



2024

CHANDO GROUP
SUSTAINABILITY REPORT

CHANDO GROUP

Certified National High-tech Enterprise

National Intellectual Property Advantage Enterprise

National Advanced Enterprise in Implementing Performance Excellence Model

AAA-Certified Enterprise for Informatization Industrialization Integration System

China Famous Trademark (CHANDO MAYSU)

Recipient of the Golden Quality Award of Shanghai Municipality

Shanghai Patent Demonstration Enterprise

Shanghai Demonstration Site for Trade Secret Protection

Excellent Case of Digital Transformation in Shanghai

Benchmarking Enterprise of The First Batch in The Digital Transformation of Cosmetics Production in Shanghai

Partner of China Manned Spaceflight Project

Joint Laboratory for Manned Spaceflight

Partner of China Polar Scientific Expedition

Strategic Partner of United Nations Development Programme

Partner of China Environmental Protection Foundation

Partner of China Children and Teenagers' Fund

Official Partner of Chinese Olympic Diving Team

Official Partner of Chinese Women's Volleyball Team

Participant of Shanghai World EXPO 2010



自然堂集团微信订阅号



自然堂集团视频号



自然堂集团微博



自然堂集团小红书



自然堂集团抖音账号

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About this Report

Report Introduction

This report details the practices and performance of Shanghai CHANDO Group Co., Ltd in the areas of economic, environmental, social and corporate governance during the reporting period. In order to reflect consistency, comparability and completeness, contents of this report refer back to previous years or cover the year 2024 as appropriate.

This is the 14th sustainability report issued by CHANDO Group with a one-year publication cycle; the reporting period is from January 1, 2024 to December 31, 2024 (hereinafter referred to as the "reporting period").

Scope of the Report

The scope of this report only covers CHANDO Group, its brands and subsidiaries.

Explanation of References

"Shanghai CHANDO Group Co., Ltd " is also referred to as "CHANDO Group", "the Group", "we" or "us".

Reporting Standards and Guidelines

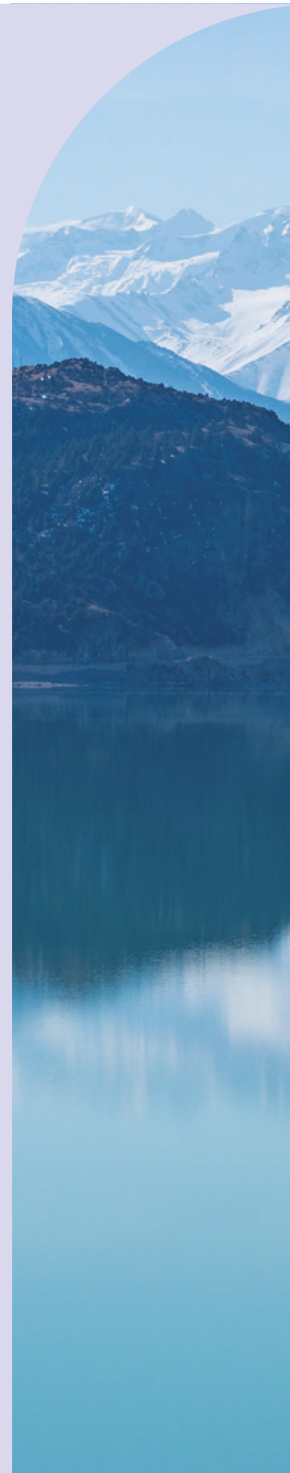
This report is compiled with reference to the GRI Sustainability Reporting Standards (hereinafter referred to as "GRI Standards") issued by the Global Sustainability Standards Board (GSSB).

Data Sources

The data sources used in this report include CHANDO Group's internal statistics, publications or news reports.

Report Release

This report is published electronically, and you can download the Chinese version of this report from CHANDO Group's official website: <https://www.chandogroup.com/>







Message from the Chairman

The year 2024 was truly remarkable – a sentiment often expressed each year – except this time it genuinely held true.

In January 2024, driven by the need for strategic planning and brand development to better serve our consumers, we officially rebranded the Company as "Shanghai Chando Group Co., Ltd." Alongside this change, we established a new mission: To provide consumers worldwide with cosmetic products of unparalleled value for quality to enhance their health and beauty.

In 2024, with the collective support of our entire team, CHANDO Group has achieved remarkable successes. In the realm of research and development (R&D), the Company has been continuously rolling out new products and securing numerous new patents. Specifically, CHANDO Group has filed a total of 478 patent applications, with 222 of them being authorized.

Regarding brand value, CHANDO was ranked the first national skincare brand in brand power ranking in the consumer research results released by Frost & Sullivan in 2021 and 2023. After topping the domestic beauty brand demand power list in 2023 Kantar Marketplace Report in 2023, CHANDO once again was ranked first in the IPSOS 2024 Brand Competitive Index in domestic skincare products from Ipsos France.

In terms of honours, the Group has amassed a total of 89 awards across various fields. These awards include significant accolades such as the Shanghai Brand Leading Benchmark Company, Excellence Award for Shanghai Municipal-level Corporate Technology Centers, and Most Loved China Brand Award from Lazada Malaysia.

Over the past year, the Company's reputation in corporate social responsibility has seen significant improvement. In the environmental aspect, guided by the Dual Carbon national strategic policy, the Group has undertaken

comprehensive carbon inventory initiatives across Scope 1, Scope 2, and key categories within Scope 3, establishing a solid foundation for the future setting and implementation of emissions reduction targets that align with these policy objectives. Additionally, the Group is actively developing climate-related frameworks, identifying potential climate risks, and fostering research on sustainable packaging design. This includes initiatives aimed at reducing plastic emissions by focusing on product redesign and lightweight alternatives. Furthermore, the Company is committed to promoting cleaner production practices and has achieved ISO 14001 environmental management system certification this year.

In social aspects, we have successfully conducted the eighth consecutive season of the "CHANDO Grass Conservation on Himalaya" public welfare project. Since its inception in 2016, we have planted a total of 6.66 million square meters of green wheat grass in Shigatse, Himalaya. This initiative has improved soil quality, transformed wasteland into arable land, and contributed to the preservation of the ecological environment in the Third Pole, all while supporting rural revitalization efforts. Additionally, through the Spring Bud Education Program, we donated RMB 2,000,000 to the local Women's Federation, enabling 260 female college and high school students from underprivileged families in the Himalayan region to pursue their studies and excel academically. By the end of this year, our funding efforts have supported 511 female students, facilitating access to quality education and fostering the revitalization of rural talent. These initiatives have made a significant social impact.

In terms of governance, we are committed to enhancing our sustainable governance framework by implementing a three-tier ESG governance structure that operates at the strategic, management, and executive levels. At the management level, we have established a Sustainability Committee, while an ESG Management Centre operates at

the executive level to facilitate integrated planning and the alignment of ESG objectives across the Group. Additionally, under the executive tier, the "Green and Low-Carbon Actions Special Group" and the "Sustainable Packaging Special Group" are diligently advancing various initiatives to ensure the effective implementation and achievement of the Group's strategic ESG objectives.

Since its inception in 2001, CHANDO Group has established a strong reputation in the industry based on Integrity and Responsibility, Reliable Quality, Robust Capabilities, and Technological Leadership. These qualities not only represent our most important corporate brand assets but also reflect our mission, vision, and the confidence we have in securing future growth.

I am particularly proud to lead a team of visionary and experienced professionals who are instrumental in turning my aspirations into reality. I extend my heartfelt gratitude to our exceptional retailers, service providers, consumers, and stakeholders for their trust and collaboration. At CHANDO Group, we do not merely conduct business; we strive to continuously create value for our clients while making impactful contributions to societal development. Our work has been extremely meaningful.



Zheng Chunying

Chairman and CEO of CHANDO Group

Endorsements and Remarks from Stakeholders for 2024 ESG Report

Chairperson, China Association of Fragrance, Flavor and Cosmetic Industries

— Dr. Jiangying Yan

CHANDO Group has consistently pioneered new models of sustainable development, and is regarded as one of the leading examples of ESG practice in the cosmetics industry. It has set a remarkable benchmark for the sector. On the environmental front, CHANDO introduced an innovative one-step gradient blow molding technology for its signature product “Ice Crystal Hydrating Toner,” which reduces carbon emissions by over 90% and eliminates paint usage. The brand has also adopted refillable packaging designs to reduce material consumption and implemented a full-cycle green bottle recycling program. Socially, its “Planting Hope in the Himalayas” initiative continues to protect local ecosystems, with a total donation of RMB 26 million as of 2024. In terms of community engagement, CHANDO has also launched the “CHANDO Spring Bud Scholarship Program” in partnership with the China Children and Teenagers’ Fund to empower women and promote common prosperity in the Himalayan region. By 2024, the program has donated RMB 3.6 million and supported 260 outstanding female students in high school and university. In governance, CHANDO Group has developed a long-term roadmap and structural safeguards to ensure effective ESG implementation. From corporate strategy to industry collaboration, and from production to consumption, CHANDO has embedded ESG principles across the entire value chain. This holistic, multi-dimensional, and innovative approach provides a valuable reference and practical model for the sustainable development of the beauty industry.

