality Product R&D and innovation 	<ul style="list-style-type: none"> Shareholders' meeting Regular reports and information disclosure on the official website Investor hotline "SSE e-interaction" platform of Shanghai Stock Exchange Investor-dedicated mailbox WeChat Investor Relations mini-program
Customers/consumers	<ul style="list-style-type: none"> Product R&D and innovation Product quality management Chemical safety and ingredient information transparency Risk management and internal control 	<ul style="list-style-type: none"> Official website and new media platforms of the Company Offline sales counters Online sales platforms Customer services and complaints Customer satisfaction surveys
Partners (suppliers and dealers)	<ul style="list-style-type: none"> Business ethics Risk management and internal control Anti-unfair competition Supply chain management Reducing carbon footprint of products 	<ul style="list-style-type: none"> Dealer conferences Supplier conferences Daily emails and phone calls for communication Trainings Business visits
Employees	<ul style="list-style-type: none"> Employee rights and benefits Occupational health and safety Human capital development Risk management and internal control 	<ul style="list-style-type: none"> Internal e-mails Internal communication platforms and activities: birthday parties, online communication meetings, etc. Platform for collecting suggestions from employees: Innovation Club In-house publications
Community and the public	<ul style="list-style-type: none"> Community communication and charity Green packaging Emissions management 	<ul style="list-style-type: none"> Corporate Citizenship Day, Employee Family Day, and other activities Official website and new media platforms of the Company Community 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 them 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 Topics of Shanghai Jahwa



Adjustments to Material Topics

Material topics for 2023	Material topics for 2022	Explanation
Protection of investors' rights and interests	Information transparency	Presentation was adjusted to highlight the stakeholders to the topic
Risk management and internal control	Compliant operation	Presentation was adjusted
Sustainable procurement	Responsible procurement	Presentation was adjusted to emphasize that the Company's goal in managing this topic is to achieve social sustainability
Community communication and charity	Community activities for public welfare	Presentation was adjusted to extend the connotation of the topic
Anti-unfair competition	—	A new topic was added

Responsibility of Corporate Governance

[Corresponding SDGs]



Corporate governance

Shanghai Jahwa constantly improves the corporate governance framework and the internal control system to strengthen the Company's standardized operation and lend 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*.

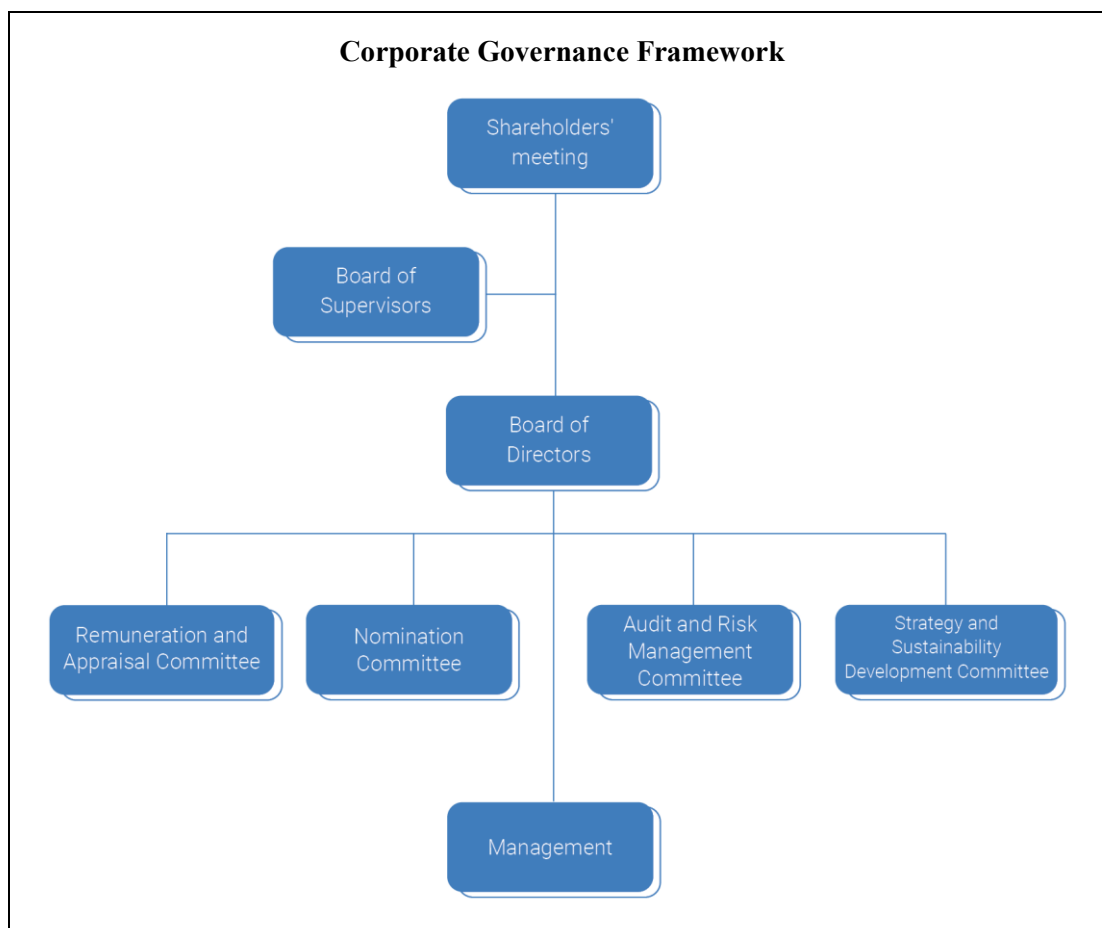
The Company has established a standardized and orderly corporate governance structure comprising the general meeting of shareholders, the Board of Directors and its subordinate specialized committees (including the Remuneration and Evaluation Committee, the Nomination Committee, the Audit and Risk Management Committee, the Strategy and Sustainable Development Committee, etc.), the Board of Supervisors, and the senior management. It has formed a governance mechanism with a clear division of powers and responsibilities, mutual coordination, and checks and balances among the power, decision-making, supervisory, and executive authorities, to effectively safeguard the lawful rights and interests of the Company and its shareholders.

During the reporting period:

The general meeting of shareholders was held once and reviewed **11** topics

The Board of Directors held **6** meetings and reviewed **44** topics

The Board of Supervisors held **5** meetings and reviewed **19** topics



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 extensive experience respectively in investment, finance, consumer goods industry, digital transformation, accounting, risk management, etc., and meet Shanghai Jahwa's needs in terms of corporate development, risk response, and compliance governance. 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).

43%
The proportion of independent directors to the number of board members

The Company has formulated the rules of procedure for the Board of Directors and the specific working rules of each specialized committee, guaranteeing that all directors are familiar with applicable laws and regulations, and understand the rights, obligations, and responsibilities of directors. The Company publishes a report on the performance of the Audit and Risk Management Committee annually to ensure the sound operation of the Company and enhance its information transparency and credibility.

In 2023, the Company amended the *Articles of Association*, the *Work System of Independent Directors*, and other policies to give full play to the role of independent directors in corporate governance.

During the reporting period,
10 corporate governance documents/policies were revised

Shanghai Jahwa Organized Independent Directors to Participate in Market Research Activities

In August 2023, the Company organized independent directors and supervisors to carry out inspection and research activities in key markets in Jiangxi. The research group visited Le Maite Supermarket, Jiayou Supermarket, and suppliers' offices to acquire a detailed understanding of the historical evolution, overall operation, production system, and market layout of relevant offline supermarkets and suppliers, and conducted in-depth discussion of their future development. In doing so they understood the difficulties, problems, and deficiencies in front-line management, summarized the research findings, and raised corresponding suggestions.



Shanghai Jahwa independent directors conducting research on site

Protection of Investors' Rights and Interests

Shanghai Jahwa attaches great importance to 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.

During the reporting period, the Company released **80+ announcements**

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.

The chairmen of the specialized committees of the Board of Directors (the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee) are all independent directors. Conscientiously fulfilling their obligations of integrity and diligence, independent directors gave 9 independent opinions during the reporting period. They have safeguarded the overall interests of the Company and the legitimate rights and interests of minority shareholders and contributed to the scientific decision-making of the Board of Directors.

In terms of external communication, 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 communication channels such as the investor hotline, SSE E-interaction, and annual strategy conference.

2023 Investor Communication Actions

Communication channels	Communication actions
Investor hotline and investor email	<ul style="list-style-type: none"> • Provided telephone counseling services for more than a hundred times, answered investors' concerns, and accepted investors' reasonable opinions and suggestions.
SSE E-interaction and SSE Roadshow Center	<ul style="list-style-type: none"> • Maintained the platforms for investor interaction, and answered 160+ questions from investors.
"Investor Relations" column	<ul style="list-style-type: none"> • Constantly released the Company's latest business dynamics to the public through the "Investor Relations" column on the Company's official website.
Shareholders' meeting	<ul style="list-style-type: none"> • Held 1 General Meeting of Shareholders with over 100 attendees. Introduced the investor communication to the General Meeting of Shareholders, thus fully guaranteeing the engagement of investors.
Offline or online exchange activities	<ul style="list-style-type: none"> • Organized 1 strategy briefing, comprehensively explaining the business results and development strategies of concern to investors. • Held 4 performance sharing meetings. • Participated in other exchange activities including the brokerage strategy meetings, roadshows, and media interviews.

Communication channels	Communication actions
WeChat official account	<ul style="list-style-type: none"> Published 116 articles in 2023 to promote the corporate culture and brand image to the public and update investors on the Company's dynamics. By the end of the reporting period, the Company's WeChat official account had 110,000+ subscribers and 500,000+ views.

A New Journey Breaking through the Wind and the Waves | Shanghai Jahwa Holding a Strategy conference at Its 125th Anniversary

In March 2023, Shanghai Jahwa held the "To Beauty - To Youth" 2023 Strategy conference online. At the conference, the Company's core team released the Company's achievements in the past year and future plans regarding corporate strategy, trend development, brand innovation, ESG construction, etc. External experts and partners were invited to the conference to discuss the consumption trend and growth path in the new era.



2023 Shanghai Jahwa Strategy Briefing

2023 Shanghai Jahwa General Meeting of Shareholders

In June 2023, the Company held the General Meeting of Shareholders. Chairman Alex Pan shared the Company's developments at the meeting in response to the shareholders' demand for an in-depth and comprehensive understanding of the Company. The senior management of the Company answered investors' concerns face-to-face and actively listened to investors' opinions and suggestions. They ensured shareholders' right to know, participate, and vote on important matters of the Company and guaranteed that all shareholders were equal and could fully exercise their rights.



Photos of General Meeting of Shareholders

2023 Honors and Recognitions Regarding Investor Relations Management

Name	Awarding authority
2022 Annual Report Performance Briefing "Best Practice Case" for Public Companies	China Association for Public Companies
2023 "Star" of the Board of Directors	Chinese Securities Journal

Name	Awarding authority
The Best Board of Directors of Listed Companies 2023	National Business Daily
Best Interactive Communication IR Team 2023	Comein Finance
Best Board of Directors of the "Round Table Award"	Directors & Boards

While maintaining timely, fair, and benign communication with investors, the Company rewards investors through a sound dividend distribution policy, aiming to protect the investment value for long-term investors. During the reporting period, the Company distributed cash dividends of RMB 155 million. In 2023, the Company's social contribution per share reached RMB 3.26, demonstrating the Company's commitment to achieving the harmony of economic, environmental, and social benefits in practicing the ESG concept.

Distribution of Cash Dividends and Social Contribution per Share

Indicator	2023	2022	2021
Cash dividends distributed (RMB 100 million)	1.55	1.42	1.97
Social contribution per share (RMB yuan)	3.26	3.26	3.52

Risk Management and Internal Control

In accordance with applicable laws and regulations such as the *Guidelines for Internal Control of Listed Companies on the Shanghai Stock Exchange*, the *Guidelines for Internal Control Evaluation of Enterprises*, and the *Guidelines for Internal Control Auditing of Enterprises*, Shanghai Jahwa set up the internal control department to improve its internal control system. The Company has developed internal control regulations, including 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.* We constantly optimize our internal risk management system and control measures to improve the Company's internal control management.

In 2023, the Company formulated the *Shanghai Jahwa Risk Management System* to establish a standardized and effective risk management and control system and improve its risk monitoring, risk early warning, and risk prevention and response capabilities, maintaining the Company's business and asset safety. The Company founded the Accountability and Punishment Committee and developed the *Management Guidelines for the Accountability and Punishment Committee of Shanghai Jahwa United Co., Ltd.*, further strengthening its internal control management.

Risk Management System

<p>Risk Identification and Evaluation</p> <p>Learn from international and domestic excellent cases, and define the key risks of the Company based on its practical conditions.</p>	<p>Risk Control and Assessment</p> <p>Clarify the key risk management departments, and determine the risk prediction methods, measurement standards, data sources, and assessment indicators.</p>
<p>Risk Management Supervision</p> <p>Regularly supervise the risk control performance in all departments, and conduct audits on key risk management projects.</p>	<p>Risk Event Response</p> <p>Clarify how to respond to risks after their occurrence, and establish a process for risk event reporting.</p>

During the reporting period, the Audit Department organized various departments to update the risk management matrix, identified the risk points and risk events, particularly the risks arising from malpractice and violation of professional ethics, the risks associated with related parties and related party transactions, the risks associated with the Company's new business operation and other potential risk areas, and evaluated their control measures, impact, and the likelihood of occurrence.

Identified **6** Level-1 risks
86 risk points

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 reaffirmed 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.

Potential Risks	Countermeasures
	<ul style="list-style-type: none"> Publicized the reporting email and reporting hotline through posters and roll-up banners 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, 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 per year on the management of related party transactions. Disclosed related party transaction information in the annual report fully to ensure transparency of information disclosure and accept 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"> Provided 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.

The Company conducted internal control process satisfaction survey for all employees in April and December 2023. Based on the survey results, the Company optimized 28 internal control processes to improve work efficiency, compatibility to business, and employee experience.

In August 2023, we organized enterprise risk management training for the heads of all departments. We invited external lecturers to give lectures on the reasons for enterprise risk management, basic tools and methods, and risk cases, to further enhance the Company's risk management capability.

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*, 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.

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. In 2023, the Company revised its report handling procedures and optimized the process, helping employees find the reporting channels easily and speak up. Shanghai Jahwa also introduced a series of protective measures to protect informers' safety and rights.

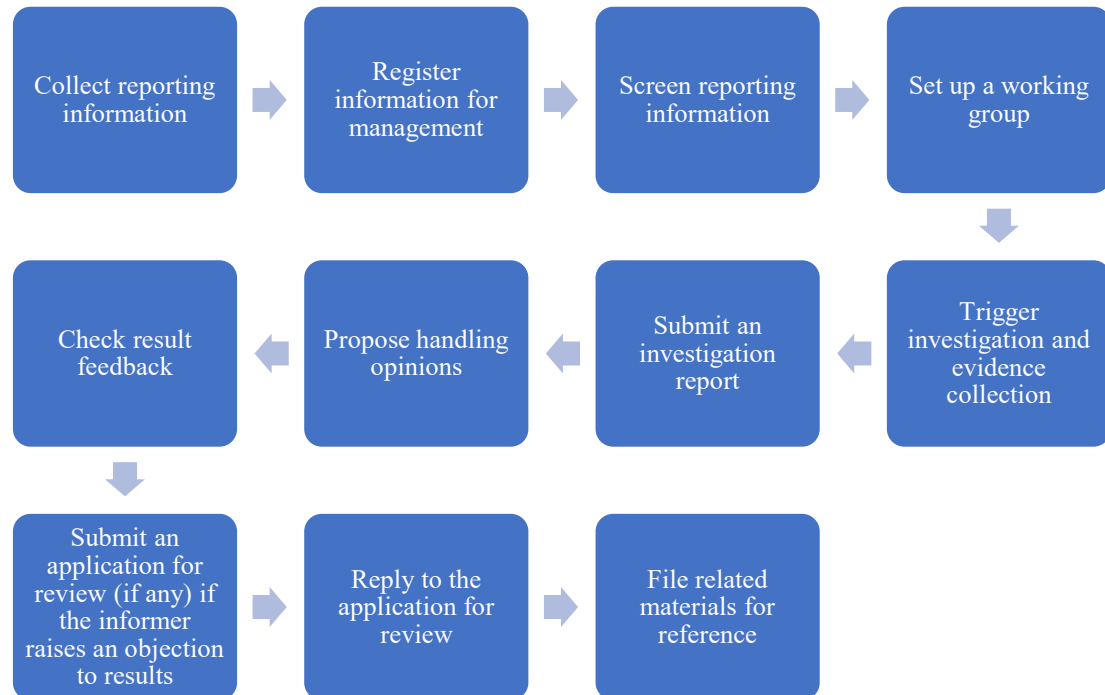
Shanghai Jahwa's Protective Measures for Informers

Confidentiality of informers' information	<ul style="list-style-type: none"> No one shall disclose the informer's information to the reported person or other unrelated persons. No one shall disclose the content, method, and direction of the investigation to unrelated persons or the subject of the investigation. We will take disciplinary action against anyone violating confidentiality.
Protection of informers	<ul style="list-style-type: none"> Anyone who retaliates against informers or relevant witnesses will be dismissed, terminated from the labor contract, handed over to the judicial authorities, or punished in other ways according to the seriousness.

Shanghai Jahwa Reporting Email and Hotline

Email	jubao@jahwa.com.cn
Hotline	021-35908477

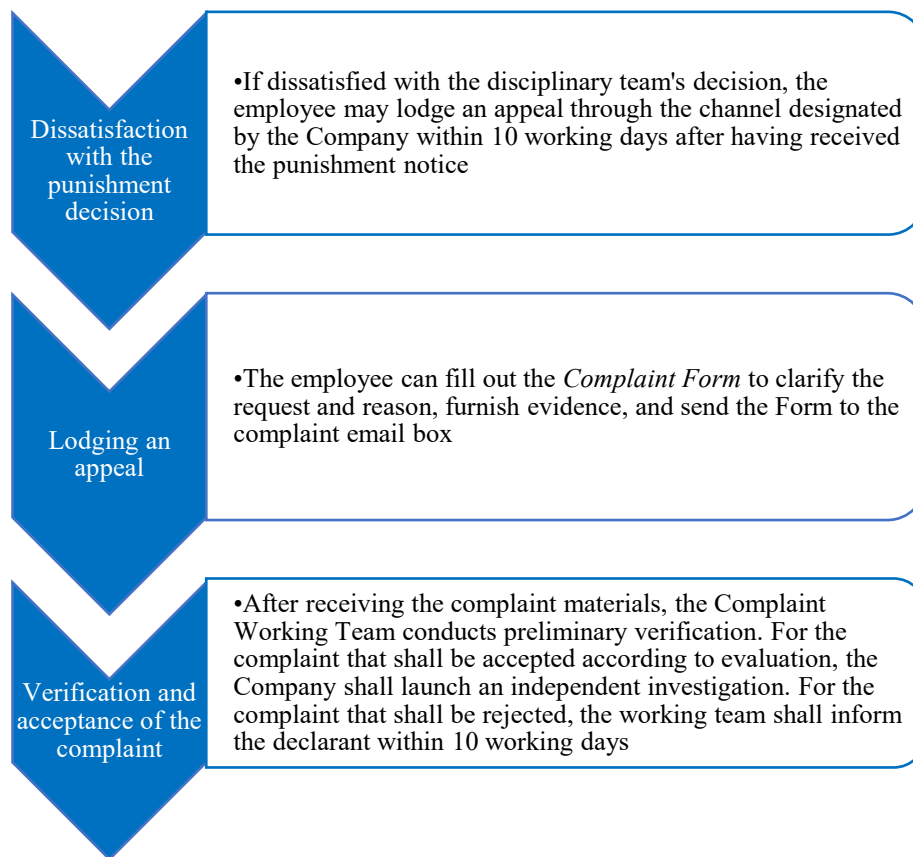
Report Handling Process



According to the *Complaint System of Shanghai Jahwa*, the Company adopts the scientific and complete review and complaint procedure 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



Shanghai Jahwa strives to improve the system of professional ethics and develop the culture of business ethics by strengthening leadership and organizing more learning and education. In May 2023, the Company launched the "Bugle Action" against corruption and founded the Bugle Action Working Group, which was devoted to Party conduct education, anti-corruption publicity, and self-examination and correction. In this action, the Company strengthened employees' awareness of compliance through multi-channel publicity, including activity posters, online courses, and repeated LED displays.

"Bugle Action" offered 467 hours of training

In 2023, Shanghai Jahwa provided training on conflict of interest and anti-corruption for board members and all employees. We offered video courses including the *Training on Conflict of Interest* and *Business Ethics and Anti-Corruption Training* on the online learning system Jahwa Classroom, and cultivated employees' awareness of legal compliance through training and examination.

Anti-unfair Competition

Shanghai Jahwa engages in market economic activities in strict accordance with the principles of equality, voluntariness, and fairness, and firmly opposes unfair competition. We actively organize anti-unfair competition training, guide employees to maintain good business ethics and conducts, ensure compliant competition, and prevent vicious competition and any price war to maintain fair competition in the industry pursuant to 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*.

In 2023, we released the *Guidelines of Precautions for Cosmetic Advertising Publicity* on our online learning system, Jahwa Classroom, which presented the risks of unfair competition in product publicity. We also carried out anti-unfair competition training for all group employees. In offline activities, we focused on training for operation and management personnel, covering managers of all relevant departments, to ensure no unfair competition in the Company's operation.

<p>1 online course launched 78 relevant managers covered by offline training</p>
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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 Responsibility



Environmental Management

Shanghai Jahwa strictly abides by 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 Prevention and Control of Environmental Pollution by Solid Waste*, the *Regulations on the Safety Management of Dangerous Chemicals*, and the *Technical Specification for Setting Identification Signs of Hazardous Waste*. It has established a sound environmental management system, and assigned the EHS department of each production base to perform and supervise its environmental management. During the reporting period, the Company did not exert significant environmental impacts due to its use of resources or violate environmental protection laws and regulations. The Company also paid the full amount of environmental protection-related taxes and fees.

Environmental Management System Certifications Acquired by Shanghai Jahwa in 2023

Company/production base	Certification	Validity
Kua Yue Factory	ISO14001: 2015	2025.1.13
UK plant and Morocco plant	ISO14001: 2015	Valid

Analysis of Main Environmental Impacts

Links	Environmental factor input	Environmental factor output
Procurement	<ul style="list-style-type: none"> Raw materials, energy, and water resources consumed by suppliers in production and operation 	<ul style="list-style-type: none"> Wastewater, exhaust gas, wastes, and greenhouse gas generated by suppliers in production and operation
R&D and production	<ul style="list-style-type: none"> Energy: Purchased power, natural gas, and steam Water resource: Municipal water supply Packaging materials 	<ul style="list-style-type: none"> Greenhouse gas Exhaust gas: Volatile organic chemicals (VOCs), nitrogen oxides (NOx) Wastewater: Chemical oxygen demand (CODcr), suspended solids General waste: Expired products, domestic garbage, packaging waste Hazardous waste: Hazardous reagents, waste engine oil
Logistics & warehousing	<ul style="list-style-type: none"> Energy: Diesel fuel consumed by freight vehicles, electricity consumed by electric vehicles, energy consumed by warehouses Packaging materials 	<ul style="list-style-type: none"> Greenhouse gas General waste: Packaging waste
Office operations	<ul style="list-style-type: none"> Energy: Purchased power, electricity and gasoline consumed by private vehicles Water resource: Municipal water supply 	<ul style="list-style-type: none"> Greenhouse gas Wastewater: Domestic wastewater General waste: Domestic garbage

Links	Environmental factor input	Environmental factor output
Product use and disposal	<ul style="list-style-type: none"> • Energy and water resources consumed by consumers in the use of products • Energy and water resources consumed in the disposal of wastes 	<ul style="list-style-type: none"> • Wastes generated after consumers use products • Wastewater, exhaust gas, and greenhouse gases from waste disposal

To effectively manage environmental risks, the Company entrusts a qualified environmental detection technology company limited to conduct regular testing on the Company's waste water, exhaust gas, etc., monitor ambient noise on a regular basis to avoid noise pollution or injury to employees, develop environmental emergency plans, and organize relevant emergency drills.

We also carry out various publicity and education activities for the management and all employees. During the reporting period, the Company organized the EHS leadership training for the management, covering emergency response capability and lifecycle management. This training improved the management's awareness of reducing the environmental impact of products and energy consumption in production. Targeting all employees, the Company publicized environmental protection-related content on the electronic announcement screen. All departments organized training to enhance employees' awareness of environmental protection and garbage classification. In June, Shanghai Jahwa Kua Yue Factory launched the Environment, Health and Safety Month and held the "Empty Bottle Recycling" plastic reduction activity for employees. This activity raised employees' awareness of environmental protection.

18 environment-related training sessions Offering 484 training opportunities Totaling 729 hours
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Energy and Resource Management

Energy and resources used by Shanghai Jahwa in its production and operation mainly include natural gas, electricity, steam, and water resources. As water resources mainly come from the municipal water supply, no significant environmental impact has been exerted in sourcing water.

During the reporting period
 The Company's comprehensive energy consumption decreased by **528.38** tonnes of standard coal compared to 2022, down **13.19%**
 Total water consumption decreased by **56,759.00** cubic meters compared to 2022, down **19.01%**

Strictly complying with the *Law of the People's Republic of China on Energy Conservation* 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*, the *Energy and Resource Management System*, and the *Management Regulations on Energy Measuring Instruments (Kua Yue Factory)*, aiming to lower energy consumption and improve energy efficiency in production and operation, and thus enable systematic and refined energy management.

Energy Management System Certifications Acquired by Shanghai Jahwa in 2023

Company/production base	Certification	Validity
Kua Yue Factory	ISO50001: 2018	2025.3.18

317.74 MWh of clean electricity used
80,473 m³ of recycled water used

Shanghai Jahwa Energy and Resource Conservation Measures and Achievements in 2023

Measures		Achievements
Kua Yue Factory	Replaced 2 diesel vehicles, and used 1 new-energy vehicle	Reduced gasoline consumption by 500 L and diesel consumption by 400 L per month
	Launched the solar PV project in June 2023 and connected it to the grid for power generation in November 2023	Reduced GHG emissions by 2,000+ tonnes per year according to estimates
	Introduced the automatic mode of the 10m ³ Cleaning in place (CIP) system, which adjusted CIP water intake according to the production plan, reducing the heating time by 2 hours per day	Reduced electricity consumption by 5.5 MWh per year according to estimates
	Scaled up production through process optimization of some products (Herborist, Giving, etc.) to save electricity consumption of cooling water	Reduced electricity consumption by 5 MWh per year according to estimates
	Optimized the saponification and heat preservation of Liu Shen Cool & Refreshing Body Wash to cut the unnecessary time of saponification and heat preservation	Reduced steam consumption by 1,516 tonnes per year according to estimates
	Optimized the reactor washing operation before production for the continuous production of laundry detergent for liquid washing and saponified body wash, as the	Reduced steam consumption by 96 tonnes per year according to estimates

Measures		Achievements
	process testing proved that reactor washing could be canceled in continuous production to save deionized water	
	In 2023, Kua Yue Factory introduced the intelligent control system of air-conditioning, which added the add-subtract control strategy to the chiller unit and performed energy-saving control for components such as freezing pumps, chilled water pumps, cooling tower fans, and hot water recirculation pumps in the air-conditioning unit	Reduced electricity consumption by 400 MWh per year according to estimates
Hainan Factory	Carried out multiple power-saving measures, including introducing LED street lights, installing time-controlled switches for drinking fountains, conducting energy-saving publicity, etc.	Saved 97.79 MWh of electricity for the year
Tomme Tippee	Tomme Tippee has been using 100% renewable energy at its UK plant and Melbourne office, and is striving for the goal of using 100% renewable energy at all of its global operations	/

Shanghai Jahwa Water Resource Conservation Measures and Achievements in 2023

Measures		Achievements
	Optimized the process of pure water ultrafiltration membrane backwashing based on the process standards, by increasing the interval of washing from 60 minutes to 90 minutes	Reduced water consumption by 500 tonnes per year according to estimates
	Improved softener efficiency and reduced regeneration frequency to lower the consumption of recycled water	Reduced water consumption by 300 tonnes per year according to estimates
Kua Yue Factory	Optimized the reactor washing operation before production for the continuous production of laundry detergent for liquid washing and saponified body wash, as the process testing proved that reactor washing could be canceled in continuous production to reduce the use of deionized water	Reduced deionized water consumption by 384 tonnes per year according to estimates
	The reclaimed water recycling project for the water purification system at Kua Yue Factory continued to save water	Reduced water consumption by 56,086 tonnes per year according to estimates
Hainan Factory	Carried out numerous projects for water conservation and water recycling	Saved 4,872 tonnes of water for the year

Sustainable Packaging

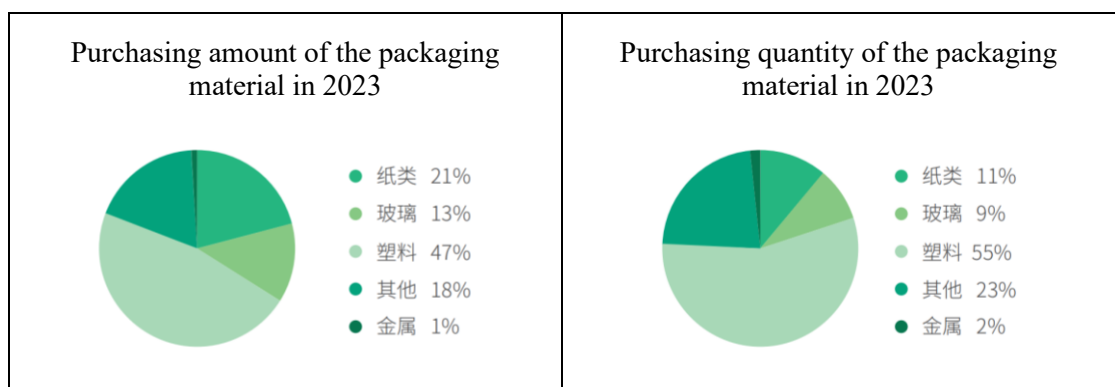
Strictly abiding by the *Requirements of Restricting Excessive Package — Foods and Cosmetics* (GB23350-2021) and other laws and regulations related to packaging materials and adhering to the 3R concept (Reduce, Reuse, Recycle), Shanghai Jahwa has been improving its packaging sustainability by minimizing and recycling packaging materials. In 2023, the Company further clarified its management strategy and pathway of sustainable packaging, and updated the *Management Measures for Sustainable Packaging* to strengthen packaging sustainability management.