Chairperson, China Environmental Protection Foundation (CEPF)

— Guang Xu

Since 2016, CHANDO Group has partnered with the China Environmental Protection Foundation (CEPF) to establish the “CHANDO Himalayan Public Welfare Fund,” dedicated to the conservation, sustainable use, and benefit-sharing of rare plant resources in the Himalayas, while also supporting rural revitalization and regional economic development. Launched in 2017, the “Planting Hope in the Himalayas” initiative has contributed a total of RMB 26 million to CEPF. Over the past eight years, it has cultivated 6.66 million square meters of green barley grass in the Shigatse region of Tibet. This not only restored degraded soil and provided alternative income sources for local villagers, but also established a multi-stakeholder sustainable development model linking business, community, and ecosystem. The project was selected as one of the UN’s “100+ Biodiversity Positive Practices and Actions Around the World,” highlighting the role of Chinese enterprises in global ecological governance. CEPF highly commends CHANDO Group’s strategic foresight in integrating business development with ecological protection, inspiring broader public participation in conservation. We look forward to jointly exploring innovative approaches to Himalayan ecological restoration in the future and contributing a replicable “China solution” to safeguard the “Third Pole of the Earth.”

Freshman, Tibet University of Agriculture and Animal Husbandry

— Spring Bud Scholarship Recipient

Receiving the “CHANDO Spring Bud Scholarship” meant more than just financial aid. It was a key that opened the door to my future. Through the Spring Bud social practice and learning activities, I visited a cosmetics production site and R&D center for the first time, and witnessed how glacial water from the Himalayas is transformed into CHANDO’s Ice Crystal Hydrating Toner. The long-term care and companionship of the CHANDO team made me believe that girls from the plateau can also have the power to change the world. In the future, I hope to protect the ecology and culture of my hometown, just as you have protected the Himalayas. I also wish to help more girls like me pursue their dreams—this will be the best way to repay the love and support I have received.



About CHANDO Group

Company History

2001

Voyage of Dreams

Mr. Zheng Chunying, Chairman of the Board of Directors, came to Shanghai from Liaoyang City, an ancient city in the northeast of China, with the vision of "building a world-class brand of the Chinese people".

Foundation of CHANDO

CHANDO, a natural high-tech brand, was founded. It learns from the way of nature, advocates the beauty of nature.

Foundation of MAYSU

MAYSU was founded as the perfect combination of Oriental aesthetics and cutting-edge technology, opening the high-end anti-aging era of Chinese science and technology beauty.

2006

Launch of Brand Strategy

CHANDO officially launched its brand strategy and appointed its first spokesperson, Chen Hao. CHANDO released the second generation of products, launched CCTV and satellite TV advertisements, and set up counters in department stores to enhance the brand image and influence.

2010

Participation in Expo Shanghai 2010

The Group was invited to participate in the Shanghai World Expo as a leading company in the cosmetic industry, showing the new height of Chinese brands.

Determination of Himalayas as the source of CHANDO

CHANDO snow series collections developed specifically for the World Expo were unveiled at the Expo, kicking off the upgrading of the brand and the whole line of products, and the source of the CHANDO brand was determined to be the Himalayas.

2024

Change of the Official Name of the Group

In line with strategic planning and brand development needs, and to better serve consumers, "JALA (Group) Co., Ltd." officially changed its name to "Shanghai CHANDO Group Co., Ltd."



2013

Launch of Space Skin Care Project

The Group entered space for the first time through the spaceborne biological skin care scientific research project, conducted in-orbit scientific research, and became the first domestic enterprise involved in aerospace skin care technology. Later, we were officially recognized by the China Space Foundation as a "Partner of China's Space Industry" .

2016

Launch of Brand Upgrade

The group launched a multi-brand, expansive channel, full category layout, including facial mask, men's skin care, cosmetics and perfume. And this strategy is employed to this day.

2017

Launch of CHANDO Himalaya Beauty Research Institute

The CHANDO Himalaya Beauty Research Institute was officially established. It promised to protectively develop the natural ingredients of the Himalayas to meet the needs of consumers to enjoy natural and beautiful lifestyle.

Foundation of Spring Summer

A plant-based skin care brand customized for young people, providing consumers with high-quality skin care products and pleasure experiences.

2023

Launch of imine

A baby skin science efficacy brand, making natural, safe and effective care products available to every child.

2020

Digital Transformation

The Group has taken the "One Load of Products" program as the starting point to promote the digital transformation of the Group, striving to realize online business, digital operation and intelligent marketing. The digital system covers the whole chain of research and development, production, logistics, sales, management, marketing, and service.

2019

Foundation of Biorrier

The professional skincare brand Biorrier was born, gathering experts in dermatology, botany, and biology to explore the mechanisms of various skin problems and develop prescription-grade products applicable to dermatology clinics.

Awards and Recognitions



Product Innovation & Cutting – Edge Technology Award of the Year

Future Marketing 2024 – Digital Ecology Conference of Beauty and Personal Care Brand



Most Loved China Brand Awards

Lazada Malaysia (E-commerce Platform)



Best Product Award

Watsons 2024 HWB (Health, Wellness & Beauty) Awards



Shanghai Brand-Leading Benchmark Company

Shanghai Municipal Commission of Economy and Informatization



Chinese Brand Award of the Year

2024 Tmall Beauty Awards



Top in domestic skincare products

IPSOS 2024 Brand Competitive Index



INPD International Innovation
Award

2024 COSMETOPIADES
International Cosmetic Innovation
Competition



"Chando Group: Exploring the
'Win - Win' Digital Transformation
Path with Channel Partners"
won the first prize in the national
theme case awards

Tsinghua University - School of
Economics and Management



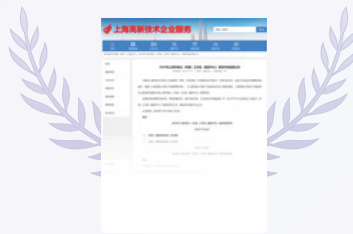
2024 Leading Brand in
Scientific and Technological
Anti-aging

Beauty in Sight x Beauty in Sight
Intelligence



Leading Enterprise in the
Cosmetics Industry of the
Fragrance and Flavor Sector

China Association of Fragrance
Flavour and Cosmetic Industries



"Excellent" Rating

2024 Shanghai Performance
Evaluation of Academician (Expert)
Workstations



Best Supplier Award

Watsons 2024 HWB Awards



Top Brand in In-store Live-
streaming Award of the Year

2024 Tmall Beauty Awards



ESG Award

(International Fashion Media) WWD
- The BeautyInc Awards



2024 High Quality Consumer Brands
TOP100 Green Consumer Brands of
the Year

Southern Metropolis Daily



Excellence Star Service
Merchant Award

JD.com



Impact Case Award of the Year

Economic Observer



Caring Partner Designation

Watsons 2024 HWB Awards



GoldenBee Award

Alibaba



Strategic Partner of 2024
International Cosmetic Science
& Technology Conference &
Asia's 10 Countries Science &
Technology Exchange Summit

2024 CBE China Beauty Expo



Outstanding Product Innovation
Case Award

The Economic Observer



Best New Product Award

Watson 2024 HWB Awards



Shanghai Advanced Intelligent
Factory

Shanghai Municipal Commission
of Economy and Informatization



Recognitions for the Group

Shanghai Quality Benchmark
Shanghai Municipal Commission of
Economy and Informatization

Best Retail Digital Innovation of the Year
2024 The 18th Shanghai Retail Industry
Conference & China Retail Innovation Summit

2024 Influential Enterprises of the Year
2024 Scientific Research and Innovation of the
Year Polar Yeast HiMurchaSin
C2CC Media X New Makeup

Digital Intelligence Innovation and
Growth Award
Business Review

Good Consumer Brand Award
Shanghai Newspaper Group, Caixin News
Agency

2024 CBE-Hurun China Beauty Young
Entrepreneurs
2024 CBE Hangzhou International Beauty Expo

Gold and Silver Awards of the
11th Shanghai Outstanding Public
Relations Cases
Shanghai Public Relations
Association

Brand Vice Chairman of the FMCG
International Business Alliance Brand
Presidium
CIBE China International Beauty Expo SUPER
BEAUTY 35th Anniversary

"Outstanding Cases in the Field of "Green Ecology
– Ecological Conservation Practice
WWD

Raw Material R&D Team of the Year
Shanghai Pharmaceutical Profession
Association

2024 Happiness Enterprises Top 100 List Co-
Prosperity Development Top 30
Economic Observer, FESCO and Tsinghua
University – School of Social Sciences

2024 China New Growth-Agile Team List
Harvard Business Review

2024 Cosmetics (China) Industry Top
100
Cosmetic News

"Waste-Free Cells" Enterprises
Fengxian Eco-Environmental Bureau's "June
5th Environment Day" Theme Activity

2024 "Hushang" Intelligent Manufacturing
Technology TOP30
Shanghai Municipal Commission of Economy
and Informatization, Caixian News Agency

Industry Contribution Award
Shanghai Industrial Internet Association

Brand Honors

CHANDO

Shanghai Gift Shanghai Commercial Association, Shanghai Tourism Trade Association	2024 Personal Care Award – Influential Brand Beauty Headlines	Gold Award in Enterprise Brand Communication Category The 20th China Public Relations Industry Best Case Competition
Gold Medal Customer Service Team Tmall	2024 Influential Brand of the Year Beauty Headlines	Integrated Marketing Golden Award of the Year Top 10 Marketing Cases of the Year Innovative Brand of the Year The 8th CMO Marketing Value Summit
2024 Forbes China Top 100 Beauty Industry Brand Forbes China Beauty Industry Summit & Award Ceremony	Organizational Talent Empowerment Benchmark of the Year Industry Management Benchmark of the Year Tencent Smart Retail	2024 Cosmetics (China) Best-selling Products Cosmetics News
Most Influential Skincare Brand of the Year 2024 CiE Beauty Awards	Influential Brand/Star Product of the Year Cosmetic Observer	Anti-wrinkle and Firming essence Award of the Year China's Good Formula Award Ceremony
The most recommended brand by KOLs The Great KOL	Popular Brand of the Year YMS Consumer Products and Channel Expo	Leading Consumption Brand of the Year Langchao New Consumption
2024 Beauty Brand Product Leader 2024 Beauty Industry Ecological Innovation Conference	Innovation Award BEIS · 2024 Beauty Industry Ecological Innovation Conference	Popular Brand CIBE China International Beauty Expo SUPER BEAUTY 35th Anniversary
Global Growth: Brand Breakthrough Growth Award Exponential Growth Ecological Co- construction Award Tencent Smart Retail 2024 Exponential Growth Competition PLUS	China Good Product Skin Care Award — CHANDO Time-frozen Essence 5 th generation TOP Award – CHANDO Himalayan Essence 2024 Meiyi Beauty	

CHANDO Big Five Brands¹

2024 CBE Beauty Brand
2024 CBE China Beauty Expo

Maysu

2024 "Oriental Beauty Valley" Good Trademark and Brand
The Oriental Beauty Valley

1. The five major brands of CHANDO Group include CHANDO, Maysu, Spring Summer, Biorrier and imine.

Quantitative data on the Company's sustainability highlights

Environment



Obtained environmental management system certification such as ISO14001



Using park space
27,700
square meters



Install photovoltaic system
3.1 MW



Annual power generation
3.99 million KWH

Social



More than **65%** of employees are women



In the past three years, CHANDO Group **has not had** any work-related accidents with any major impacts on production and operation.



By 2024, CHANDO has continuously planted **6.66** million square meters of green wheatgrass in the Shigatse region of the Himalayas for **8** years.



From 2016 to 2024, CHANDO Grass Conservation on Himalaya Campaign has donated RMB **26** million.



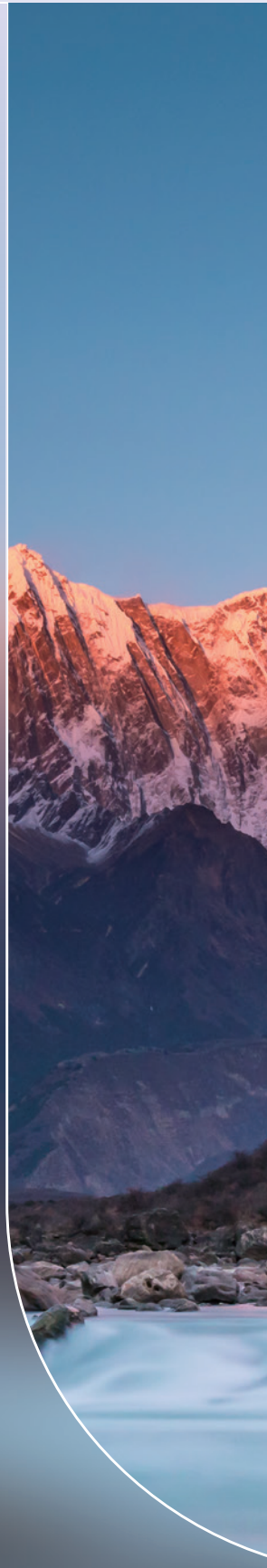
This year, we donated RMB **2** million to the local Women's Federation through the CHANDO Spring Bud Education Support Action.



By 2024, the total donation of CHANDO Spring Bud Education Support Action has reached RMB **3.6** million, and CHANDO has donated RMB **8** million to the China Children and Teenagers' Fund.



Our sustainable development strategy





Our Culture and Values

Driven by these values, in 2024, CHANDO Group actively responded to the United Nations' 17 Sustainable Development Goals (SDGs) and formulated the "CHANDO Group 2030 Sustainable Development Strategy," assisting the Group to execute the 3.0 strategy in a sustainable manner, focusing on beauty from four aspects: singular focus, multi-brand approach, comprehensive business models, and internationalization.



To provide consumers worldwide with cosmetic products of unparalleled value for quality to enhance their health and beauty

Mission



To become China's top and world-leading cosmetics company driven by technology innovation

Vision



Altruism Innovation
Diversity Responsibility
Excellence Mutual Success

Values

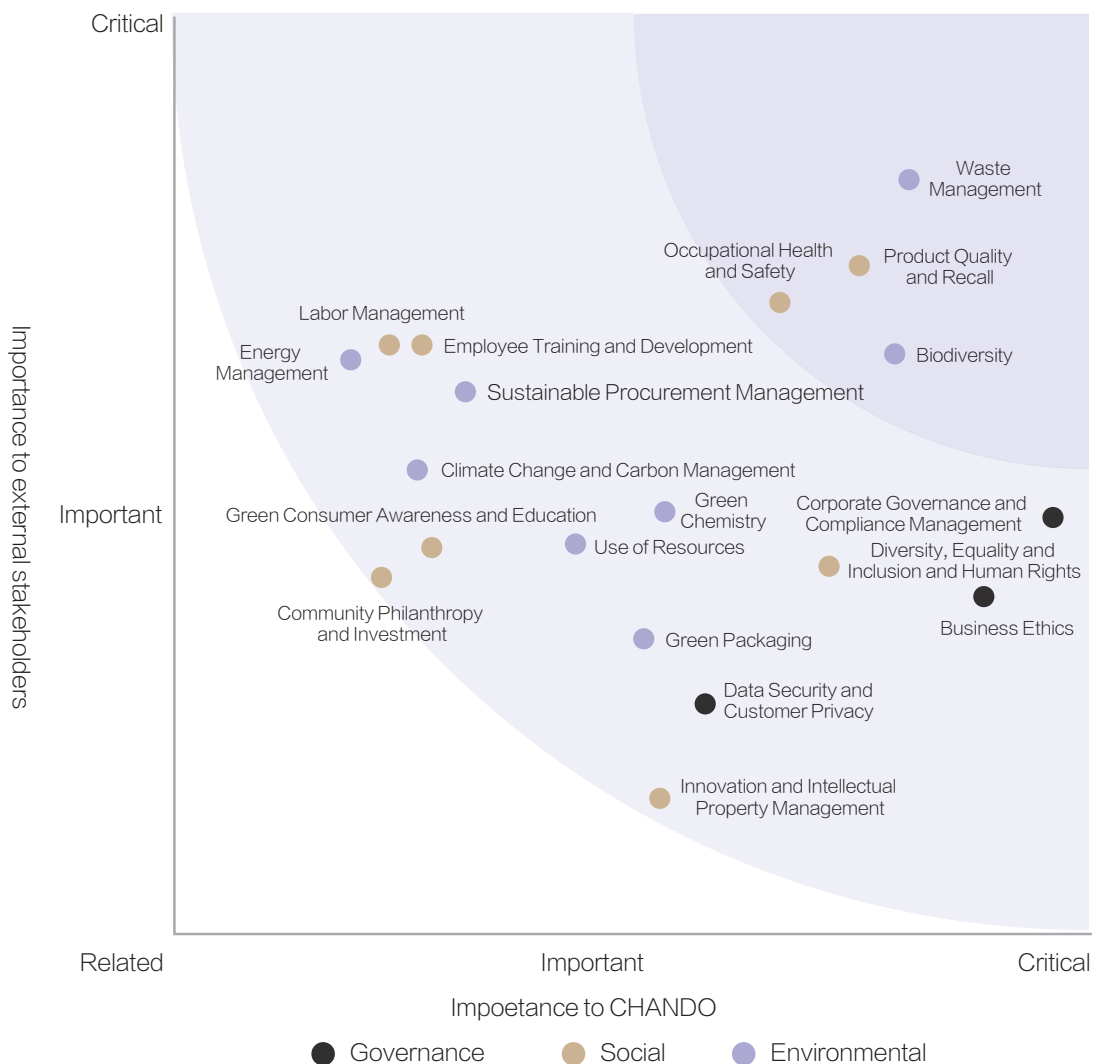


Material Topics

In 2024, CHANDO Group conducted a comprehensive stakeholder survey aimed at assessing our current and future practices in ESG and sustainable management. This initiative involved a thorough analysis of sustainable development trends in the beauty industry, both domestically and internationally. We utilized various methods, including questionnaires and on-site interviews, to evaluate sustainability practices of the beauty sector. Our goal was to foster effective communication with key stakeholders, including the Company's management, employees, and consumers.