Packaging Improvement Measures and Achievements

Type	Examples of achievements
Reduce	<p>Lighter and upgraded packaging of HomeAegis Dish Wash and Laundry Liquid products</p> <ul style="list-style-type: none"> Realized structural upgrades, shape upgrades, and material optimization through 3D fine-tuning of the bottle, use of HDPE materials, introduction of the weight reducing pump, etc. Lowered the weight of a single bottle of Dish Wash by ~22%, and therefore reduced the total use of packaging materials by 72.8 tonnes during the reporting period. Lowered the weight of a single bottle of Laundry Liquid by 7.7%-10.8%, reducing the total use of petroleum-based plastics by 22.4 tonnes. <p>Reduction in the size of the label of Liu Shen Florida Water</p> <ul style="list-style-type: none"> Decreased the use of label paper by about 20%, thus reducing paper use by about 8 tonnes in the reporting period. <p>Saved the use of pump head protectors by reinforcing the pump head of Liu Shen Shower Cream</p> <ul style="list-style-type: none"> Reduced the use of pump head protectors by 487.6 thousand units during the reporting period, hence reducing the use of plastics by around 4.88 tonnes. <p>Minimizing the package and removing the flower box of Dr. Yu samples</p> <ul style="list-style-type: none"> Optimized the packaging of the samples of the Dr. Yu cream and essence and removed their flower boxes, thereby reducing plastic use by ~0.64 tonnes and paper use by ~10 tonnes during the reporting period.
	<p>Reduction of package use in logistics</p> <ul style="list-style-type: none"> By optimizing the outer boxes of products and reducing the package use in logistics, reduced the use of cartons by 304 thousand units during the reporting period, thereby decreasing the use of cartons by 243.2 tonnes in total. Upgraded the courier boxes to zipper boxes to reduce the use of adhesive tapes, having used 149,979 zipper boxes during the reporting period and effectively reduced the use of adhesive tapes by 3,153 rolls. <p>Optimization of Liu Shen Shower Cream cartons</p> <ul style="list-style-type: none"> Optimized the partition structure of Liu Shen Shower Cream packaging to reduce its weight by 42% and optimized the carton to reduce its weight by 16%, thereby saving 73 tonnes of carton use during the reporting period. <p>Removal of inner boxes in the carton of beauty products</p> <ul style="list-style-type: none"> By removing the inner boxes, saved 680 thousand cartons during the reporting period, thus reducing the use of cartons by 64 tonnes.
Reuse	<p>Release of refills for several product series</p> <ul style="list-style-type: none"> Released the refills for Dr. Yu Skin Barrier Recovery, with each reducing the use of packaging materials by 80-90%. During the reporting period, 56,160 refills were produced, reducing packaging weight by 6.19 tonnes. Launched refills for 25 household cleaning products including HomeAegis Laundry Mousse, Laundry Liquid, Dish Wash, and Liu Shen Shower Cream. The refills reduced the use of packaging materials by 75% or above.
Recycle	<p>Improvement of the recyclability and renewability of packaging materials</p> <ul style="list-style-type: none"> The plastic package of Giving New Essence Cream, including the can and the top, is made of the same material, which can be put into the recycling box without disassembling. This solved the difficulty in disassembling and recycling the plastic

Type	Examples of achievements
	<p>package made of multiple composites. Therefore, the package was awarded the excellent renewable & recyclable packaging for skincare by TUV Rheinland and the certification of baby care packaging in China.</p> <ul style="list-style-type: none"> While developing and upgrading products, Shanghai Jahwa ensured that the bottom of recyclable plastic bottles would carry corresponding environmental markings, assisting consumers in easier classification and recycling, and helping recycling companies in rapid screening and separation. The Company also publicized the reuse method of product plastics in the Environment and Sustainability section of its official website.
	<p>Use of recycled materials in Herborist Gift Box</p> <ul style="list-style-type: none"> During the reporting period, the Company released the Herborist Gift Box, the package of which used the new environmentally-friendly recycled paper made from recycled milk cartons or disposable paper cups mixed with a certain proportion of tea leaf residue and natural wood pulp. Coffee grounds art paper created with coffee grounds residue and natural wood pulp also reduced the use of natural wood pulp.

The purchasing amount and purchasing quantity of each packaging material for all products of Shanghai Jahwa in 2023, as a percentage of the total, are shown as follows:



Our subsidiary Tommee Tippee has committed to achieving 100% Better Cotton¹ standard in cotton procurement and 100% sustainably sourced and recyclable package by 2024. During the reporting period, Tommee Tippee introduced a product line manufactured with innovative and sustainable materials. Its plants in the UK and Morocco adopted FSC certified cardboard for product packaging. The base of the packaging box of the Tommee Tippee diaper pail is made from 100% recycled materials, while 30% of the other parts of the package are also made of recycled materials.

¹ Better Cotton is the world's leading cotton sustainability initiative.

Emissions and Wastes

In accordance with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Standard for Pollution Control on Hazardous Waste Storage*, the *Integrated Wastewater Discharge Standard*, the *Integrated Emission Standard of Air Pollutants*, and the *Interim Measures of Shanghai Municipality on the Collection and Management of Hazardous Waste*, Shanghai Jahwa has developed the *Procedures for Wastewater Discharge Management*, *Procedures for Emissions Management*, *Regulations on Waste Management*, and *Regulations on Hazardous Waste Management* to provide relevant regulations on the disposal of wastewater, emissions, and waste generated during the Company's production and operation.

In July 2023, the *Technical Specification for Setting Identification Signs of Hazardous Waste* was officially released. In response to the requirements of the Ecology and Environment Bureau, Kua Yue Factory purchased electronic label management equipment for emissions and performed full-process electronic traceability management on hazardous wastes generated in production.

In 2023, no incident of excessive or illegal pollutant emissions led to the Company's punishment.

Wastewater and Exhaust Gas Emissions

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

During the reporting period
 The Company's total wastewater discharge decreased by **61,300** m³ compared to 2022, down **26.87%**.
 Total exhaust gas emissions decreased by **7.713 million** m³ compared to 2022, down **7.95%**.

The exhaust gas pollutants produced by the Company mainly consist of non-methane hydrocarbons, particulate matter, and odor, which are processed by the exhaust gas treatment system of the factory and then emitted to the pipeline. The Company has developed such management regulations as the *Procedures for Emissions Management* to manage exhaust gas emissions. We regularly monitor the exhaust gas emitted to ensure compliance with exhaust gas emissions standards. Wastewater and exhaust gas emissions standards and main control indicators of the Company are as follows:

Wastewater and Exhaust Gas Emissions Standards and Control Indexes

Categories	Main Type	Emissions Standards	Management system	Mode of disposal	Achievements
Wastewater	Process wastewater, workshop cleaning wastewater	DB 31/199-2018 <i>Integrated Wastewater Discharge Standard</i>	EHS-P-031 <i>Wastewater Discharge Management Procedures</i>	A Entrusting a third party for monitoring	Discharge according to standards
Exhaust gas	Non-methane hydrocarbons, particulate matter, and odor	DB31/933-2015 <i>Integrated Emission Standard of Air Pollutants</i>	EHS-P-032 <i>Emissions Management Procedures</i>	A Entrusting a third party for monitoring	Discharge according to standards

Categories	Main Type	Emissions Standards	Management system	Mode of disposal	Achievements
		DB31/1025-2016 <i>Emission Standards for Odor Pollutants</i>			

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 organization for centralized disposal regularly. The recyclable parts of general waste are recovered for reutilization. The Company has drawn up the *Regulations on Waste Management*, the *Hazardous Waste Accident Prevention Measures and Emergency Response Plan*, and the *Management Measures for Laboratory Waste Disposal* to manage the solid waste produced.

During the reporting period
The discharge density of general waste was **0.275** tonnes/RMB 1 million revenue
The discharge density of hazardous waste was **0.11** tonnes/RMB 1 million revenue

Main Measures and Disposal Standards for Solid Waste

Categories	Main types	emissions standards	Management system	Mode of disposal
General waste	Cartons, boxes, waste raw material barrels (clean)	<i>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</i>	EHS-I-002 B Waste Management Regulations	Partly recycled
Hazardous waste	Sludge, laboratory waste, organic waste liquid, waste activated carbon, waste raw material barrel, waste mineral oil	Standard for Pollution Control on Hazardous Waste Storage	EHS-I-018 B Regulations on Hazardous Waste Management	Handed over to a qualified organization for disposal

Our subsidiary Tommee Tippee, has achieved the goal of zero landfill at the UK and China plants and met 99% zero landfill standard at the Morocco plant.

Climate Change Mitigation and Adaptation

During the reporting period
The Company's GHG emissions/RMB 10,000 revenue declined by **2.81%** compared to 2022

Shanghai Jahwa has raised the goal of climate change response clearly: Taking 2020 as a reference year, Shanghai Jahwa stays committed to reducing carbon emissions and increasing the proportion of renewable energy at its own operating facilities, and will achieve carbon neutrality in its whole value chain and supply 100% green products by 2050.

Carbon Neutrality Goals of Shanghai Jahwa

By 2025	By 2035	By 2050
<ul style="list-style-type: none"> Peak carbon emissions at all its own operating facilities, including plants, warehouses, and offices, and reduce carbon emissions per unit of product by 30% at its own plants; Raise the proportion of renewable energy use to 30%; 	<ul style="list-style-type: none"> Reduce carbon emissions by 50% at all its own operating facilities including plants, warehouses, and offices, and reduce carbon emissions per unit of product by 50% at its own plants; Raise the proportion of renewable energy use to 50%; 	<ul style="list-style-type: none"> Achieve carbon neutrality in its whole value chain and supply 100% green products.

Our subsidiary, Tommee Tippee, is committed to realizing net-zero GHG emissions by 2030 (excluding Scope 3 freight emissions*) and reducing its global carbon footprint. Tommee Tippee had developed the action plan for carbon emissions reduction by the end of the reporting period, and plans to set up the science-based net-zero carbon goal by the end of 2024.

Being fully aware of the importance of climate change response, we sort through the Shanghai Jahwa climate change management system and improve our resilience and ability in climate change response, aiming to minimize the negative impact of GHG emissions on the natural environment.

Shanghai Jahwa Climate Change Management System

Area	Main action
Governance	<ul style="list-style-type: none"> The Strategy and Sustainability Committee under the Board of Directors of Shanghai Jahwa is responsible for the Company's strategic planning for long-term development, as well as the development and implementation of ESG strategies, including the topic of Climate Change Response.
Strategy	<ul style="list-style-type: none"> Taking into account the results of climate-related risks and opportunities evaluation, we incorporate climate risks in the Company's strategic planning for future development, and focus on low-carbon technology, product R&D, and climate change mitigation and adaptation strategy for the whole value chain. Shanghai Jahwa has released its carbon neutrality goals and action path, i.e. achieving carbon neutrality in its whole value chain and supplying 100% green products by 2050. With a deep understanding of the significance of clean energy strategy, we increase the proportion of clean energy use through PV and other clean energy projects.
risk management	<ul style="list-style-type: none"> We identify climate change risks and opportunities related to the Company, and make institutional and management arrangements accordingly. We integrate climate risk management in Shanghai Jahwa overall risk management process, and clarify the countermeasures and potential opportunities by analyzing the climate-related risks in our main business and the entire value chain.
Indicators and	<ul style="list-style-type: none"> Track the progress of climate risk management through such indicators as

Area	Main action
targets	carbon emissions and energy, and include climate-related KPIs in employee performance appraisal. <ul style="list-style-type: none"> • We calculate and disclose GHG emissions performance on a regular basis. During the reporting period, Shanghai Jahwa calculated the Scope III GHG emissions in 2022, which covered 13 categories. • We collect GHG emissions data from upstream and downstream partners, and drive partners to reduce carbon emissions.

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 GHG emissions by analyzing the effective carbon reduction actions in the whole life cycle of products.

The Company introduces the assessment on products' environmental impacts in the life cycle to product R&D to take into account environmental factors in product development and constantly optimize the environmental performance of products. Through the assessment, the Company can gain a comprehensive understanding of the environmental impact of its products and timely identify potential improvements. Hence, the Company can lower the environmental impact of products and supply customers with more sustainable product solutions.

Carbon Footprint Reduction Measures in the Life Cycle Assessment

Links	Measures
Raw material procurement	<ul style="list-style-type: none"> • Take greenhouse gas emissions into account 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 takes the results as a basis to assess new suppliers.
Product R&D and production ¹	<ul style="list-style-type: none"> • Rationally adjust production processes and electricity consumption facilities such as lighting and air conditioning to reduce unnecessary energy consumption • Utilize its own PV power generation project to increase the proportion of clean energy use • Upgrade equipment and replace high-energy-consumption equipment with low-energy-consumption equipment
Product transportation	<ul style="list-style-type: none"> • Construct regional logistics networks to improve the efficiency of goods transportation
Product use and disposal	<ul style="list-style-type: none"> • Open a class to teach the knowledge on plastic recycling labels, and provide recycling instructions on the outer packaging of products to guide consumers' sustainable consumption

In 2023, the Company further explored the integration effect of its head warehouse, and continued to improve its "Fei Yue Plan" in South China. In order to reduce carbon emissions in logistics transportation and warehousing, the Company gradually consolidated its 28 warehouses to 7, thus shortening the transportation distance and changing the mode of transportation. During the reporting period, we reduced GHG emissions by 67 tonnes.

During the reporting period
The Fei Yue Project reduced carbon emissions in logistics and warehousing by approximately **67 tonnes** of CO₂

During the reporting period, Shanghai Jahwa updated the *Shanghai Jahwa Carbon Management Plan for the Whole Value Chain*. We collaborated with enterprises on the value

¹ See the energy-saving measures and achievements in product R&D and production in the section Energy and Resource Management.

chain to track carbon footprint, collected the carbon management performance of the whole value chain, and encouraged these enterprises to take actions of carbon reduction, in order to achieve the goal of carbon neutrality of the value chain. In 2023, the Company developed the carbon reduction questionnaire for dealers. Quite a few raw material suppliers, indirect procurement suppliers, logistics suppliers, and dealers adopted measures to save energy and reduce emissions, making positive contributions to building a green supply chain.

**Cases of Carbon Reduction Actions and Practices of Enterprises on the Value Chain
(Partial)**

Carbon reduction actions	Practice cases	Achievements
Energy-saving technology renovation of equipment	A raw material supplier renovated its boilers, replaced the cold blast cupola with the hot blast stove, and recovered heat through flue gas recirculation, reducing NOx emissions by 2/3. It also introduced equipment of higher combustion efficiency to reduce natural gas consumption.	Expected to reduce natural gas consumption by approximately 10,000 m ³ per year
	A raw material supplier upgraded its boiler feed system and added a coal ash recycling unit. Recycled coal ash is returned to the boiler for combustion. It replaced manual feeding with coal shovels and conveyor belts, enabling more uniform coal feeding and full burning.	Expected to reduce coal consumption by 180 tonnes per year
Equipment obsolescence and upgrade	A raw material supplier replaced part of its vehicles with those of higher combustion efficiency to reduce fuel consumption in transportation.	Expected to reduce diesel consumption by 1,300 litres per year
	A raw material supplier substituted the electric forklifts for the diesel forklifts in its plant to reduce emissions and fuel consumption.	Expected to save 3,600 litres of diesel in total
Solar PV power	A raw material supplier constructed a rooftop distributed PV project with an installed capacity of 3.23 MWp on its roof that covers an area of 18,500 m ² .	Expected to generate 3.23 MWp of electricity per year upon completion
	A raw material supplier installed the PV power generation equipment on the roofs of its two plants, covering about 12,000 m ² .	Reduced standard coal by about 380 tonnes per year
Refined energy management	A raw material supplier performed zoned control over its office HVAC equipment and introduced automatic temperature control.	Expected to save 56MWh of electricity per month
	A raw material supplier optimized its production planning and equipment workshop division to reduce the power consumption of idle equipment and improve equipment utilization.	Reduced total purchased electricity by 1,347.1MWh for the year
Green logistics provider	A logistics provider used natural-gas vehicles in its performance, and built an intelligent dispatch system to optimize the transportation routes and shorten transportation distance.	Reduced natural gas consumption by shortening the distance (no quantitative data available now)

Green Office

Abiding by the laws and regulations on the office environment, including the *Regulations of Shanghai Municipality on the Management of Domestic Garbage*, the *Office Building Property Management Service Criterion in Shanghai*, and the *Regulations of Shanghai Municipality on Safe Production*, 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, practicing 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:

Green Office Measures and Achievements

Green test	<ul style="list-style-type: none"> The Company entrusted a third-party monitoring company to regularly test the wastewater, exhaust gas, and noise of the office building on Baoding Road. The wastewater was tested quarterly, and the exhaust gas and noise were tested every half a year. The test results were all in line with relevant national specifications. The eco-environmental protection department conducted 6 on-site inspections of the office on Baoding Road, which covered the improvement of various systems and processes, implementation of environmental management measures, and disposal of laboratory wastes. The inspection results were all satisfactory.
Garbage recycling	<ul style="list-style-type: none"> We 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. The Company released an eco-friendly bag made from recycled plastic waste. The empty plastic bottles were recycled in a special way and processed to be environmentally friendly tote bags. Each bag reduced 467g CO₂ emissions compared to the traditional ones.
Paperless office work	<ul style="list-style-type: none"> We conduct publicity through LEDs, and reduce physical promotional materials. We encourage employees to bring their own cups to daily meetings, and do not provide bottle water and disposal paper cups to non-visitors. We adopt paperless office work system to reduce printing of paper documents.
Energy conservation	<ul style="list-style-type: none"> We saved electric power by means of intelligent control of such equipment as air-conditioners, and reduced office power consumption in 2023 by 3.90% compared to the previous year.
Publicity and education	<ul style="list-style-type: none"> We educated on green office to enhance employees' awareness and cultivate their energy-saving habits.

Empty product bottle recycling plan at the workplace

During the reporting period, the Company organized an empty bottle recycling campaign at its headquarters, calling on employees to put empty product bottles in the recycling bins. This campaign successfully promoted the environmental concept of waste recycling within the Company.



Social Responsibility



Product R&D and Innovation

The Company attaches great importance to the innovative R&D of products, and has established a complete R&D innovation management system to support the continuous innovative development of the Company. In 2023, Shanghai Jahwa Science and Technology Innovation Center established 9 structures to ensure independent R&D of the whole chain. Supported by the R&D innovation management system, Shanghai Jahwa conducted R&D innovation in three dimensions, namely basic research, application innovation, and product value creation, thus creating the best products and services of beauty.