In 2024, we completed 13 management interviews and gathered over 70 valid responses from internal employee surveys, as well as more than 70 surveys from employees and consumers. Based on these findings, we ranked, analysed, and evaluated the material topics related to sustainability, ultimately identifying 19 key sustainability-related challenges and opportunities.

CHANDO Group 2024 Material Topics



CHANDO Group Sustainability Strategy

Green beauty for a Beautiful World

Our approach to sustainability encompasses a holistic consideration of environmental, social, and corporate governance factors. We prioritize the longevity of our Company to ensure that the businesses of our employees, partners, and all stakeholders thrive over the long term. To achieve sustainable development, we are dedicated to providing opportunities for our employees, fostering growth for our clients, creating value for our consumers, contributing to our society, and ultimately achieving shared advancement and common prosperity.

While developing its business, CHANDO Group is committed to philanthropic endeavors that benefit humanity, dedicated to the protection, inheritance, and innovation of traditional culture, as well as the sustainable development of environmental protection.

Guided by our three strategic pillars – environmental, social and governance – we will optimized our 2030 Sustainability Strategy to align with the national strategy. We set specific ESG targets based on this strategic framework to facilitate the execution of actionable tasks through a comprehensive ESG functional structure. Additionally, our "Green and Low-carbon Actions Special Group" and "Sustainable Packaging Special Group" will continue to advance our ESG strategic goals, furthering our commitment to green beauty, promoting diversity and equality, fostering a trust-based business environment, and embarking on a new stage of sustainable development.



Green Beauty for a Beautiful World



01



Create green beauty, protect beauty and nature

On September 30th in 2020, Chinese President Xi Jinping spoke at the United Nations Biodiversity Summit, "We must embrace the principles of nature, cultivate the lives of all beings, seek growth through conservation efforts, and strive for a harmonious balance between environmental sustainability and economic prosperity."

As of now, efforts across the country are focused on building such a beautiful China. Emissions of major pollutants in urban areas have continued to decline, marking significant progress in China's ecological and environmental protection. CHANDO stands as a leading brand in the beauty industry in China, with environmental protection closely linked to the development of the Group. We prioritize sustainability by implementing the concept of Green Beauty in various aspects of our operations, including eco-friendly packaging, sustainable sourcing of raw materials, green production processes, and comprehensive environmental protection initiatives. In line with the national Dual Carbon strategy, we are committed to green development and transformation, and we strive to share the story of Chinese cosmetic brands that embrace green and low-carbon principles.

United Nations Sustainable Development Goals addressed in this section





Address Climate Change and Protect Biodiversity

To Address Climate Change and Protect Biodiversity stands as the premier strategic objective of CHANDO Group's 2030 Sustainable Development Strategy. Amid the pressing realities of global climate change, we recognize the significant responsibilities and challenges that businesses encounter in their efforts to both mitigate and adapt to this crisis. We are dedicated to establishing ourselves as a leader in sustainable industry practices.

In 2024, CHANDO Group introduced the *Climate Change Management Measure*, a proactive initiative aimed at identifying and addressing the risks associated with climate change, while also capitalizing on the opportunities presented by the transition to a low-carbon economy. Our strategy includes comprehensive carbon inventory management across Scope 1, Scope 2, and key categories within Scope 3, as well as the exploration of effective carbon reduction strategies and pathways.

We prioritize implementing structured climate change practices and management within the Company, aligning our efforts with international standards. Through our commitment to green innovation, we strive to contribute meaningfully to global climate governance.

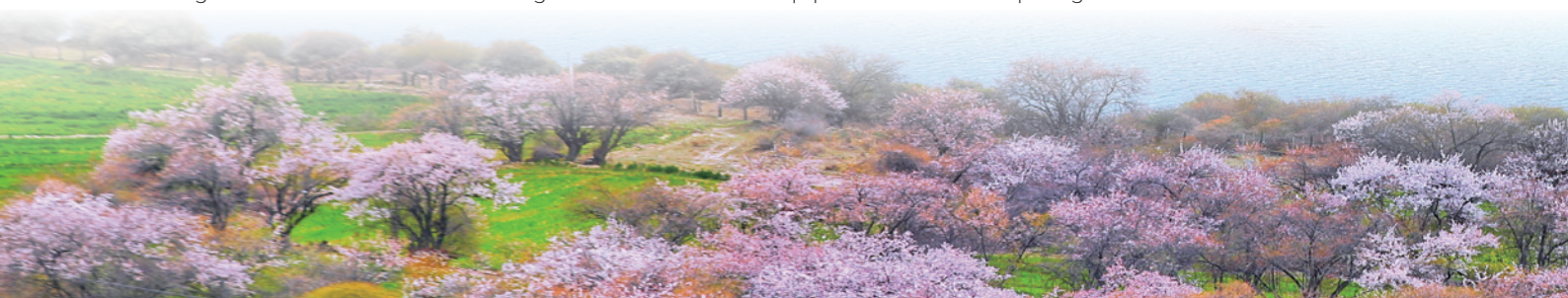
Establishing the *Climate Change Management Measure* and Building a Systematic Climate Management System

During the Reporting Period, we issued the CHANDO Group Climate Change Management Measure by referring to key climate-related frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD) and the Greenhouse Gas Protocol (the GHG Protocol). The Climate Change Management Measure is designed to clarify the governance framework for climate change, guide the Company to fully identify its climate risks and opportunities, conduct climate-risk related scenario analysis, disclose regularly, and calculate and manage greenhouse gas emissions directly or indirectly resulting from its own business activities in accordance with the principles of completeness, consistency, accuracy, relevance and transparency. All employees of CHANDO Group are required to follow the requirements and guidelines accordingly and carry out climate change-related work within their respective functions.

Addressing climate change is a key component of the Company's commitment to sustainable development and is thoroughly embedded within its existing ESG governance framework. This framework consists of several layers: at the top is the Board of Directors, followed by Management, which includes the Sustainability Committee and the ESG management center. The execution level encompasses various business divisions, functional departments, and specialized groups. Additionally, the CHANDO Group has formed the "Green and Low-carbon Actions Special Group." This special group is primarily responsible for raising awareness and promoting the principles of green and low-carbon consumption among employees, clients, and consumers through a series of targeted projects. By actively engaging in green and low-carbon promotion activities and implementing effective carbon reduction strategies, the special group aims to collaboratively advance the Company's low-carbon sustainable development goals.



In addition, the Group has developed and updated protocols such as the *Ozone-Depleting Substance Control Procedure*, *Greenhouse Gas Control Management Procedure*, to limit or reduce emissions of Ozone-Depleting Substances (ODCs), and to regulate the identification and management of facilities and equipment for ozone-depleting substances.



Conducting comprehensive carbon inventories to establish a solid foundation for setting effective emission reduction targets

We actively advance our carbon management initiatives by conducting comprehensive carbon inventories and collaborating with relevant departments to systematically gather activity data for accurate carbon emission calculations. We ensure effective integration and retrospective management of this data, which lays a strong foundation for robust data verification, ongoing monitoring of carbon emissions, and tracking of progress toward achieving the overall carbon reduction target. By continuously reviewing and evaluating our efforts, we maintain accountability and drive meaningful sustainability outcomes.

In 2024, based on the principles of relevance, completeness, consistency, accuracy and transparency, and referring to the operational control criteria of the GHG Protocol, CHANDO Group conducted a comprehensive inventory of Scope 1 and 2, and Scope 3.1 Purchased goods and services, 3.4 upstream transportation and distribution, 3.7 Employee commuting, 3.9 downstream transportation and distribution, and 3.12 End-of-life treatment of sold products. The results are as follows:



Scope 1 Total emissions
(tons of CO₂e)

1,266.41

Scope 2 Total emissions
(tons of CO₂e)

7,525.03

Scope 3 Key Categories (tonnes of CO₂e, including 3.1 Purchased goods and services, 3.4 Upstream transportation and distribution, 3.7 Employee commuting, 3.9 Downstream transportation and distribution, 3.12 End-of-life treatment of sold products)

135,729.19

Based on the results of the above carbon inventory, we will establish targeted GHG reduction goals and designate responsibility to specific departments. These efforts will be accompanied by the implementation of concrete actions. Through these initiatives, we aim to minimize our environmental footprint and actively contribute to the fight against climate change.

This year, the Phase II of the Group's production base and the Himalaya Third Pole Fermentation Plant are under construction and temporarily excluded from the carbon inventory scope.

Additionally, to ensure data accuracy, we have restated the 2023 emission figures. In 2023, the greenhouse gas emissions of Chando Group were 1,421.91 tons of CO₂e for Scope 1 and 7,492.23 tons of CO₂e for Scope 2.



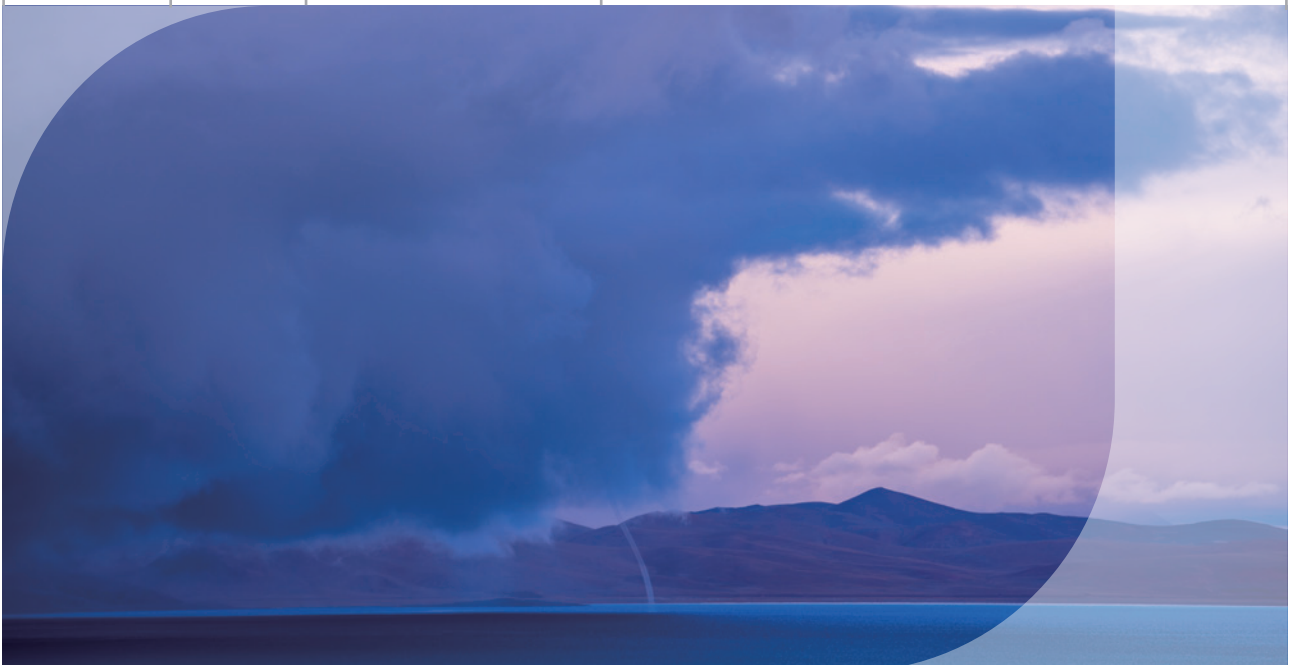
Identifying climate risks and defining business and financial impacts

Actively responding to climate change and the risks it entails has largely become an international consensus. Assessing the potential impact of climate-related risks on business performance across various future scenarios demonstrates that companies are continuously enhancing their resilience to the impacts of climate change, thereby boosting investor confidence and that of other stakeholders.

Currently, under the premise of actively managing greenhouse gas emissions, as a leading cosmetics company in China, Chando Group is also fully exploring opportunities presented by climate change while improving its own capabilities in climate governance and management.

Based on the recommendations made by TCFD, we have identified the following key climate risks and opportunities.

Risk and Opportunity	Category		Specific risk/opportunity description
Transition risks	Market risk	Client behavior is constantly changing	Consumers' concerns and demands for sustainable products and their carbon footprint pose certain climate-related challenges for product development and the factory, and failure to meet market demands in a timely and proper manner may affect the Company's performance
		Rising costs of raw materials	Influenced by the new market demand for low-carbon, green and environmental protection, the use of sustainable packaging may lead to a shortage of materials and an increase in the prices of packaging and production materials
Physical risks	Acute risk	The severity of extreme weather events such as storms and floods has increased	Extreme weather can have an impact on distribution warehouses and transportation, causing outages or disruptions to supply chains and increasing operating costs
Opportunities	Products and Services	Develop new products or services through research, development and innovation, and shift in client preferences	Under the guidance of the national policy on green packaging materials, the market demand for green packaging will gradually expand; And with the rise in temperature, sales of certain products such as sunscreen may increase



Safeguarding the Himalayas and Creating a Sanctuary for Biodiversity

According to the Convention on Biological Diversity adopted by the United Nations in 1992, "Biological diversity" means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems². Rich biodiversity ensures the stability and resilience of ecosystems, enabling them to withstand external threats such as climate change, disease and environmental pollution. In addition, biodiversity provides us with essential ecological services such as clean air and water purification, fertile soil, food production, and a variety of medicinal sources, which are the foundation of human survival and social development.

CHANDO Group is actively practicing biodiversity conservation, aiming to protect the ecosystem and maximize the protection of the rich and diverse biological resources in the Himalayas, the source of the CHANDO brand. We are not only committed to maintaining the harmony in nature, but also focused on ensuring the sustainable use of the environment and resources for future generations to come, benefiting both the present and future generations.



Demonstration of ecological cultivation of rare plants to promote environmentally friendly planting and the development of ecological resources

Since 2018, CHANDO Group has been working with the local Agricultural and Animal Husbandry College in the Himalayas region to carry out a demonstration project on the artificial domestication and ecological cultivation of wild plants in the Himalayas, planting plants such as **Gentiana Veitchiorum** in the Himalayas Public Welfare Botanical Garden, and using the cultivated plants for scientific research and as cosmetic raw materials. This technology not only replaces the artificial picking of wild protective plants and reduces the damage to the local natural ecology, but also helps with industry development in the area, improving land efficiency and increasing farmers' income.

Next, the Group plans to focus on the development and conservation of *Gentiana Veitchiorum*, continue to promote the conservation and cultivation of rare species and their sustainable use, and contribute to the conservation of rare plants and biodiversity.



Live flower fragrance collection technology to replicate the natural fragrance in high-altitude areas

The CHANDO Group uses the live flower fragrance replication technology to replicate the fragrance of flowers from high-altitude areas. Under the condition of not destroying the original plant ecology, the unique scents of natural plants are collected and analyzed using specialized scent-picking equipment, and the same scent is recreated and upgraded using "molecular replication technology." To date, the Group has used this technology to extract 10+ rich natural scents and **applied them to a wide range of products such as skin care, hair care and makeup products of CHANDO**, which have been widely loved by consumers.



2. <https://www.cbd.int/doc/legal/cbd-en.pdf>



For eight consecutive years since 2016, CHANDO Group has carried out the CHANDO Planting-Grass in the Himalayas public welfare project. On August 21, 2024, CHANDO, in collaboration with the China Environmental Protection Foundation, held a ceremony in Gangxi Village, Shigatse, to witness the maturation and harvest of 1 million square meters of wheatgrass. As of 2024, CHANDO Planting-Grass in the Himalayas has planted 6.66 million square meters of wheatgrass in the Shigatse region of the Himalayas for eight consecutive years. It aims to protect the ecological environment of the Himalayas, support rural revitalization, and live with beauty and act with kindness. (See Sustainable Development Goal 6. Strengthen Public Welfare, Community Impact).

Every year, CHANDO Group plants green wheatgrass, which full of green energy and representing the hope of life, fulfilling the pledge of philanthropy with the Himalayas through the following dimensions:



Habitat restoration

Identifying degraded local ecosystems and supporting restoration efforts.



Desertification control

Protecting and systematically restoring desert vegetation, focusing on areas invaded by sand dunes and severely affected by wind and sand hazards.



Soil improvement

Controlling soil erosion within permissible limits and increasing soil organic matter and nutrient content.



The CHANDO Planting-Grass in the Himalayas project has been selected by the United Nations as a "Biodiversity 100+ Global Cases"

In 2021, CHANDO Group's "CHANDO Planting Grass in the Himalayas" project has been named by the Secretariat of the Convention on Biological Diversity and the Preparatory Committee Office of the 15th Conference of the Parties to the Convention on Biological Diversity as a United Nations "Biodiversity 100+ Global Cases," making great efforts and contributions to the cause of biodiversity conservation.