<p>During the reporting period R&D investment of RMB 147 million 179 R&D staff R&D staff accounting for 3.71% of total employees</p>
<p>During the reporting period The Company participated in the formulation/revision or release of 23 standards Including, 7 national/industrial standards 16 group standards Covering efficacy testing, safety assessment, raw material and/or finished goods testing, digital transformation, etc.</p>
<p>By the end of the reporting period, The Company had participated in the formulation/revision of 118 standards in total Including, 39 national/industrial standards 79 local/group standards</p>

Organizational Structure of Science and Technology Innovation Center

Science and Technology Innovation Center								
Frontier research		Product development				Project support		
Basic Research Center	Functional Active Substances Dept.	Product R&D Center	Packaging Design Center	Container Development Dept.	Tomme Tippee GC Laboratory	Quality Management Dept.	Laws and Regulations Dept.	Project Management Dept.
Testing and evaluation	Extraction of plant actives	Formula research and development	Creative proposal for packaging	Packaging material development	Specialized M&B products R&D	Quality system management	Registration	PTM&PMO
Efficacy assessment	Research on traditional Chinese medicine	Formula substitution and	Packaging design completion	Packaging structure development		Raw material quality assurance	Policy research	PLM system
Toxicological study			Modelling				Patent maintenance	EHS Management

Consumer research	Traditional Chinese medicine theory	upgrading Formula platform maintenance	and structure design	Packaging cost control		Product quality assurance	Goodwill maintenance	
Open innovation cooperation	Raw material development research	Covering Beauty, Skincare, Maternity, Personal & Home Care.	Design collaboration maintenance	Packaging environmental strategy		Ex-factory product quality management		

R&D innovative application and development dimension

Basic research	<ul style="list-style-type: none"> Relying on "Chinese characteristics + international concepts + digital and intelligent empowerment", and depending on our eight fundamental platforms of co-innovation with medical authorities, traditional Chinese medicine (TCM), cell biology, safety and efficacy evaluation device, performance & efficacy evaluation, packaging design, AI customization, and beauty device, we consolidate our technical barrier and value realization. We also accelerate the establishment of our core technological advantages and their commercialization based on the co-creation and win-win model of the independently developed platform for open external cooperation with firms, universities, research institutes, and hospitals.
Application innovation	<ul style="list-style-type: none"> 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 creation	<ul style="list-style-type: none"> Always adhering to consumer-centricity, we continue to explore user demand and product pain points and provide consumers with innovative, beauty-dedicated, and sustainable products and services by practicing ESG concepts, innovating and creating standards, and obtaining authoritative certification.

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.* We encourage and support employees to engage themselves in innovative R&D by means of internal technical title appraisal, post appointment, promotion, and other forms of rewards.

<p>During the reporting period The Company obtained 6 standard forerunner certificates Published 11 articles Including 9 English and 2 Chinese articles.</p> <p>By the end of the reporting period, The Company had acquired 423 valid patents in total Including 102 national invention patents 22 foreign patents granted</p>
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In 2023, the Company and its R&D department increased the investment in professional competence training, having held 36 professional courses and provided 524 training opportunities. In particular, the Company designed a professional competency framework for the Formula Development Department and Creative Design Department, and provided them with internal and external learning resources that met their demand. We conducted 17 training sessions during the reporting period to improve relevant employees' professional skills and

knowledge. In addition, the Company supported employees in attending external training. During the reporting period, as supported by the Company, a total of 42 employees participated in external training, which covered 19 topics including quality safety, laboratory management, and product development management.

In 2023, Shanghai Jahwa published 9 articles in foreign journals, accounting for 75% of its total publications, with an average impact factor of above 6. Among them, the impact factor of two English journal articles published in 2023 reached 10 or above.



Shanghai Jahwa Patent Wall

Shanghai Jahwa has made steady progress in R&D innovation, achieving many results and winning external recognition. In October 2023, Shanghai Jahwa and the National Innovation Center par Excellence (NICE) established cooperation to co-found the NICE-Shanghai Jahwa Joint Innovation Center.



Part of the Research Achievements of Shanghai Jahwa in 2023

Research project	Content	Achievement
Deepened the research on traditional Chinese medicine (TCM)	<ul style="list-style-type: none"> Cooperated with leading research institutes in the industry, to apply cutting-edge technology such as network pharmacology and new drug development to the exploration, creation, and in-depth study of key functional actives. 	<ul style="list-style-type: none"> Artemisia oil SFE has been successfully applied to Dr. Yu cream for dry and sensitive skin.
Continued with the co-innovation with medical	<ul style="list-style-type: none"> Collaborated with Ruijin Hospital, Shanghai Jiao Tong University School of Medicine, and depended on the research on several sectors such as transdermal absorption and atopic progression, we carry out 	<ul style="list-style-type: none"> Launched the industry's first group standard for cooperative research between cosmetics

Research project	Content	Achievement
authorities	<p>scientific validation of safe and green sunscreen products more suitable for people with damaged skin barrier and optimize and upgrade the new generation of skin barrier recovery that block atopic progression.</p> <ul style="list-style-type: none"> Continued to strengthen the cooperation with several hospitals including Huashan Hospital, Shanghai Dermatology Hospital, and Director Ma Lin's team from Beijing Children's Hospital, Capital Medical University in several products. 	manufacturers and medical authorities.
AI customization	<ul style="list-style-type: none"> Applied the advanced AI facial recognition image technology and algorithm for the first time in the industry, to integrate the database of Chinese people's skin and establish a skin condition analysis model in various dimensions exclusive for Chinese people. 	<ul style="list-style-type: none"> Launched the AI skin testing app and mini-program. Led the release of the first group standard for AI skin testing data analysis in the industry.

R&D and Innovation Awards

Innovations/products	Honors and awards	Awarding authority
Dr. Yu Star Sky sheet tube surface process innovation	Gold Prize of French Design Awards	French Design Awards Jury
Herborist Advanced Whitening Anti-spot Serum refill structure	MUSE Packaging Design Award	International Awards Associates (IAA)
Herborist Ultimate Lift & Anti-Wrinkle Collection	Shanghai Design 100+	Shanghai Design 100+ Organizing Committee
Giving New Essence of Naturals Babycare Collection	Pentawards 2023	International Pentawards Jury
Herborist Tai Chi Regenerating Repair Series	China Star Design Award	Design Committee of China Packaging Federation
Herborist Ultimate Lift & Anti-Wrinkle Collection	2023 Shanghai Design Enjoy Design Award (EDW)	Shanghai Industrial Design Association

Animal Welfare

Attaching great importance to animal welfare, Shanghai Jahwa has been focusing on the development of non-animal testing methods in R&D since 2003, and has established a variety of development methods covering skin irritation, eye irritation, skin sensitization, and skin pricking, which render strong support for the safe screening of raw materials and products in R&D.

Non-animal Testing of Shanghai Jahwa

Action	Content
Experimental innovation	<ul style="list-style-type: none"> In order to further improve the product experience and make up for the limitations of the acute eye irritation test, the scientific research team of Shanghai Jahwa created the transient receptor potential vanilloid type 1 (TRPV1) activation test. Making use of the activation mechanism of TRPV1 receptor, this test simulates the process of pain-sensing by nociception-related neurons in the human cornea to build a neural cell model that can predict pain stimulation.
System development	<ul style="list-style-type: none"> Shanghai Jahwa actively promoted the application of new evaluation methods and systems. It participated in the topic research based on the read across method organized by the Shanghai Association of Food and Drug Safety, to jointly advance the scientific application of new assessment tools.

Action	Content
Innovation platform	<ul style="list-style-type: none"> For in-vitro efficacy research, we established four in-vitro efficacy innovation platforms, including the anti-aging new target gene-level experiment platform, the human melanocyte whitening experiment platform, the cellular immunofluorescence experiment (AQP3, Type I collagen) platform, and the anti-glycation efficacy immunofluorescence experiment platform. We have successfully constructed the replicative senescence cellular model, and screened and evaluated dozens of active ingredients/raw materials, such as the in-depth research on a group of actives of autonomous efficacy from the Artemisia family.

Intellectual Property Management

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 *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Enterprise Intellectual Property Compliance Management System*, and other regulations. The Company also upgraded its intellectual property database, organized training for employees, and resorted to legal means to safeguard its own intellectual property.

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.

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.

Intellectual Property Management Measures

Categories	Measures
Protection of its own intellectual property	<ul style="list-style-type: none"> Timely protect the intellectual property rights generated in the R&D project development. Actively complete confirmation of intellectual property rights by means of registration, filing, and application.
No infringement on the intellectual property rights of others	<ul style="list-style-type: none"> Conduct novelty searches and search for existing technologies to ensure no infringement on the intellectual property rights of others before approval of R&D projects, new product development, and import or export of new technologies and products. Regulate the use of software, fonts, images, etc. in business units to avoid potential risks of intellectual property infringement.
Intellectual property publicity	<ul style="list-style-type: none"> Raise intellectual property awareness through training and repeated video play within the Company.

Shanghai Jahwa Honored as the National Intellectual Property Demonstration Enterprise

In December 2023, Shanghai Jahwa United Co., Ltd. was selected as a National Intellectual Property Demonstration Enterprise for its industry-leading strength in R&D innovation, sound intellectual property management system, and excellent intellectual

property management skills.



2023年新确定的国家知识产权示范企业名单

上海市	15	上海浦江缆索股份有限公司
	16	上海海立电器有限公司
	17	上海家化联合股份有限公司
	18	上海诺雅克电气有限公司
	19	上海奥普生物医药股份有限公司
	20	上海新力动力设备研究所
	21	华勤技术股份有限公司
	22	英华达（上海）科技有限公司
	23	明基智能科技（上海）有限公司
	24	柏美迪康环境科技（上海）股份有限公司
	25	恒源祥（集团）有限公司

Shanghai Jahwa Selected as a National Intellectual Property Demonstration Enterprise

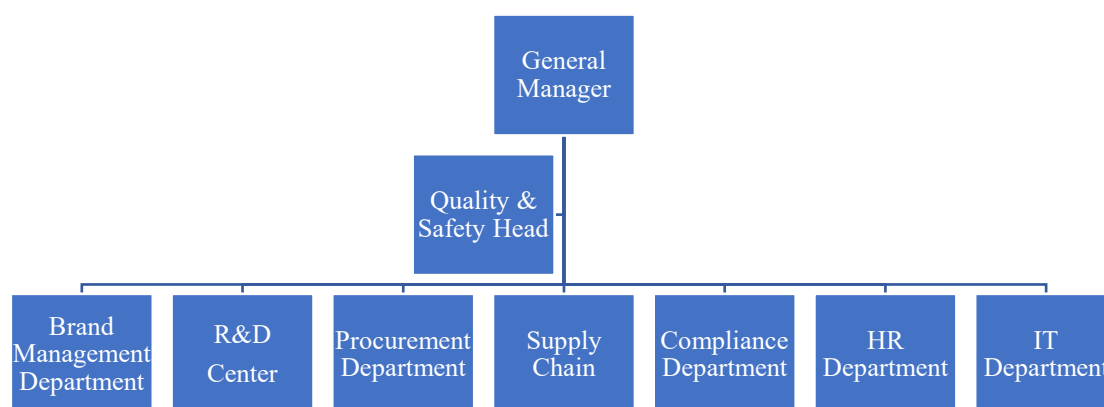
Product Quality Management

In strict accordance with the *Regulations on Supervision and Administration of Cosmetics*, the *Measures for the Supervision and Administration of Production and Operation of Cosmetics*, the *Administrative Measures on Cosmetics Registration*, the *Quality Management Standards for Cosmetics Production*, and other laws and regulations, Shanghai Jahwa has established a product quality control system. It covers the whole product life cycle from raw materials to finished products, from product design and development to 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.

In response to the *Regulations on the Supervision and Administration of Enterprises to Implement the Principal Responsibility for the Quality and Safety of Cosmetics* promulgated by the National Medical Products Administration, the Company laid down the *System of Audit Management of Consistency of Cosmetic Production*, the *Procedure of Assessment Management of Quality & Safety Head*, the *System of Initiation of Self-inspection Attributable to Cosmetic Quality Safety Hazards*, the *Supplementary System of Sample Reservation and Observation in Kua Yue Factory*, and other quality management systems in 2023. The Company also detailed the quality safety responsibility system, improved the structure of the quality management system, and defined the quality responsibility of the legal representative, the person in charge of quality safety, and all departments in connection with product quality safety, thus setting higher bars in quality safety management.

During the reporting period
Newly added **4** quality management systems

Quality Management System Structure



General Manager	<ul style="list-style-type: none"> Take full responsibility for the Company's product quality and safety, and formulate and approve the Company's quality policy and goals. Provide necessary resources, and follow up, examine, and advance the Company's quality goals.
Quality & Safety Head	<ul style="list-style-type: none"> Review and make decisions on matters related to product quality and safety, approve relevant documents, and conduct review on the cosmetic safety assessment report, formulas, production processes, materials suppliers, product labels, and registration materials in compliance with relevant regulations; Take charge of materials and product release and adverse reaction monitoring.
All Departments	<ul style="list-style-type: none"> Take part in the planning and running of the Company's quality management system, and guarantee the compliance of the quality management system with relevant standards and regulations; Perform duties of quality safety to the letter, carry out product design and development, procurement, production, inspection, delivery, and after-sales as

	<p>specified, in a bid to see that the final products are up to standards and customer satisfaction;</p> <ul style="list-style-type: none"> Engage relevant personnel in training and assessment on quality-related working skills and regulations to ensure that employees qualify for doing their jobs.
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2023 Shanghai Jahwa Quality Management Certification

Company/production base	Certification	Validity
Shanghai Jahwa	ISO9001: 2015	2024.11.2
Shanghai Jahwa	ISO22716: 2007	2024.9.12
Shanghai Jahwa	CGMP-US	2024.9.12

During the reporting period, the Company carried out internal audits on the quality management system of the factory, the R&D Department, the Quality Management Department, and other departments, respectively. As of the end of the reporting period, all the non-conformance terms in the inspection were corrected. Moreover, the Company frequently conducted product quality training, including 2 sessions online and 10 sessions offline. The training relates to laws, regulations, quality management systems, and safety assessments.

<p>During the reporting period The Company's product quality training 12 sessions Training attendance exceeded 1,250</p>
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Product Development Stage

At the product development stage, we introduce the quality control requirements for universal procedures and different kinds of products under development. Key quality control links include formula development, product safety testing, control of raw materials, etc., for the purpose of ensuring stable and safe product development.

Quality Control during Product Development

Formula development	<ul style="list-style-type: none"> Follow internal development standards and procedures for formula development in such links as laboratory design, small-scale 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.
Product safety testing	<ul style="list-style-type: none"> We have established a strict closed-loop safety assessment system, incorporating control of raw materials, formula design and evaluation, in vivo/in vitro testing, human experimentation, consumer testing, and clinical tests. The pre-delivery full product control is intended to ensure that our products are safe and harmless.
Control of raw materials	<ul style="list-style-type: none"> The Company explicitly requires that the use of any new raw materials, change of formula, and change of sources of raw materials must be checked, verified, and evaluated by relevant personnel, for ensuring utmost product safety.

For more strictly required children's skin care products and cosmetics, Shanghai Jahwa has worked out more stringent development control requirements dedicated to these products to ensure compliance with the product quality.

Development Control Requirements for Children's Skin Care Products

Skin care products dedicated to children	<ul style="list-style-type: none"> The Company has worked out the <i>Development and Production Quality Specifications for Giving Products</i> dedicated to Giving, a children's skin care brand of Shanghai Jahwa. Targeting children, a special group, the document specifies stricter requirements on safety evaluation of raw materials, design and
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	development verification, procurement and supplier management, production process, and inspection and release to ensure the safety and quality of Giving products and minimize product quality and safety risks.
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Product Production Stage

At the product production stage, we have established a whole package of production management standards and systems. We launch strict quality control specific to raw materials, production process, and product delivery, and dispose of unqualified products in accordance with disposal procedures.