Facilitate Green Packaging and Circular Economy

The development and promotion of green packaging is an important concept in the product development of CHANDO Group, which requires us to re-examine the product lifecycle from design, use to recycling. We are deeply aware that providing sustainable packaging is a thoughtful commitment, and it is precisely because we are aware of its importance that we are even more determined to continue to innovate and explore in the field of sustainable packaging and recycling through means such as reduction, reuse, and resource optimization, and to promote the efficient recycling of resources.

The Chando Group has established a "Sustainable Packaging Special Group" in response to the Sustainable Development Goal to Facilitate Green Packaging and Circular Economy. This team is responsible for implementing simplified packaging and refill packaging, as well as collaborating with the R&D center to initiate special projects on sustainable packaging. They will work together with suppliers to advance sustainable packaging solutions.

Promoting green packaging design in multiple dimensions

In 2024, the Group continued to drive the sustainable transformation of packaging through various initiatives, focusing on reducing resource waste and environmental impact, extending the product life cycle, and promoting a circular economy. From the outset of product design, the R&D Center prioritizes "lightweighting," selecting packaging materials that are not only lightweight and easy to transport but also comply with environmental protection standards. For products identified for improvement, the R&D team begins by examining the formulas and packaging to optimize the overall weight, thereby minimizing resource consumption and lowering transportation costs.

To address plastic reduction, the Group has implemented a comprehensive strategy. On one hand, we are minimizing materials unrelated to the product itself and optimizing packaging design to streamline processes. On the other hand, we are standardizing the bottle shapes and production processes for small and medium-sized sample products. This standardization enhances production efficiency for our suppliers and factories through large-scale optimization. Simultaneously, we are actively promoting the use of FSC-certified paper and exploring alternatives such as air cushions to further reduce plastic consumption and achieve our goal of minimizing plastic use and carbon emissions.



CHANDO Cushion Foundation



CHANDO Gold Anti-aging Cream



CHANDO Body Wash and Hair Care Series

Additionally, the Group is committed to enhancing value integration within the supply chain and reducing greenhouse gas emissions by optimizing transportation efficiency. This involves minimizing transportation distance and weight, in line with Sustainable Development Goal 7, to Improve the Green and Low-Carbon Supply Chain. These initiatives not only underscore the brand's dedication to sustainable packaging design, but also help to decrease waste emissions and improve resource utilization efficiency.

In 2024



The R&D Center successfully completed over **100** projects focused on plastic reduction and emissions reduction, showcasing our ongoing commitment and achievements in the sustainable development of product packaging



Using eco-friendly paper to protect the Earth's forests

The Forest Stewardship Council (FSC) is an independent, nonprofit non-governmental organization dedicated to promoting environmentally friendly, socially beneficial and economically viable forest management systems worldwide. The vision is that the world's forests meet the social, ecological and economic rights and needs of the present generation without affecting those of future generations. The supplier of packaging boxes for the mother and baby products of the "Ji Chu" brand under the CHANDO Group has strictly produced in accordance with the FSC forest permit certified paper, strictly controlled the production process, and is committed to reducing the destruction of forests and protecting the ecological environment of the earth.

During the reporting period, the R&D center completed the replacement of a total of 20 SKUs of environmentally friendly paper.



Packaging of "imine" brand products using FSC-certified forest paper



Developing a single-use injection molding process to improve efficiency and reduce energy consumption

The packaging container of the CHANDO Brand ice skin water, using the world's first one-time injection molding technology, was developed by scientists from China, the United Kingdom, Germany, Switzerland, Japan and South Korea over a period of one year. It has the characteristics of high production efficiency, low energy consumption and significant energy conservation and emission reduction. The packaging gradient color process consumes no paint, saving 8 grams of paint per bottle compared to the traditional spraying gradient color process. At the same time, this process can reduce processing power consumption by about 0.1 KWH per bottle, which means more than 90 percent reduction in carbon emissions compared to the traditional spraying process.

More than **90%** percent reduction in carbon emissions compared to the traditional spraying process



Empty bottle recycling programs contributing to the development of a circular economy

The recycling of empty bottles is of great significance for reducing carbon emissions and easing the burden on the planet. As a leading domestic beauty brand, CHANDO has a long way to go to take the lead. In 2024, CHANDO Group launched the empty bottle recycling program again, collecting, sorting and environmentally treating the recycled empty bottles, and giving them a second life through the regenerative art project to achieve the recycling of resources.



The CHANDO Empty Bottle Recycling Program is launched again to make beauty last and regenerate

As a natural high-tech brand originating from the Himalayas, CHANDO has always adhered to the original intention of "taking from nature and giving back to nature", putting environmental protection into practice and creating harmonious and sustainable natural beauty. Previously, CHANDO launched an empty bottle recycling program, calling on consumers to put their unused product empty bottles into the recycling bins in stores, to reduce the negative impact of waste on the environment, which received a positive response from consumers. Starting April 1, the CHANDO Empty Bottle Recycling Program has been relaunched, leading a new trend of green consumption.

To attract more consumers to join the green campaign, during this activity, consumers who place any empty bottles (excluding cleansing) or some sample empty bottles of CHANDO women's skincare at designated stores can earn 600 points. The points will be credited on the same day and are valid for 90 days. These points can be used for cash or in the points store to receive the benefits of CHANDO Himalayan Essence.

"Environmental protection" requires every consumer to take practical actions and integrate the concept of sustainability into every aspect of life. We believe that the CHANDO Empty Bottle Recycling Program will plant a green seed in the hearts of consumers and let the wind of nature blow to the broader mountains and fields. We will also continue exploring in the field of sustainability, transforming the rare natural resources and unique culture of the Himalayas into a healthy and beautiful lifestyle for our consumers.



CHANDO offline delivery of empty bottles



Promote Responsible Production and Green Manufacturing

The CHANDO Group places a high priority on its environmental impact and is committed to effective environmental protection throughout our daily operations, construction projects, and production processes. We strictly adhere to relevant environmental laws and regulations while continually enhancing our environmental risk management strategies. In 2024, we achieved ISO 14001 certification for our environmental management system, which underscores our commitment to sustainable practices. Furthermore, the Group actively engages in a variety of clean production initiatives. We harness clean energy by installing photovoltaic systems and foster green office practices among our employees. Our efforts focus on optimizing resource and energy efficiency during manufacturing, thereby minimizing our environmental footprint and advancing the green transformation of the industry.

Implementing environmental management systems and obtaining ISO14001 international certification

CHANDO Group strictly adheres to environmental laws and regulations, including but not limited to: *The Environmental Protection Law of the People's Republic of China*, *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, *the Law of the People's Republic of China on Environmental Impact Assessment*, *the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *the Water Law of the People's Republic of China*, *the Measures for the Administration of Pollutant Discharge Permits (Trial)*, and the Company integrates environmental impact management into its operations. Use scientific and efficient management methods to strictly supervise and control the social impact of the enterprise.

At present, the Group has developed the Environmental Protection Management Procedure and hopes to implement the various environmental management systems in the daily production and operation stage to ensure that environmental risks are effectively controlled. This management procedure applies to the environmental protection management work of the Company and all departments, including the management contents and methods of wastewater, waste gas, solid waste, noise, soil and groundwater prevention and control.

In 2024, the Group further updated its environmental management system. On November 1st, 2024, it successfully passed the ISO14001:2015 environmental management system certification, marking the Company's environmental management officially aligning with international standards and demonstrating the Company's commitment to environmental protection. It also indicates that we have taken systematic and scientific measures in resource utilization, waste management and pollution prevention and control. By implementing the ISO 14001 standard, the Group has been able to identify, control and reduce the environmental impact of its activities.



Implementing waste and emissions management to ensure that waste disposal complies with regulations

In order to ensure that the waste generated in the Company's daily operations, production, transportation and other processes is well controlled and managed throughout the entire process from generation to treatment, strictly abide by and comply with the relevant laws and regulations on emissions and waste management in the operation area, and achieve the goals of reduction, resource utilization and safe treatment, CHANDO Group 's Waste Management regulations are formulated. The aim is to comprehensively reduce the environmental impact of the operation and build a green competitive advantage.

We have compiled a Solid Waste Storage Comparison Table, classified general solid waste from hazardous waste, strictly defined storage areas, identified recyclable materials among them, and implemented classified management, centralized storage, and dedicated management to ensure that all waste treatment within the Group complies with regulations.

Furthermore, after the hazardous waste is collected in a centralized manner, we will attach hazardous waste labels respectively, which include information such as the waste category, waste code, waste form, hazardous components, and the generating/collecting departments. This is to ensure the standardized treatment of hazardous waste and safeguard the personal safety and health of relevant personnel.