99.70% of raw materials pass one-time inspection 99.41% of semi-finished products pass one-time inspection 99.93% of finished products pass one-time inspection 99.66% of materials pass one-time inspection

Product Production Control System

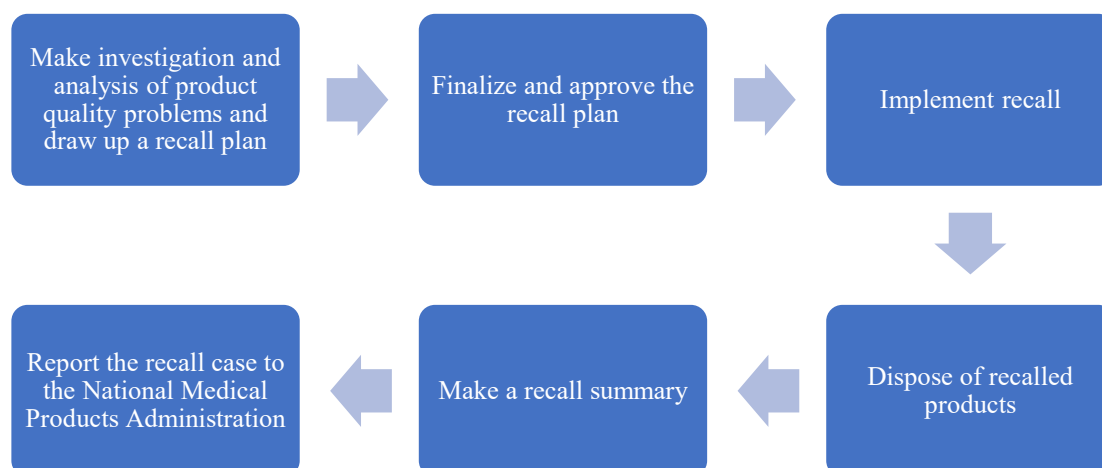
Prepare complete production management standards	<ul style="list-style-type: none"> • Set up the organizational framework, allocate production quality technicians at all levels, and train them to meet job requirements in accordance with laws and regulations; • Establish and implement a maintenance, cleaning, and disinfection system for production facilities and equipment; • 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	<ul style="list-style-type: none"> • 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 products after recording and approving each batch.
Conduct unqualified product management	<ul style="list-style-type: none"> • 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 for cosmetics to collect adverse reaction information from consumers actively and comprehensively 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 distribution 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. In 2023, the Company organized a recall drill of the 120g GF Deep Cleansing & Oil Control Foam Cleansers, in which stocks in dealers and sales divisions at all levels were recalled.

Product Recall Process



To further guarantee product quality and safety, the Company accepts the review conducted by regulatory departments such as the National Medical Products Administration and external professional institutions such as SGS. It 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 promotes product compliance and quality in an all-around way. For any unqualified items discovered, the Quality Management Head shall convene relevant departments to deliberate over solutions, and timely follow up and solve the relevant problems.

During the reporting period, the Company received 6 external audits

During the reporting period, the Company had no recalls of sold or delivered products for reasons attributable to safety and health, or violations of laws and regulations regarding product/service health and safety.

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 Safety Management of Dangerous Chemicals* and the *Safety and Technical Standards for Cosmetics 2015*, but also refers to the *Cosmetic Ingredient Review (CIR)* 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 (SCCS). We strive to improve product safety by applying comprehensive and complete international and domestic standards.

In 2023, the Company laid down the *Shanghai Jahwa Policy of Chemical Safety Management*, further specifying the standards for the management of formulas and ingredients, methods of raw material safety assessment and chemical identification, and guiding principles for obsolescence of ingredients and products.

New Raw Material Application Procedure and Safety Assessment Mechanism

Define	Evaluate	Determine	Track
We initially identify the raw material candidates based on development requirements, and a comprehensive evaluation of raw	We conduct safety and efficacy evaluation including but not limited to: <ul style="list-style-type: none"> physical and chemical testing 	We establish the raw material inspection standards and determine the new raw material to be applied based on the results. We never start	After the application, we follow up the use of raw materials, and timely feed back the information on its application

material safety, efficacy, EWG scores, sustainable sources, and other indicators.	<ul style="list-style-type: none"> • toxicology assessment • stability testing • efficacy evaluation • regulatory inspection 	using a raw material if relevant information is incomplete	
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Measures for Chemical Safety Management

- 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.¹
- Aside from the regulations, the Company has set up the *List of Prohibited and Concerned Risk Ingredients*, specifying that any involvement of the listed ingredients in R&D and production be put under special evaluation and approval.
- The Company requires all suppliers to complete the *Raw Material Information Survey Feedback Form* to collect information regarding ingredients, impurities, and hazards of raw materials and control the relevant substances; Any and all changes to the ingredients of materials from suppliers shall be notified to Shanghai Jahwa, and undergo re-evaluation, -approval, and -registration or changes of registration information.
- Out of concern for biodegradability, the Company has developed the “*Star-rating*” *Management System* for chemical raw materials under the instruction of the 12 Principles of Green Chemistry, ISO16128, OECD 301/302, and other standards, and by reference to authoritative concepts and certifications in the industry (e.g., RSPO certification, Ecocert certification, or EWG certification). Based on this system, we categorize and manage chemicals according to different warning levels. Furthermore, Shanghai Jahwa's selection of EWG-certified green materials is intended to ensure product safety, environment-friendliness, and sustainability from the source.

¹ The ingredients listed above will not be added to cosmetics by the Company intentionally, but may be present in the finished cosmetic products due to unintentional factors, such as impurities contained in natural or synthetic raw materials, packaging materials, or generated during production or storage of products. If the presence of prohibited components is technically unavoidable under the production conditions meeting national mandatory regulations, the Company will conduct a 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.

Service Quality Management

Enhance Consumer Experience

Shanghai Jahwa attaches great importance to safeguarding customers' rights and interests and products' after-sales services. We abide by the *Law on the Protection of Consumer Rights and Interests* and the *Law of the Protection of Information Security*, adhere to the principle of "consumer-centricity", and take "customer satisfaction" and "efficient handling of customers' problems" as goals. The Company "advances services both online and offline, and conducts three-level supervision of service quality". It has established a complete after-sale service guarantee system and after-sale service center, under which several collaborative groups have been set up to reach consumers in multiple forms and dimensions.

"Advancing Services Both Online and Offline, and Conducting Three-level Supervision of Service Quality"

Advancing Services Both Online and Offline	Online service	<ul style="list-style-type: none"> Assign professional after-sales service personnel to e-commerce shopping platforms, and settle in TikTok, Kuaishou, WeChat applet, and other social media e-commerce platforms to synchronize services with products Set service guidelines to standardize services offered by service personnel in different scenarios Furnish consumers with professional skin care advice, via a professional skin care customer service team
	Closed cycle of online and offline services	<ul style="list-style-type: none"> Achieve unified services of all channels through cross-channel training, system integration, and centralized management of services based on the favorable offline distribution and counter mode, thus creating a closed cycle of online and offline services
Three-level Supervision of Service Quality	After-sales service center	<ul style="list-style-type: none"> Service quality inspection Consumer feedback
	Intelligent AI software	<ul style="list-style-type: none"> Use of Voice of the Customer (VOC) and AI technology in online customer services
	Public opinion system	<ul style="list-style-type: none"> Selectively trace and manually follow up public complaints to secure shopping experience

The Company has worked out standard service guidelines to regulate the acts of customer service staff in various service scenarios and ensure consistency of service quality. It also forms a customer service team composed of professional skin care specialists who, under irregular expertise training, provide professional skin care guidance and advice to consumers.

In 2023, the Company further expanded and improved the use of AI in the consumer service process. During the reporting period, it developed a whole package of products, such as the data board, work order widget, and monitoring and service AI, to monitor and respond to consumers' problems and enhance the working efficiency of customer service staff, thus resulting in better consumer experience.

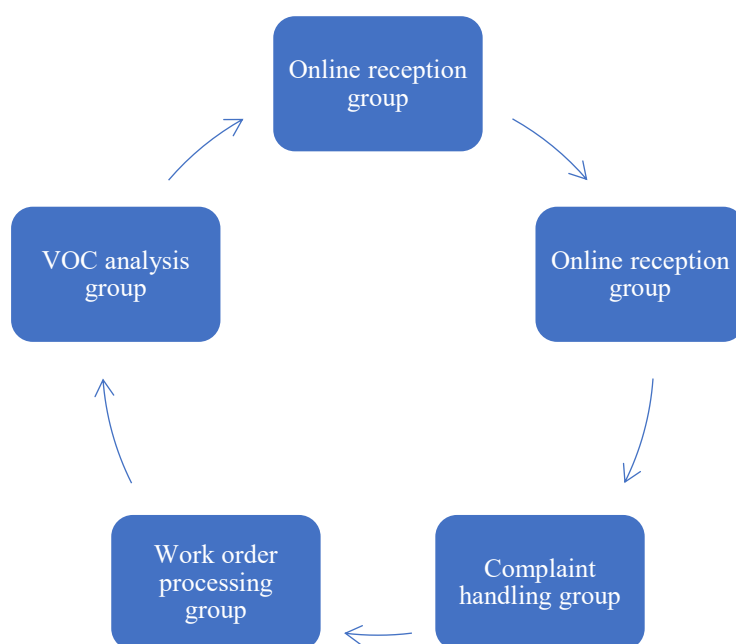
The Application and Relevant Value of AI Tools in the Consumer Service Process of Shanghai Jahwa

AI Tools for Customer Service	Management functions of AI tools	Value of AI-based tool service
<ul style="list-style-type: none"> • Data board • Work order widget • Monitoring AI • Service AI 	<ul style="list-style-type: none"> • Multi-channel feedback integration: intelligent collection of customers' text, image, and speech feedback. • Customer journey insight: connect feedback of diverse customer behavior paths and construct in-depth customer profiles. • Omni-network data analysis: display key business data across e-commerce platforms in real time; conduct attribution analysis on omni-network scenarios and analyze pain points in the service process. • Automated process: automatically transfer after-sales work orders and optimize service process. • Application of AI-based customer service robot: quickly solve common problems and relieve stress on customer service staff. 	<ul style="list-style-type: none"> • Efficient response and personalized service: quick to respond to inquiries and reduce consumer wait; Satisfy consumers' requirements with personalized services based on customer profiles. • Lean operations management: management decisions driven by real-time data, which reinforces control over service status and enhances management efficiency. • Higher service quality and efficiency: the automated process features shorter after-sales cycle but higher-efficiency customer service; the AI robot helps with resolving complex problems. • Continual optimization and experience evolution: Omni-network monitoring and analysis identify points for improvement, which continuously drives optimization of the processes, enhances the experience, and strengthens loyalty to the brand.

The Customer Service Center has set up groups dedicated to handling all types of consumer complaints that relate to quality, safety, laws, and regulations via online and offline channels. We make sure that the complaints are put into communication within 24 hours and addressed within 3 working days.

91%
Percentage of complaints resolved by consumers on their own

After-sales Service Guarantee System



Consumer Complaint Handling Approaches

Type of complaint	Handling approach
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, as well as to thoroughly analyse the causes and take preventive measures
Complaints related to product batches with serious impact	Report complaints to the management of the Company timely, handle complaints properly, and recall products if necessary

The Company conducts consumer satisfaction investigations via all sales channels to collect users' opinions for evaluation and continuous improvement of the service system. During the reporting period, the Company's products and services were recognized by customers.

Consumer satisfaction: 20% YoY growth in Tmall 2% YoY growth in JD 21% YoY growth in interest e-commerce 26% YoY growth in cooperation channels

Shanghai Jahwa Service Performance by Channel

Channel	Service performance
Tmall	By the end of the reporting period: • All brand stores were awarded "Golden Wangwang" for 57 times. During the reporting period: • Awarded the 2023 "Best Customer Service Team" for November 11 and December 12 Promotion by Taobao & Tmall Group. • Honored "Golden Bee Award" for the Beauty and Skin Care sector by Alibaba Dian Xiao Mi Customer Service Robot, topped all three award winners. • Liu Shen took the lead with customer satisfaction of 95% or above.
TikTok	• During the reporting period, all brand stores were scored 4.95 or above for service

Channel	Service performance
	experience. <ul style="list-style-type: none"> • Till the end of the reporting period, Dr.Yu, Herborist, Giving, Liu Shen, and Maxamt were scored 5 for service experience.
JD	During the reporting period, the Company received <ul style="list-style-type: none"> • an average monthly customer satisfaction of 95%, with the store titled "Enthusiastic Management" by JD from August to November. • and a score of 105 in JD Green Channel Service.
PDD	<ul style="list-style-type: none"> • During the reporting period, the brand store maintained a five-star rating.

Responsible Marketing

We guarantee accurate and authentic product information as an indispensable part of product quality and safety management. In accordance with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Regulations on Supervision and Administration of Cosmetics*, the *Measures for the Administration of Cosmetic Labels*, the *Measures for the Administration of the Registration and Recordation of Cosmetics*, the *Evaluation Criteria for Efficacy Claims of Cosmetics*, the *Code of Conduct for Live Streaming Marketing*, the *General Principles for the Management of E-commerce Creators*, and other laws and regulations, Shanghai Jahwa has developed the *Process for Review of Labels on Cosmetics Sales Packages* to regulate the development and review process of the labels on cosmetic packages of the Company. The cosmetic labels, such as packing boxes, packing containers, and specifications, shall be put into the Product Lifecycle Management (PLM) System for review conducted by the Brand Department, R&D Department, and Legal Department in order. This guarantees the label information is authentic, accurate, and in line with requirements for publicity compliance and launch of the products.

Process for Review of Labels on Product Sales Packages

Review by the brand copywriter	<ul style="list-style-type: none"> • The creator of the brand copywriting process fills in the <i>Product Advertising Copy Information</i> in the PLM System; • The brand manager and brand director review the <i>Product Advertising Copy Information</i>.
Review by Product R&D Center expert	<ul style="list-style-type: none"> • The formula development engineer creates the <i>Inside Copywriting Information</i>, entailing the ingredients and other trace ingredients of products, the correspondence between claims and ingredients, the precautions of raw materials and products, executive standards, etc., and reviews whether the claimed effects of the product ingredients is grounded; • The supervisor of the Product R&D Center reviews whether the <i>Inside Copywriting Information</i> is up to standard.
Review by Legal Department expert	<ul style="list-style-type: none"> • During the product copy review, conduct legal compliance reviews on the <i>Product Regulations and Advertising Copy Information</i>; • During the product label review, examine the legal compliance of the expressions of the trademark, patent, and advertising copy in the product label.
Review by the Assessment Department and the Laws and Regulations Department	<ul style="list-style-type: none"> • Personnel from the Product Assessment Department of the Basic Research Center test whether the product effects are grounded; • Personnel from the Laws and Regulations Department review the integrity of the information provided as required by regulations and the compliance of claims in the label copy.
Review by the packaging designer	<ul style="list-style-type: none"> • The packaging designer designs the label copy and guarantees no cover on the printed information, and the compliance of the character height and marking position of the label copy; • The design supervisor examines whether the above contents meet requirements.

During the reporting period, the Company launched a training program - *Guidelines of Precautions for Cosmetic Advertising Publicity* on its internal learning system, engaging all employees of the Company in training. The Company also organized 3 sessions of training on special advertising and live streaming compliance according to the differences between channels and business departments. The attendance reached 160 opportunities, equaling 3 hours of study per capita.

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.

During the reporting period, the Company had no incidents of punishment imposed by competent departments for violations of any laws and regulations in connection with product and service marketing, information, and labeling, or any other voluntary regulations.

Shanghai Jahwa Promoted Sustainable Consumption on "National Science Popularization Day"

During the "National Science Popularization Day" event that kicked off in Hongkou District, Shanghai in September 2023, Shanghai Jahwa set up a beauty technology booth and a herbal skin care booth at the science popularization market. Focused on the development and use of green ingredients, especially herbal ingredients with Chinese characteristics, the highlighted Company's Herborist Tai Chi Series and Dendrobe Duo Series contain self-developed herbal ingredients with Chinese characteristics in the formula, ensuring product safety and high-efficacy skin care.

For a full demonstration of the Company's ESG philosophy of sustainability, all the props for display were made from environment-friendly and renewable materials. The Company also launched science popularization and education on sustainable packages and waste recycling, in a bid to increase public awareness and understanding of environmental protection and sustainability.



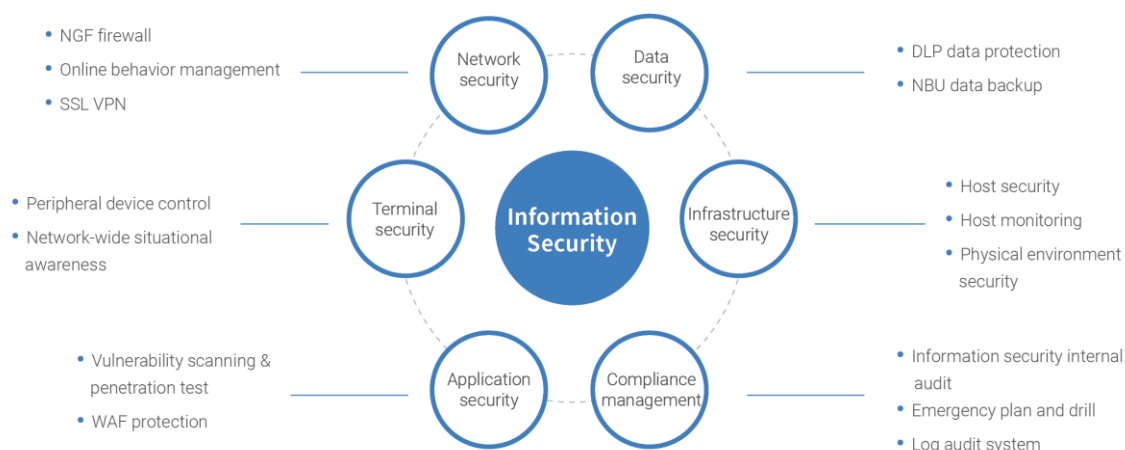
"National Science Popularization Day" Event

Data Security and Privacy Protection

In the process of digital transformation, Shanghai Jahwa attaches great importance to data security and consumer privacy protection. 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*, the *Cryptography Law of the People's Republic of China*, the *State Security Law of the People's Republic of China*, and other laws and regulations, and has established the Shanghai Jahwa Information Security Management System based on the national requirements on classified protection of cybersecurity and the international ISO 27001 information security system as the framework.

In 2022-2023, Shanghai Jahwa set goals of digital transformation - "serving the main business, increasing control efficiency, and empowering business transformation" - in the *Shanghai Jahwa Security Consulting Plan*.

Shanghai Jahwa Information Security Management System



Shanghai Jahwa Information Security Management Certification

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

In 2023, the network unit of the Shanghai Jahwa E-Mall Online Trading System developed by Shanghai Jahwa United Co., Ltd. was registered in the communication network security protection management system and rated level-3 safety protection.

Measures for Information Security Management

Organizational safeguards	<ul style="list-style-type: none"> • The Legal Affairs Department, the Information Security Department, the Internal Control Management Department, and other departments jointly take responsibility for the overall management of information security.
Institutional safeguards	<ul style="list-style-type: none"> • The Company has formulated the <i>Personal Information and Privacy Protection Policy</i>, the <i>Information Security Regulations (Individual Edition)</i>, the <i>Database Management Rules of Shanghai Jahwa</i>, and the <i>Policy for Consumer Privacy Protection</i> to ensure data security and consumer privacy. In 2023, Shanghai Jahwa updated the <i>Measures for Management of Account Authorization in the Information System</i> with more rigorous measures for system authorization and access.
Integrated platform building	<ul style="list-style-type: none"> • The supplier relationship management system (SRM), visualization system and operation, and maintenance security audit system have been integrated into the One Jahwa platform, aiming to consolidate the overall information security system of the Company.
Hierarchical authority management	<ul style="list-style-type: none"> • The Company tightens up on the scope of authorization in the information system. On the principle of "whoever in charge of business grants authority" and "minimal authorization", tiered authority management applies. • The authority to access the consumer information system is granted depending on different jobs. Job holders shall not exceed their power of authority and those unauthorized shall have no right to access and download relevant information. During the reporting period, there were no occurrences of consumer information leakage.
Employee training for enhancing awareness	<ul style="list-style-type: none"> • The Company increases staff awareness of information security through training on data security, password security, AI security, and online infringement reporting.

36,315 opportunities
of in information security training were offered
1,803 persons
Took the information security exam

After being selected as one of the first batch of business secret demonstration sites of Hongkou District, Shanghai in 2022, Shanghai Jahwa was listed among the first batch of "business secret protection demonstration sites in Shanghai" in March 2023, a testament to its competence in business secret protection. In 2023, the Company had no violations or litigation cases related to data security and privacy protection.



Supply Chain Management

Supplier Quality and Compliance 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, e.g., the *Regulations on Dynamic Management of Suppliers*, and utilizes the supplier relationship management system (SRM) to conduct life-cycle supplier management from supplier accession, evaluation, and rewards, to supplier elimination, thus ensuring that suppliers meet its requirements.

The Company annually conducts a performance assessment on suppliers of raw materials, where the Quality Management Department, Procurement Department, R&D Department and Planning Department jointly score and grade the suppliers. Suppliers are required to analyze the problems identified in the evaluation, submit plans for remedial actions, and carry out follow-up work in line with the strategies as follows.

Results of Supplier Performance Evaluation and Use of Relevant Results	
Grade A	<ul style="list-style-type: none"> Suppliers are granted the priority to partake in the bidding, along with rights of bid awarding and preferential purchasing under equal conditions
Grade B	<ul style="list-style-type: none"> Suppliers have the opportunity to partake in the bidding and establish purchasing cooperation by convention The Company adopts a dichotomous purchasing strategy to engage suppliers in a competition to improve their performance and foster their rivals, thus resulting in a stable supply chain
Grade C	<ul style="list-style-type: none"> Suppliers partake in the bidding and procurement within limits The Company adopts a dichotomous purchasing strategy to promote internal adjustments and performance improvements of suppliers to meet higher standards
Grade D	<ul style="list-style-type: none"> Suppliers are disqualified for bidding and restricted for partaking in the purchasing The Company adopts a dichotomous purchasing strategy to initiate a mechanism of selection to urge suppliers to correct and improve speedily, otherwise, the partnership will be ended

With regards to business ethics and anti-corruption, the Company has laid down anti-corruption policies, and conducted anti-corruption education and publicity, for avoidance of any suppliers' violations of business ethics. Via various whistle-blowing channels, we encourage suppliers to report violations of business ethics and corrupt practices to the Company. Whistle-blowers will be put under protection of the *Whistle-blower Protection System*. Their personal information and all the reporting materials are strictly confidential throughout the process of report acceptance, registration, information storage, and investigation.

In order to create a supply chain with high stability and quality, the Quality Management Department, Procurement Department, and Information Department have collaborated to create a directory of producers, a catalogue of key raw materials, and their relevant maintenance and management functions in the SAP¹ system, facilitating high-efficiency production management and supply of raw materials in compliance with relevant laws and regulations. The Company

¹ SAP: System Applications and Products, is an enterprise management solution software product developed by SAP.

also engages suppliers in training at multiple levels, including anti-corruption, use of systems, and quality at irregular intervals, to enhance suppliers' quality awareness, compliance awareness, and capabilities of use of systems.

The Company persists in open procurement. During the reporting period, the Company conducted online annual performance assessment and evaluation on 100% of its raw material suppliers. Additionally, the Company also performed audits by test-checking on purchasing transactions incurred and holistic compliance audits in annual assessment of suppliers.

Sustainable Procurement

We are deeply aware that our procurement acts exert a profound impact on forests, biodiversity, climate change, and labor rights, and are closely related to the environment and society. Adhering to the concept of green procurement, Shanghai Jahwa has updated the Sustainable Procurement Policy of Shanghai Jahwa (Click the link to read the original text of the policy) and the Shanghai Jahwa Regulations of Annual Performance Assessment on Suppliers of Packaging Materials. We integrate the principle of sustainable development into supplier management, and continuously improve the sustainable procurement process. By doing this, the Company aims to reduce the impact of procurement on the environment and society.

Areas of Concern in Sustainable Procurement and Particulars

Areas of Concern	Particulars
Environment	<ul style="list-style-type: none"> • Take the environment impact of products and services throughout the life cycle into account. • 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, e.g.: ISO 14001. • When evaluating new suppliers, take into account the use of environment-friendly materials in their products and processes. • While evaluating new suppliers, take into account whether they have credentials for environmental protection, their disposal procedure of pollutants, and their equipment situation. • Consider GHG (greenhouse gas) emissions when selecting new suppliers of raw and auxiliary materials. Collect information on GHG (greenhouse gas) emissions or energy management competency when selecting new suppliers. The results of the evaluation serve as a basis for evaluating new suppliers. • Encourage suppliers to continuously enhance their environmental management, disclose their environmental performance, 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, e.g., OHSAS 18001 Health and Safety Management System. • Seek opportunities to purchase materials from suppliers that support the local economy and/or help disadvantaged groups.

Palm oil planting exerts a significant impact on rainforests and biodiversity. Unsustainable plantations will give rise to devastating deforestation and impair ecological system. Shanghai Jahwa does not use palm oil directly, but uses some palm oil derivatives as raw materials. During the reporting period, Shanghai Jahwa products using palm downstream products as raw materials accounted for 8% of the total sales.

We always keep an eye on the management of palm oil-related raw materials and are committed to improving their sustainability. On November 20, 2023, Shanghai Jahwa joined RSPO (Roundtable on Sustainable Palm Oil) as a manufacturer of consumer goods, seen as a manifestation of the Company's pledge on advancing "use of sustainable palm oil as part of market regulation".

Employee Rights and Benefits

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. The system covers aspects such as recruitment and dismissal, working hours and leaves, and remuneration and promotion, and fully protects 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. We greatly respect the political rights of employees, such as the freedom of association, collective bargaining, and free election. During the reporting period, there was no case of illegal employment.

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

Type	Measures for the Protection of Employees' Rights and Interests	Regulations
Recruitment	<ul style="list-style-type: none"> Adhere to the principles of legality and 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 employment contracts upon equal consultation with employees pursuant to the <i>Employee Handbook</i> 	Employee Handbook
Working hours and leave	<ul style="list-style-type: none"> Working hours: standard labor hours - 40 hours per week; Employees subject to irregular working hours or the comprehensive working hour 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, working performance, and employee potential After fully understanding the market and investigating the industry's remuneration data, the Company formulates the whole-year salary adjustment policy combining internal employees' contributions, with resources mainly favoring the employees of great performance, of low salaries, at the front-line level or those to be promoted. The Company considers all dimensions and strives to be fair and impartial in remuneration 	<i>Employee Handbook</i> <i>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 applicant. During the reporting period, 12 disabled employees were entitled to equal job pay to the rest of the staff. Moreover, 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.

Female employees representing 72.99% of all staff
--

Female employees representing **41.67%** of the management

Employee Benefits and Initiatives

Categories	Initiatives
Care for women	<ul style="list-style-type: none"> Set up a Mommy's Room in all Jahwa workplaces, dedicated for breast feeding women. Entitle female employees to half-day leave on March 8 Women's Day and throw festival events.
Trade union activity	<ul style="list-style-type: none"> Form literary and sports clubs, and organize intriguing activities at regular intervals to deepen the sense of belonging and sense of happiness of employees.
Staff comforting	<ul style="list-style-type: none"> Show kindness to employees by giving out gifts and necessities for everyday life around traditional festivals and holidays. Regularly throw birthday parties and give birthday blessings to employees.
Employee commendation	<ul style="list-style-type: none"> Commend remarkable employees and project teams at online conventions. Award representatives of employees working in the Company for 10 years, 15 years, 20 years, 25 years, and 30 years respectively for their continuation of service at the Company's 125th anniversary celebration. Award retired employees of the "Jahwa Graduate" title and throw a farewell party for them.
Workplace amenity	<ul style="list-style-type: none"> The Company fits each floor in the office block with a fridge, a microwave oven, and a coffee maker. Qingpu Factory has a canteen to resolve the dining problem of workers.

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 the Company's business development. The Company has set up a sound mechanism to enable smooth communication with all employees, to protect their right to participate and express, and to establish a harmonious and stable labor relationship.

To motivate employees to express their creative ideas, the Company has established a "Jahwa Innovation Club", and inspired employees to voice their creative ideas by posting on the internal communication platform. The Company accepts and rewards creative ideas from employees according to the expected earnings. In 2023, the Company encouraged employees to join communication meetings. The management responded to their questions and proposals and disclosed Q&A contents to all employees after the meetings.

During the reporting period, the Company held
2 all-staff communication meetings
1 management communication meeting

Measures for Communication with Employees

Channel	Measures
Enable online communication through DingTalk and OA platform	The Company updates employees timely on its latest developments, listens to their voices, and encourages employees to propose suggestions for the development of the Company through its internal information platform and the Jahwa Innovation Club.
Establish a mechanism for face-to-face communication between the management and employees	The Company organizes all-staff communication meetings regularly where the management shares information on the Company's latest policies and business progress through live streaming, encourages employees to ask questions, and answers them during live streaming
Establish a congress of employees	The Company holds regular sessions of the congress of employees and joint meetings of employee representatives to listen to employees' opinions and suggestions.
Conduct staff satisfaction	The Company carries out a satisfaction survey and touchpoint survey on

Channel	Measures
survey, organizational climate survey, and touchpoint survey	all employees annually, to develop an exhaustive understanding of opinions and proposals on the working environment, benefits, career development, and relationship with the management, which are concerns of employees
Open channels for appeal	The Company opens a dedicated mailbox and a dedicated hotline to receive employees' complaints. The Company defines the methods for employees to lodge a complaint in the <i>Employee Handbook</i> . Employees dissatisfied with certain matters or receiving unfair treatment can report a complaint level by level. We also protect whistle-blowers to safeguard employees' privacy and personal information security



All Staff Communication Meeting (Including online live streaming)

Emphasizing employees' work-life balance, the Company is committed to creating a happy, healthy, and harmonious working and living atmosphere. We enhance employees' sense of belonging and happiness and enrich employees' lives by organizing literary and sports clubs and organizing fun activities regularly.

Employee care activities

Categories	Initiatives
Send support to those in need during the Chinese New Year festival	<ul style="list-style-type: none"> Every year, the Company pays visits and brings support to employees in financial difficulty or long-term sickness. During the reporting period, the Company assisted 12 employees in difficulty.
Visit and provide support to employees who are sick and hospitalized, have given birth, or have donated blood	<ul style="list-style-type: none"> During the reporting period, the Company condoled employees who were sick in the hospital or had given birth for more than 200 times, employees who donated blood for 99 times, and visited to communicate with 6 employees in critical illness.
Pay visits on festivals and holidays	<ul style="list-style-type: none"> On traditional festivals and holidays, such as the Chinese New Year, Dragon Boat Festival, and Mid-autumn Festival, the Trade Union visits its members and sends them gift packs and daily necessities, like zongzi (sticky rice dumplings) and mooncakes. During the reporting period, around 9,000 employees benefited from this initiative. During the reporting period, the Company conveyed greetings to more than 600 employees in positions exposed to high temperatures in hot seasons.
Extend supplementary insurance for employees	<ul style="list-style-type: none"> The Trade Union effects supplementary insurance for employee hospitalization and commercial insurance for employees.

Occupational health and safety

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*, the *Work Safety Law of the People's Republic of China*, the *Standards for Determining the Potential Risks of Major Accidents of Industry and Trade Enterprises*, and the *Regulations on the Supervision and Administration of Institutional Special Equipment Users in Fulfillment of Principal Responsibility of Safe Use*, the Company has formulated the *Management Regulations on Occupational Health and Safety*. 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.

2023 Shanghai Jahwa OHS Management System Certification

Company/production base	Certification	Validity
Kua Yue Factory	ISO45001: 2018	2025.3.1

Shanghai Jahwa posts subject to occupational disease risks mainly include those in preparation workshops, packaging workshops, power facilities, and laboratories. The Company has identified occupational health hazards in the working environment, updated the risk control matrix, and taken appropriate precautions.