Implementing clean production projects and steadily advancing green manufacturing

We are actively promoting the green production transformation through measures such as photovoltaic installation and improvement of low-temperature cold pressure processes, optimizing the energy structure and building a green manufacturing production system. In our production workshop, we are working on energy conservation and emission reduction through measures such as converting forklifts from oil to electricity and replacing LED energy-saving lighting, and we plan to achieve a green transformation in manufacturing through digital and intelligent means.



Install rooftop photovoltaic systems in the factory area and deploy green energy

In response to the national "3060 carbon goals" energy conservation and emission reduction policy, to create a conservation-oriented society, to ensure the safety and reliability of electricity usage for the enterprise, to use electricity rationally, continuously and conservatively, and to realize the green electricity practice of CHANDO Group, CHANDO Group has launched a photovoltaic power generation project, installing a 3.1-megawatt (MW) solar photovoltaic power generation system in the Company and the factory area. On December 6, 2023, the photovoltaic project officially started construction. By the end of March 2024, the first phase of the project was completed and the first batch of solar photovoltaic panels were successfully connected to the grid for power generation. After the entire project is completed, all the generated energy will be used as supplementary electricity for the enterprise itself to reduce emissions.



It is expected to utilize
27,700 square meters
of rooftops or sites

Total installed
capacity of
3.1 MW

Annual power generation of
approximately
399 million kilowatt-hours



Continuously promote the low-temperature cooling and distribution process to reduce the energy consumption in production

Previously, CHANDO Group has been working on carbon reduction practices for its product processes and has fully requested Research and Development teams to prioritize the development of cold matching or room-temperature processes to reduce energy consumption and greenhouse gas emissions during the production stage of its products. In 2024, the Group further promoted the cold fitting process for its products and actively shorten the production time for product preparation, thereby effectively controlling labor, steam and equipment electricity costs.



Promote the recycling and secondary use of cardboard boxes to facilitate the circular utilization of production resources

The Group actively promotes the recycling and reuse of cartons, and recycles existing bare bottle turnover boxes and wrapped material cartons for the production of bare products. We will continue to promote the recycling and reuse of mask packaging bags in 2024. By recycling masks and inner packaging bags and using them as garbage bags, production resources can be reused while saving the cost of purchasing garbage bags. Up to now, about 60,000 pieces of garbage bags have been saved.

Carrying out and implementing water-saving projects, and strengthening the management and protection of water resources

The CHANDO Group attaches great importance to water resource management and protection, and focuses on planning and implementing various water-saving projects. The water consumption of the Group mainly comes from manufacturing and operations. Therefore, we are committed to reducing water demand in the production process. In 2024, the Group launched a number of water-saving projects, including but not limited to:

1

Improvement of production cleaning water

For the cleaning water used for production equipment, the amount of purified water used is reduced through the improvement of the cleaning process.

2

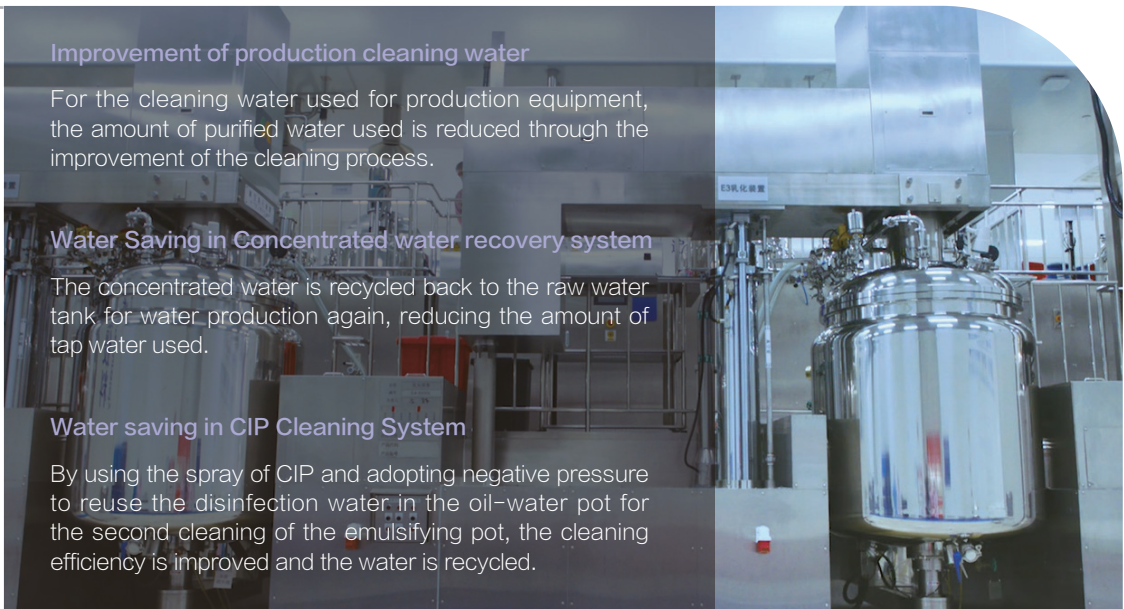
Water Saving in Concentrated water recovery system

The concentrated water is recycled back to the raw water tank for water production again, reducing the amount of tap water used.

3

Water saving in CIP Cleaning System

By using the spray of CIP and adopting negative pressure to reuse the disinfection water in the oil-water pot for the second cleaning of the emulsifying pot, the cleaning efficiency is improved and the water is recycled.



Carrying out green office practices and advocating energy conservation and consumption reduction in the office environment

Green office practices aims to create an environmentally friendly and efficient working environment for the enterprise, while also encouraging employees to actively participate in environmental protection activities and practice the green concept. CHANDO Group is committed to implementing normalized initiatives to encourage employees to practice energy and resource consumption management in their daily work, and through activities such as Environment Day and Environment Month, it encourages employees to participate in green and environmentally friendly actions.

In 2024, the Group continuously advocated and promoted paperless office work, uniformly set the printing mode to black-and-white double-sided printing, limited the permission of color printing, and reduced the amount of paper used. In addition, starting from 2024, the Group activated the live streaming base, with 95% of the lights being LED, etc., and installed the VRV air conditioning intelligent master control system, which can adjust its operation status flexibly as needed to reduce energy consumption.



The WeChat account "Intelligent Chain CHANDO" conducts company-wide environmental awareness campaign

The Safety Management Group of the Group's Supply Chain Center, in conjunction with the Administrative Department, releases "Safety Tips" every week through the official WeChat account of "Intelligent Chain CHANDO", providing employees with publicity and guidance on environmental protection, chemical safety in the workplace, and health knowledge.

In 2024, the Group's Administration Department, jointly with Supply Chain Center's Security Management Group, launched the Environmental Month activity and selected "Environmental Role Models". In June 2024, we promoted the theme activity of the "June 5th Environment Day" organized by the Fengxian District Ecological Environment Bureau to employees through the official WeChat account of "Intelligent Chain CHANDO". We also demonstrated the concrete implementation of the environmental protection concept in the production and operation of the enterprise, including successful cases such as energy conservation and emission reduction measures, waste recycling, and green office practices, to encourage employees to practice energy conservation, water and electricity saving, low-carbon office work, and the green concept.



Special training on environmental factor identification in March 2024



"Safety tips" environmental awareness campaign



Promotion of green and environmentally friendly enterprises on the "June 5th Environment Day"





Implementing people-oriented strategies, advocating for a sustainable value chain, and fostering partnerships that lead to mutual success

Being "people-oriented" is the primary concept under the "Social" pillar of CHANDO Group. CHANDO Group shoulders the social responsibility of the domestic brand and has been continuously exploring the path of sustainable development. We remain true to our original aspiration, ensure product quality and safety, create a diverse, equal and inclusive working environment, participate in charity activities, give back to the community, and work with partners and consumers to promote responsible marketing and green supply chain. Through continuous technological innovation and breakthroughs, we aim to drive high-quality development in the beauty industry.

United Nations Sustainable Development Goals
addressed in this section





Ensure Product Quality, Safety and Consumer Rights

Taking the consumer as the center to ensure the quality of products

CHANDO Group firmly believes that high-quality products are the foundation of an enterprise. We have established the "Cosmetic Production Quality Management Specification" as the basis, integrating the requirements of ISO9001, ISO22716, GMPC (ASEAN standard/American standard), measurement management system, HACCP, and BRC, forming a "1+6" product quality management system covering the entire product lifecycle. This system covers processes such as product design and development, production management, warehousing and transportation, customer feedback, and product recalls, achieving quality management throughout the product lifecycle. With this comprehensive system, CHANDO Group has become the "Teaching Base of National Medical Products Administration Institute of Executive Development" and the "Shanghai Medical Products Administration Cosmetics Inspector Teaching Base."

This year, CHANDO Group was awarded the "Quality Benchmark of Shanghai 2023-2024" by the Shanghai Economic and Information Commission for its 3P life-cycle digital intelligent management model based on the differentiated needs of 3E.