Occupational Health Hazards Identified

Area of production		Hazard
Kua Yue Factory	Filling and packaging workshop	Butanone, acetone
	Preparation workshop, weighing center	Other dust, titanium dioxide dust, potassium hydroxide
	Process	Other dust, titanium dioxide dust, potassium hydroxide, sodium hydroxide, ethanol
	Inspection of raw materials	Ethanol, hexane, sulfuric acid, hydrochloric acid, trichloromethane, potassium hydroxide, sodium hydroxide, acetone, acetic acid
	Semi-finished products, finished products	Ethanol, potassium hydroxide, sodium hydroxide, hydrochloric acid
	Instrumental analysis	Methanol, acetonitrile, tetrahydrofuran, trichloromethane, potassium hydroxide, acetone, sulfuric acid, acetic acid
	Public facility	Power frequency electric field, noise, sodium hydroxide, sodium hypochlorite, sodium bisulfite, other dust, hydrogen sulfide, ammonia
Herbal medicine workshop	Extraction	Hydrochloric acid, sodium hydroxide
	Mass analysis	Methanol, hydrochloric acid, formic acid, sulfuric acid, potassium hydroxide, sodium hydroxide, acetic acid, acetonitrile
	Preparation	Other dust, ethanol

OHS Work Safety Measures and Progresses

Type	Measures	Progress
Sound management system	<ul style="list-style-type: none"> Identify and plan for risks in EHS management Establish a complete inspection mechanism to regularly check and correct potential threats to safety Clear high-risk hazards leveraging technology 	<ul style="list-style-type: none"> During the reporting period, the Company replaced vertical cage ladders with inclined ladders to reduce safety risks We carried out noise reduction modification of production equipment to reduce noise by 5

Type	Measures	Progress
		dB
Rigorous process management	<ul style="list-style-type: none"> Conduct annual compliance evaluation to guarantee work safety in the factory 	<ul style="list-style-type: none"> Carried out as standardized
Protective equipment	<ul style="list-style-type: none"> Equip those taking up jobs at risk of contracting occupational diseases with dustproof masks, protective gloves, safety goggles/face shields, chemical protective clothing, safety shoes, and other protective equipment 	<ul style="list-style-type: none"> Carried out as standardized
Enhance safety education	<ul style="list-style-type: none"> To promote the "zero accident" EHS culture of mutual assistance among all staff, the Company prescribes EHS training and assessment system in the <i>Employee Handbook</i>. Alongside routinized publicity and training, these aim to increase employees' EHS awareness and abilities Conduct regular first-aid and fire emergency drills 	<p>During the reporting period, the Company held</p> <ul style="list-style-type: none"> 540 hours of safety training, including first-aid and fire emergency drills, with attendance reached 448 times Kua Yue Factory's occupational health and safety training, covering 100% of employees, includes 11 factory-level safety training sessions, e.g., safety care system training, and 66 department-level safety training sessions Hainan Factory has conducted 12 occupational health and safety training sessions and 3 safety drills, as well as internal safety meetings held on a monthly basis.
Physical examination	<ul style="list-style-type: none"> Annually engage employees in free health check-ups, and conduct health lectures targeting prominent sub-health problems 	<ul style="list-style-type: none"> Carried out as standardized

Human Capital Development

Employee Selection and Promotion

Shanghai Jahwa focuses on employee development and plans clear and smooth career development paths for employees. The company has built a platform for employee development communication. With this platform, the Company learns about employees' expectations of their career development and communicates with them to further understand their development aspirations and job compatibility. We then implement measures such as rotating/internal transfer, upgrading of employees' job competence, and guidelines for employees' career development according to the communication results. This ensures that the development aspirations of employees are highly consistent with job compatibility.

The Company has built a unified performance management system. We formulate the annual performance assessment plan for each employee at the beginning of the year and evaluate their whole-year performance at the end of the year. Employees passing the assessment will gain the promotion opportunity. The Company also releases equity incentives for key middle and senior management, to further promote employee stability and loyalty.

Our employee engagement and satisfaction have increased over the years. In 2023, the Company conducted an organizational climate investigation covering all employees. As shown in the investigation results, our employee engagement increased by 4.9% year on year, suggesting a high-performance/ best-talent result. Our employee satisfaction improved by 3.9%, above the average level of the industry.

Mechanism	Content
Appraisal mechanism	<ul style="list-style-type: none">Horizontal ranking: The Company evaluates employees' performance and generates the performance rank based on the horizontal ranking of personnel at the same level.Incentives: We introduce incentives for those performing well in performance appraisal.
Promotion mechanism	<ul style="list-style-type: none">Based on the employees' year of service, personal assessment results, and whether any violation of regulations, we conduct rigorous review and evaluation through multiple steps including promotion nomination, 360-degree inspection, job report, proposition report, interaction with multiple jury members, and interview with senior management.

2023 Honors and Recognitions Regarding Human Resources

Name	Awarding authority
ICAEW ¹ Recognized Employers	ICAEW
China Talent Management Excellence Model	Hero
2023 Outstanding Employers in Human Resources Management	51job
2023 Top Employers of Female Leadership	Lagou.com

Talent Training and Support

Shanghai Jahwa has worked out a talent cultivation plan to provide systematic talent cultivation in terms of professional competence, general competence, and talent team development.

In 2023, the Company fully optimized its training application and approval process to improve working efficiency and ensure the smooth progress of training activities. To better

¹ The Institute of Chartered Accountants in England and Wales (ICAEW)

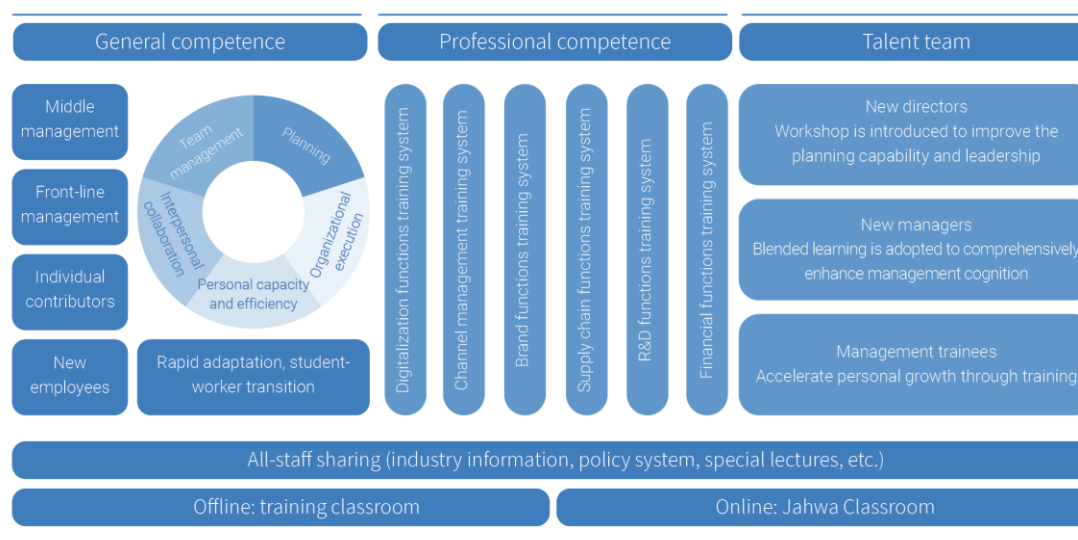
support employees' personal development, we updated the application conditions and amount of the subsidy for employees' academic advancement and the subsidy for professional certificate study. In doing so, we motivate our employees to constantly improve their skills and abilities. We make these improvements to create better learning and development opportunities for employees and promote the common growth of individuals and the enterprise.

Management Measures for Employee Competence Improvement

Competences	Measures
Professional competence	We have officially launched a project to establish a professional competence training system for the Company's important functions. We determine the priority of capabilities and training demands based on competency assessment, investigation, and interview, and then customize professional training plans.
General management	Based on the competency model, we initiate comprehensive training combining online and offline courses for employees of different positions. The training covers multiple dimensions, including personal capacity and efficiency, interpersonal collaboration, organizational execution, planning, and team management, to support personal competence improvement.

During the reporting period,
We newly developed
44 training courses

Overview of Shanghai Jahwa Training System



Types of Employee Training and Related Actions

Type of Training	Related Actions
Management training	The Company conducts relevant training for management, including external ESG seminars, macroeconomic seminars, enterprise risk management, and corporate compliance training. In 2023, 84 management training opportunities were offered.
Professional training	The Company provides various online and offline trainings for employees on general management skills and professional skills, and enhances their professional competence through lecturing, guiding, partner training, and other methods. In 2023, 1,962 professional training opportunities were provided.
Management trainee training	The Company develops a year-long learning and rotation program for management trainees, which covers such general management courses as the

Type of Training	Related Actions
	student-worker transition and office skills. Each department also provides specialized job training.
External learning	The Company supports its employees to attend external learning, mainly including professional courses such as the Training for All Cosmetics Quality and Safety Heads in China, Supervision and Management Measures for Online Cosmetics Business, and Job Training for Laboratory Supervisors. In 2023, 103 external learning opportunities were provided in total. 14 employees obtained professional qualifications such as PMP and CIA certificates. 26 employees are now studying for the ACCA certificate, CMA courses, supply chain, or other professional skills courses.

During the reporting period, the Company achieved
100% training coverage of management trainees
22 hours of training per capita
12.5 training sessions per capita

The Company is committed to building a solid talent team. We perform 360-degree evaluations for the middle management annually, helping them deepen their self-understanding and unleashing their development potential. We constantly optimize the competency model for middle and senior management, and summarize the conditions of the employees at key positions and their successors based on the competency requirements for each position. By integrating the investigation data, the Company creates a talent map. With the map, the Company can comprehensively understand its overall talent situation, and find the data and theoretical support to create the plan for talent development and training plan afterward.

Community Communication and Charity

Shanghai Jahwa values community development, charity, and volunteer activities. We always adhere to the concept of "Born for Beauty, Strive for Goodness," and encourage employees to join the community construction. In 2023, the Company published the "Family Public Welfare" project and established the first volunteer team consisting of employees. The team carried out more than a dozen charity projects and contributed to a better society.

Our Public Welfare Achievements

Indicator	Unit	Data
Total investment in community public welfare ¹	RMB 10,000	294.19
Number of people covered by social welfare programs	person	43,993
Number of employee volunteers involved	person	490
Hours of employee volunteer services	hour	2,628
Amount of charity donations ²	RMB 10,000	110.40

Keep Giving Back to Society

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

Social Welfare Actions of Shanghai Jahwa in 2023

Action	Content
Emergency service/rescue	<ul style="list-style-type: none"> In January 2023, Shanghai Jahwa donated skin care and epidemic prevention products worth over RMB 100,000 to healthcare workers at the Community Health Service Center, Xianghuaqiao Subdistrict, Qingpu District, Shanghai, the subdistrict where the Company is located. In August 2023, Shanghai Jahwa, together with the China Women's Development Foundation, donated personal care and anti-bacterial products with a market value of more than RMB one million to Baoding and Cangzhou in Hebei Province, a region of Beijing-Tianjin-Hebei that suffered from flooding. In August 2023, the Shanghai Jahwa "Family · Public Welfare" project, cooperating with the Shanghai Children's Foundation, donated Dr. Yu products to HouTian Disaster Rescue, to help them protect their skin against the damage caused during the previous floods in Beijing, Tianjin, and Hebei.
Caring for teenagers	<ul style="list-style-type: none"> In August 2023, Shanghai Jahwa and Shanghai Youth Development Foundation carried out a "Family · Public Welfare" activity, by which they organized students and students of Lu'an Hope Primary School to visit Shanghai. These teachers and students expanded their horizons with study activities at the Memorial of the First National Congress of the Communist Party of China, the China Printing Museum, and the World Expo Museum. Then these children used the green plants from Shanghai Jahwa Kua Yue Factory and the flowers and wheat ears collected in the fields of Lu'an to create environmentally-friendly handmade artwork, combining the concept of "Biodiversity" from the United Nations SDGs.
Empowering	<ul style="list-style-type: none"> In July 2023, Shanghai Jahwa ran beauty classes for female teachers in rural areas,

¹ Total investment in public welfare refers to all investments made by the Company for the public welfare of the community, including:

1) Donations to charities and NGO research institutes (non-related to the Company's commercial R&D)

2) Funds to support infrastructure construction of the community

3) Direct costs of social activities (including artistic and educational activities)

² Amount of charity donations refers to the amount of donations for which the Company acquired regular donation invoices

Action	Content
women	helping rural women improve their personal image and confidence.
Rural revitalization	<ul style="list-style-type: none"> In October 2023, through the "Schoolbag Public Welfare Activity" held by the China Association of Fragrance Flavour and Cosmetic Industries, Shanghai Jahwa donated schoolbags for students in three primary schools including Dunhuang Yangguan Central Primary School, to improve the learning conditions of rural students.
Caring for disadvantaged groups	<ul style="list-style-type: none"> In May 2023, Shanghai Jahwa donated a batch of products to Zhenru Town Charity Supermarket for autistic youths, and signed to be a public welfare partner to this project. All proceeds from the sale of the charity products were donated to public welfare causes. In November 2023, Shanghai Jahwa collaborated with the Zhanyi organization to co-create environmental art with the "Kids of the Star", i.e. autistic children. In December 2023, Shanghai Jahwa "Family · Public Welfare" program signed to be a public welfare partner to an autistic youth charity supermarket, helping these "Youths of the Star" find jobs, and organizing charity sales of artworks made by them on site.

Social Welfare Actions of Shanghai Jahwa in 2023



Charity sales at the 125th anniversary



Autism care activity



Support for Hebei flood relief



Shanghai Rescue team for Hebei flood



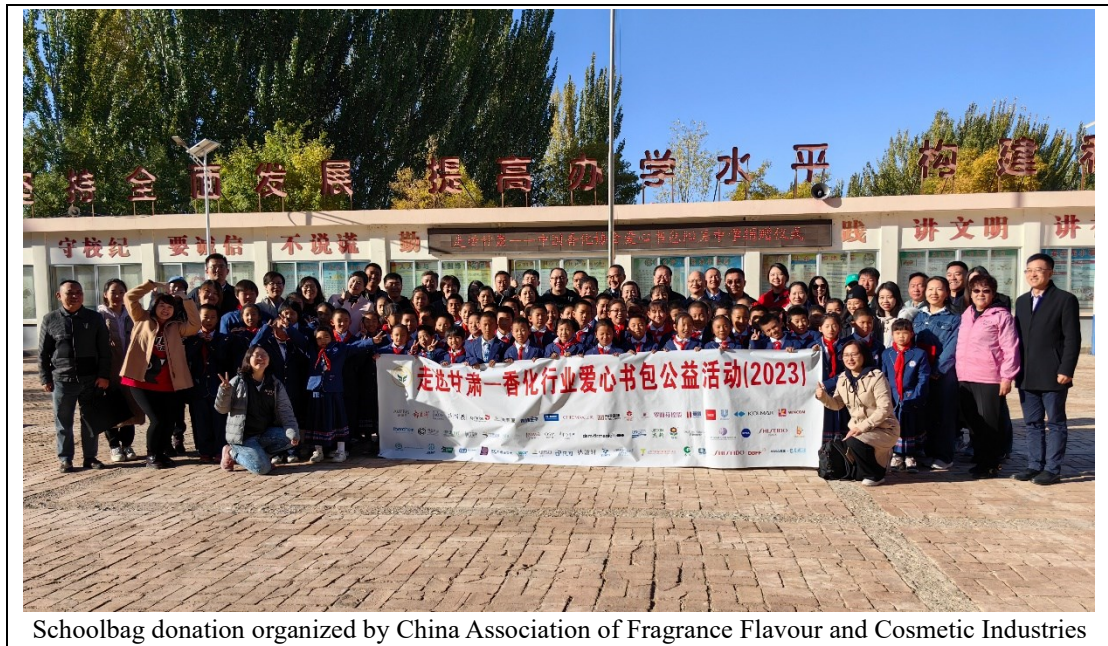
Jahwa volunteer team



Visit of Lu'an Hope Primary School to Shanghai



Beauty training for female teachers in rural areas



Schoolbag donation organized by China Association of Fragrance Flavour and Cosmetic Industries

Engagement in Community Communication

Effective communication and good relations between enterprises and communities are the key ways for enterprises to gain community support and promote community participation in sustainability decision-making. 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 Corporate Citizen Day every year, the Company helps employees join the community communication through diversified forms of volunteer and public welfare activities.

Since the founding of Kua Yue Factory in 2018, the factory team has been actively popularizing the concept of biodiversity among employees and the community, and organized many scientific practice activities. Employee representatives also serve as the river chief, assisting in community patrol and strengthening river environment protection.

In June 2023, Shanghai Jahwa organized an activity themed "Practicing ESG Development Concept and Safeguarding Biodiversity." In this activity, the Company built bird shelters, not only spreading the concept of environmental protection and biodiversity, but also making positive contributions to ecological balance.

In October 2023, GF of Shanghai Jahwa sponsored the 7th Shanghai Hongkou Easy Run Classic. Attracting over a thousand runners from more than ten countries and regions, this competition strengthened the exchanges and interactions between residents and the community and advocated the life concept of sports and health. By sponsoring this activity, GF had enhanced the vitality of the community.

In November 2023, Shanghai Jahwa was invited to the 2023 Oriental Beauty Valley International Cosmetics Conference, and attended the release ceremony of the *Oriental Beauty Valley ESG Joint Initiative*, jointly advocating that the cosmetic industry should establish the goal, strategy, and plan to effectively build a better and sustainable future.

The UK plant of Tommee Tippee has been built into a wildlife friendly place. It has planted wild flowers to attract bees and butterflies, and meanwhile provided natural ponds and bird nesting boxes to enhance biodiversity. To help employees get closer to nature, the plant has also set up outdoor seats and green areas.

ESG Performance Tables

Corporate governance

Performance indicator	Unit	2023	2022	2021
Number of directors in the Board of Directors	person	7	7	7
Number of male directors in the Board of Directors	person	6	6	6
Number of female directors in the Board of Directors	person	1	1	1
Number of corruption lawsuits filed and concluded against the issuer or its employees during the reporting period	Case	0	0	0
Proportion of employees receiving anti-corruption training ^[1]	% %	100	95	100

Note:

[1] The data of 2021 covers the employees at the headquarters of Shanghai Jahwa, while the data of 2022 and 2023 share the same scope with the Company's Consolidated Financial Statements for the same period.

Products and Services

Performance indicator	Unit	2023	2022	2021
Number of complaints received about products and services	Case	597	663	627
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	RMB 10,000	0	0	0
Number of incidents related to the health and safety of products and services violating laws and regulations	Case	0	0	0
Total number of incidents related to marketing (including advertising, promotion, and sponsorship) violating laws and regulations	Case	0	0	0
Total number of incidents violating laws and regulations on product and service information and labeling and voluntary guidelines	Case	0	0	0
Total number of incidents related to customer privacy violating laws and regulations	Case	0	0	0

Employees

Performance indicator	Unit	2023	2022
Employee recruitment ^[1]			
Total number of employees	person	4,824	5,238
Proportion of R&D personnel	% %	3.71	3.63
Number of male employees	person	1,303	1,399
Number of female employees	person	3,521	3,839
Number of employees under the age of 30	person	558	606
Number of employees aged 30 to 50	person	3,911	4,086
Number of employees over the age of 50	person	355	546
Number of employees working in Chinese Mainland	person	4,375	4,767
Number of employees working in Hong Kong, Macau, and Taiwan (China), and overseas	person	449	471
Number of front-line employees	person	4,653	5,063
Number of middle management employees	person	153	156

Performance indicator	Unit	2023	2022
Number of senior management employees	person	18	19
Total number of new employees	person	896	843
Number of new male employees	person	205	346
Number of new female employees	person	691	497
Number of new employees under the age of 30	person	291	325
Number of new employees aged 30 to 50	person	588	501
Number of new employees over the age of 50	person	17	17
Number of new employees in Chinese Mainland	person	792	722
Number of new employees in Hong Kong, Macau, and Taiwan (China), and overseas	person	104	121
Employee turnover rate ^[2]	%	28.54	16.78
Turnover rate of male employees	%	23.79	25.45
Turnover rate of female employees	%	30.30	13.62
Number of employees who died caused by work injuries	person	0	0
Proportion of employees who died caused by work injuries	%	0	0
Working days lost due to work injuries	Day	248	269
Number of labor dispute cases ^[3]	Case	0	2
Number of penalties for violations of employee employment and labor laws and regulations	Case	0	0
Number of penalties for violations of occupational health and safety laws and regulations	Case	0	0
Employee training^[4]			
Employee training coverage ^[5]	%	98.85	97.65
Per capita training hours for employees ^[6]	hour	11.7	6.62
Per capita training sessions for employees ^[7]	Session	14.9	7.93

Note:

[1] The data on employee recruitment in 2023 covers 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] There were 2 labor disputes in 2022, where former employees of Tommee Tippee requested 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.

[4] The data on employee training only covers the employees of Shanghai Jahwa United Co., Ltd., excluding the data of subsidiaries.

[5] 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%.

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

[7] 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).

Supplier Management^[1]

Disclosure indicators	Unit	2023	2022	2021
Total number of suppliers	No.	223	309	188
Number of suppliers in Chinese mainland	No.	219	238	188
Number of suppliers in Hong Kong, Macao, Taiwan (China), and overseas	No.	4	71	0

Disclosure indicators	Unit	2023	2022	2021
Proportion of suppliers that have received evaluation on environment, labor, and ethics ^[2]	%	86	67	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 2021 exclude Tommee Tippee, and the supplier disclosure indicator data in 2022 and 2023 cover Tommee Tippee. The scope of supplier data from 2021 to 2023 include the raw material suppliers, but excludes the indirect suppliers.

[2] The "proportion of suppliers that have passed evaluation on environment, labor, and ethics" in 2022-2023 is 100% when excluding Tommee Tippee data, which is consistent with the previous year.

Social Welfare

Disclosure indicators	Unit	2023	2022	2021
Amount invested in community welfare	RMB 10,000	294.19	863.32	734.98
Including amount donated in charity activities	RMB 10,000	210.40	129	60.00
Social contribution value per share ^[1]	RMB yuan	3.26	3.26	3.52
公益项目帮扶覆盖人数 Number of people covered by public welfare programs	person	43,993	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 (Excluding Tommee Tippee)[1]

Performance indicator	Unit	2023	2022	2021
Number of penalties for violations of environmental protection laws and regulations	Case	0	0	0
Energy Resource Consumption				
Electricity purchased ^[2]	MWh	13,781.33	15,413.35	17,286.88
Gasoline consumption of company-owned vehicles ^[3]	L	5,290	9,520.00	12,553.66
Diesel oil consumption of company-owned vehicles	L	9,411.76	41,900.00	51,304.96
Total natural gas consumption ^[4]	m ³	54,996.60	42,976.00	65,301.00
Total steam consumption	GJ	56,195.37	58,443.76	66,700.80
Steam consumption density	GJ/RMB 10,000 revenue	0.112	0.111	0.114
Comprehensive energy consumption ^[5]	Tonne of standard coal	3,476.47	4,004.85	4,564.82
Total water consumption	m ³	241,854.00	298,613.00	280,898.00
Total recycled water consumption ^[6]	m ³	80,473.00	97,077.00	70,888.90
Water consumption	m ³ /10,000 pcs of	9.50	8.43	5.83

Performance indicator	Unit	2023	2022	2021
density of self-owned plants (unit production) ^[7]	products			
Water consumption density (unit revenue)	m ³ /RMB 10,000 revenue	0.484	0.566	0.480
Emissions				
Total exhaust gas emissions	m ³	89,246,500.00	96,959,500	132,019,046
Total effluent discharge	m ³	166,723.00	227,976.00	192,148.10
Industrial effluent discharge	m ³	140,536.00	150,345.00	178,808.00
Chemical oxygen demand (COD) emissions (in effluent)	Tonne	2.250	2.255	3.04
Ammonia nitrogen (NH ₃ -N) emissions (in effluent)	Tonne	0.010	0.015	0.018
Total general waste generated	Tonne	1,374.73	1,643.80	1,507.79
Density of general waste generated	Tonne/RMB million revenue	0.275	0.312	0.258
Total hazardous waste generated ^[8]	Tonne	550.47	386.14	305.08
Density of hazardous waste generated	Tonne/RMB million revenue	0.110	0.073	0.052
Total non-methane hydrocarbon emissions ^[9]	Kg	419.00	46.87	176.16
Total greenhouse gas emissions ^[10]	Tonne of carbon dioxide	14,235.30	15,447.05	18,199.05
Greenhouse gas emissions density	Tonne of carbon dioxide/RMB 10,000 revenue	0.028	0.029	0.031
Greenhouse gas emissions in Scope 1 ^[11]	Tonne of carbon dioxide	194.32	228.00	315.24
Greenhouse gas emissions in Scope 2 ^[12]	Tonne of carbon dioxide	14,040.98	15,219.05	17,883.81

Note:

[1] The environmental performance data in 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 and 2023 cover the headquarters of the Company, Baoding Road workplace, Kua Yue Factory, and Hainan Factory. Han Li Factory is excluded as it was shut down in 2022. The greenhouse gas data in 2021-2023 exclude Tommee Tippee. All unit revenue denominators were adjusted to be domestic revenue, and data related to unit revenue for 2021-2022 were corrected based on data tracing.

[2] Based on data tracing, the electricity consumption of Tommee Tippee was removed from the electricity consumption data in 2022.

[3] Han Li Factory was shut down by the Company in 2022, resulting in a significant decline in gasoline consumption and non-methane hydrocarbon emissions.

[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 natural gas consumption.

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

[6] Recycled water consumption refers to the part of the total water consumption that has been recycled.

[7] Water consumption density of self-owned plants (unit production) = total water consumption of self-owned plants (by the end of the reporting period)/total product output of self-owned plants (by the end of the reporting period). The 2021-2022 water consumption density data were corrected based on data

tracing.

[8] In 2023, in compliance with regulations, the waste raw material barrels, which were recovered in previous years, were disposed of as hazardous wastes, resulting in the increase in total hazardous wastes generated.

[9] The data of total non-methane hydrocarbon emissions in 2022 were updated based on data tracing.

[10] 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).

[11] 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 in 2021 and 2022 refer to *China Energy Statistical Yearbook 2021*. The natural gas emission factor is 0.002165 tCO₂/m³, gasoline 0.002382 tCO₂/L, and diesel 0.002806 tCO₂/L. The heating values in 2023 refer to *China Energy Statistical Yearbook 2021*, and the natural gas emission factor is 0.002180 tCO₂/m³, gasoline 0.002220 tCO₂/L, and diesel 0.002650 tCO₂/L.

[12] 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 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 and 2023 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 2021-2023 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 of 2021 is updated on this basis to guarantee the comparability of the data in different years.

Environment (Tomme Tippee)

Performance indicator	Unit	2023	2022
Energy Resource Consumption			
Electricity purchased	MWh	12,246.44	9,629.23
Total natural gas consumption	m ³	44,672.49	2,443.00
Total water consumption	m ³	47,382.00	44,101.00
Emissions			
Total exhaust gas emissions	kg	44,672.49	—
Total effluent discharge	Tonne	40,622.00	47,520.00
Industrial effluent discharge	Tonne	0	—
Chemical oxygen demand (COD) emissions (in effluent)	Tonne	16.96	—
Ammonia nitrogen (NH ₃ -N) emissions (in effluent)	Tonne	0.72	—
Total general waste generated	Tonne	168.95	412.43
Total hazardous waste generated	Tonne	49.18	—
Total greenhouse gas emissions ^[1]	Tonne of carbon dioxide	5,794.30	—

[1] Greenhouse gas emissions come from the consumption of natural gas and electricity purchased. Natural gas emissions are mainly from Mexico and the UK. The Mexico plant adopts the natural gas emission factor 2.09 kgCO₂/m³ from IPCC Emission Factor Database (EFDB) (2021), while the UK plant refers to the natural gas emission factor 2.02135 kgCO₂/m³ from the EFDB (2021) of the Environment Agency. The emissions from electricity purchased mainly come from Mexico, the UK, and Dongguan, China. The Mexico plant refers to the electricity emission factor 0.4503 kgCO₂/kWh from Low Carbon Power. The UK plant uses the electricity emission factor 0.2343 kgCO₂/kWh in the *EMBER Global Electricity Review 2023*. The plant at Dongguan, China adopts the emission factor of the State Grid of China 0.5703 kgCO₂/kWh published by the Ministry of Ecology and Environment in the *Circular on Management of Greenhouse Gas Emissions Reporting of Power Generation Enterprises 2023-2025*.

Benchmarking Index Table

Shanghai Stock Exchange Guidelines No. 1 on Self-regulation of Listed Companies – Standardized Operation (Revised in December 2023)

No.	Main Content	Chapters
8.1	Stakeholder Communication and Social Responsibility Practice	Communications 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 Governance Framework
8.4	Social Contribution Per Share	ESG Quantitative Performance Tables
8.5	Social Responsibility Report Disclosure Subject and Public Disclosure	Corporate Governance
8.6	Scope of Social Responsibility Report	Notes on Report Preparation
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 Emissions Management Reducing Carbon Footprint of Products
8.10	Environmental Impact	Energy and Resource Management Emissions Management
8.11	Environmental Rectification	Environmental Management System Energy and Resource Management Emissions Management
8.12	Discharge and Emergency Management of Key Pollutant Discharging Units	Not involved
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 R&D and Innovation

GRI Sustainability Reporting Standards (2021)

GRI Standards	Disclosure indicators	Chapters
General Disclosures		
GRI 2: General Disclosures 2021	2-1	About Us
	2-2	Notes on Report Preparation About Us
	2-3	Notes on Report Preparation
	2-6	About Us
	2-7	Quantitative Performance Tables
	2-9	Corporate Governance
	2-12	ESG Management
	2-13	ESG Management
	2-14	ESG Management
	2-16	ESG Management
	2-17	ESG Management
	2-22	Medium- and Long-term ESG Strategic Planning
	2-29	Communications with Stakeholders
GRI 3: Material Topics 2021	3-1	ESG Management
	3-2	
	3-3	
Economy		
GRI 204: Procurement Practices 2016	204-1	Quantitative Performance Tables
GRI 205: Anti-corruption 2016	205-1	Business Ethics
	205-2	
	205-3	
GRI 206: Anti-competitive Behavior 2016	206-1	Anti-unfair Competition
Environment		
GRI 301: Materials 2016	301-1	Sustainable Packaging
	301-2	
	301-3	
GRI 302: Energy 2016	302-1	Energy and Resource Management
	302-2	
	302-3	
	302-4	
GRI 303: Water and Effluents 2018	303-1	Energy and Resource Management Emissions and Wastes
	303-2	
	303-3	
GRI 304: Biodiversity 2016	304-1	Engagement in Community Communication
	304-2	
	304-3	
	304-4	
GRI 305: Emissions 2016	305-1	Emissions and Wastes
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306: Waste 2020	306-1	Emissions and Wastes
	306-2	
GRI 308: Supplier Environmental Assessment 2016	308-1	Supply Chain Management
	308-2	
Society		
GRI 401: Employment 2016	401-1	Employee Rights and Benefits
	401-2	
GRI 403: Occupational Health and Safety	403-1	Occupational Health and Safety

GRI Standards	Disclosure indicators	Chapters
2018	403-2	
	403-3	
	403-4	
	403-5	
	403-6	
	403-7	
	403-8	
	403-9	
	403-10	
	GRI 404: Training and Education 2016	
404-2		
404-3		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Employee Rights and Benefits
GRI 406: Non-discrimination 2016	406-1	Employee Rights and Benefits
GRI 408: Child Labor 2016	408-1	Employee Rights and Benefits
GRI 409: Forced or Compulsory Labor 2016	409-1	Employee Rights and Benefits
GRI 413: Local Communities 2016	413-1	Community Communication and Charity
	413-2	
GRI 414: Supplier Social Assessment 2016	414-1	Supply Chain Management
	414-2	
GRI 416: Customer Health and Safety 2016	416-1	Service Quality Management
	416-2	
GRI 418: Customer Privacy 2016	418-1	Service Quality Management

Notes on Report Preparation

This report is the 8th *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.

Reporting Scope

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 the data that vary in the statistical scope has been explained where it is involved.

Entities covered by this Report include the follows:

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

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, 2023 to December 31, 2023. 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* (revised in December 2023), 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-CSR4ESG5.0), 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.

All financial data in this report are denominated in RMB.

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/>). The report is published in Simplified Chinese and English versions. In case of any discrepancy between the contents of the two languages, the Chinese version of the report shall prevail.

Contact Us

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

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E-mail: ir@jahwa.com.cn

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.

<ul style="list-style-type: none"> ● Importance 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 "Analysis of Material Topics" section of this report. This report focuses on environmental, social, and governance matters that may exert important influence on investors and other stakeholders. 	<ul style="list-style-type: none"> ● Accuracy 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 calculation errors misleading information users. Please refer to the details of quantitative information and notes in the "ESG Performance Tables" section of this report. The Board of Directors guarantees that this report is free from any false records, misrepresentations, or material omissions.
<ul style="list-style-type: none"> ● Balance This report reflects objective facts, and discloses any positive or negative information about the Company in an impartial manner. There was no negative event that should have been disclosed but was not. 	<ul style="list-style-type: none"> ● Clarity 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.
<ul style="list-style-type: none"> ● Quantification and Consistency 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. 	<ul style="list-style-type: none"> ● Completeness With a scope consistent with the Company's Consolidated Financial Statements, this report guarantees the full disclosure of information within the scope.
<ul style="list-style-type: none"> ● Timeliness 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. 	<ul style="list-style-type: none"> ● Verifiability 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