"1+6" Product Lifecycle Quality Management System

- Cosmetic Production Quality Management Specification
- ISO9001
- ISO22716
- GMPC (ASEAN standard/American standard)
- Measurement Management System
- HACCP
- BRC



In order to fully realize the transformation and upgrading of digital intelligence with deep integration of digitalization and intelligence, the Group has created powerful 3P platforms ("1+4" large research and development platform (DP), "1+2" consumer platform (CP), "1+6" supply chain platform (SP), forming the linkage effect of the whole chain. Through the effective operation of this model, we realize the quality control of the whole process from product research and development, production and manufacturing to consumer experience.

In practice, the new management mode not only focuses on the quality of products or services itself, but also pays more attention to the overall improvement of the enterprise operation system.

In 2024

CHANDO Group's products achieved a one-time pass rate of **99.79%**

Embracing the concept of "putting consumers first," CHANDO Group has been the first to define the intrinsic and extrinsic attributes of beauty products and established "Six Senses, Six Properties" to set up the quality standards of international cosmetics. The "Six Senses", as the external attributes of products, is mainly expressed in the design of product packaging materials and the appearance, color, shape, use mode and skin feeling of the contents. It is a specific quality index that defines visual, auditory, olfactory, tactile, gustatory, and comprehensive sensory experiences provided by the product.

Six senses



CHANDO Group is committed to the pursuit of the "Six Properties" of products. The "Six Properties" are the intrinsic attributes of products, reflected in the products' level of compliance, stability, compatibility, safety, functionality, and mildness. Starting from raw material sourcing, each of our products undergoes at least 60 different safety and efficacy verifications, covering product demand test, efficacy evaluation, safety test, stability test, and sensory evaluations. We set up detailed and stringent checkpoints for products from business demand research to raw material sourcing, formula design, and packaging design throughout the research and development process. They are to ensure that all products developed and launched by CHANDO Group meet high-quality standards.

Six Properties

Compliance

CHANDO Group strictly complies with relevant Chinese laws and regulations while actively tracking corresponding EU cosmetics regulations. During the reporting period, the Group participated in the formulation of 5 group standards and 49 corporate standards.

Stability

We monitor and conduct stability tests under product use environments, with eight major physical and chemical indicators to ensure steadiness, effectiveness, and comfort for consumers from different regions for different seasons.

Compatibility

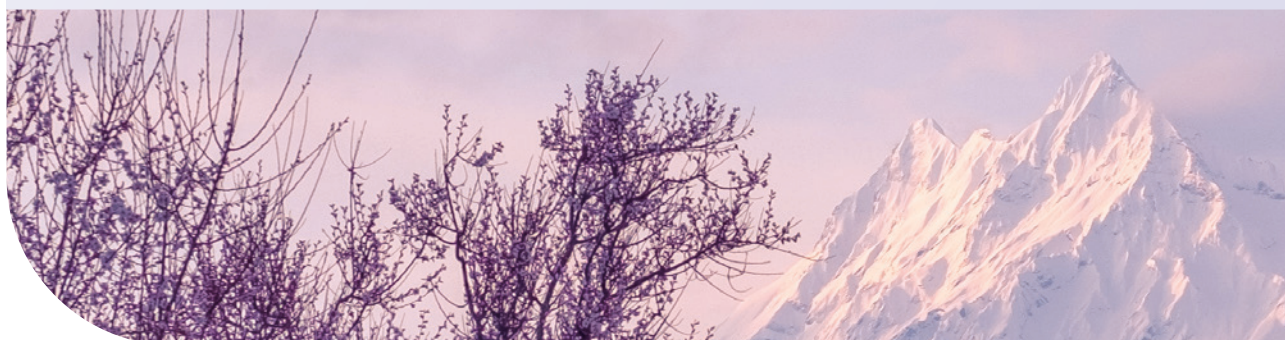
Nearly a thousand packaging material testing standards and methods have been developed according to international industry standards, to comprehensively evaluate compatibility.

Safety Mildness

Since 2015, CHANDO Group's Research and Development Center started to establish a safety and mildness evaluation decision-tree. The safety and mildness of products from raw material sourcing to product control and finished product tracking are comprehensively monitored in a cruelty-free manner, making it the first cosmetics company in China to establish an animal alternative testing platform.

Functional

CHANDO Group utilizes the Company's core technology, combined with 2D skin cell testing platform, gene testing platform, to assess the multi-dimensional efficacy of cosmetics ingredients and formulations in whitening, moisturizing, antioxidant, anti-aging, etc.



Continuing to strengthen the protection of consumers' rights and interests to improve client experience

CHANDO Group always puts consumers first and deems highly of customer satisfaction and consumer experience, striving to provide quality customer service. We have established a sound customer service management system and built smooth feedback channels to provide consumers with comprehensive consultation, advice, and complaint feedback services before, during, and after sales. For consumer complaints, the customer service team initiates projects to record them according to customer feedback, and trace all processes and critical nodes of the sale including transaction process, logistics, product quality, etc. Our professional customer service team communicates with the relevant departments to provide consumers with sensible solutions and resolution dates, monitor the resolution progress in real-time, and completes the project with a closed loop of customer service after confirming the resolution.

Customer Feedback Channels



Online Channels

Through official websites, social media, e-commerce platforms, and other online channels, consumers are able to use fast and convenient feedback channels. They can provide feedback on product usage experience, problems, and suggestions through messages, comments, inquiries, complaints, etc.



Telephone Hotline

Set up 400 service hotline, consumers can directly communicate with the brand, the brand to use the product to answer questions and provide after-sales service.



Physical Stores

There are physical stores nationwide, where store clerks are trained to provide face-to-face communication and feedback for consumers. CHANDO Group focuses on upskilling store clerks with professional knowledge to ensure that consumers receive accurate and practical advice and solutions.

The online channel is one of our important client response channels, and we further improve the service response speed of all major platforms to improve clients' shopping experience. During the reporting period, our omnichannel 48-hour after-sale settlement rate increased to 93.2%. The quality of our online channel service has been recognized by major e-commerce platforms. This year, we have received honorary awards from major e-commerce platforms including:

Tmall

The Chando Flagship Store was awarded



Additionally, it received **9**
Golden Wangwang Ratings
this year

reaching an
all-time high

Vipshop

Chando was honored with



JD

Both the Chando Self-Operated Store and Chando
Official Flagship Store on JD were awarded





Establish a Diverse, Equal and Inclusive Work Environment

CHANDO Group is committed to building a diverse and inclusive workplace culture, fully respecting the individual differences and equal rights of employees and we continuously attract and retain talents with global perspectives. We offer our workforce an amicable working atmosphere, transparent career progression tracks, a holistic talent promotion mechanism, compelling remuneration structures, and comprehensive welfare schemes. This approach underscores the worth of every individual team member, acknowledges and embraces diverse abilities, fosters innovative capacities, and empowers them to evolve alongside the organization while actualizing their personal potential. We consistently cultivate an equitable and inclusive workspace where every employee, irrespective of rank or background, can thrive in a joyful environment marked by care, respect, thoughtful consideration, and recognition.

Compliance employment holding a solid umbrella of protection for workers

CHANDO Group has established a standard human resource management system and regulations, covering aspects such as recruitment, resignation, promotion, performance appraisal, time attendance and leave, etc. The standard system and process fully protect the rights and interests of employees. CHANDO Group implements strict screening in daily management to ensure that no child labor or forced labor is used, and that no one is discriminated based on race, religion, gender, age, marital status, disability, nationality and other factors.

Rules and regulations related to the protection of employees' rights and interests

Employee recruitment	Employee Recruitment Management Regulations	Leave	Regulations on the Administration of Rest and Leave
Separation	Employee Separation Management Regulations	Attendance checking	Regulations on Time Attendance Management
Promotion/demotion	Promotion and Demotion Regulations	Anti-discrimination, prohibition of child labor and forced labor	Code of Conduct for Employees
Performance Appraisal	Procedures for the Management of Employee Performance Appraisal		



Based on the "Camphor Tree" growth concept, empowering employees to grow and develop

We believe that talent development should follow the laws of the talent life cycle and be adapted to different stages of the organizational development. Based on this, we have formed a unique "Camphor Tree" talent development concept, using the four elements of plant growth – "soil," "nutrients," "sunlight," and "air" – symbolizing the four key elements of talent development that we focus on, namely, "suitable positions," "learning professional knowledge and skills," "providing opportunities and platforms for increased exposure," and "organizational culture conducive to talent growth."

We are committed to supporting our employees' personal growth and development, and provide employees with opportunities and platforms to improve their personal abilities. This year, we have carried out various staff training through "CHANDO Academy". The new hires participate in the "Spring Seedling Class", a structured curriculum designed to equip them with essential knowledge and skills while facilitating their adaptation to and integration with the Group. For middle and senior management and position professionals, we will provide leadership training such as office skills and workplace literacy, as well as professional training such as beauty, research and development, comprehensively train and empower enterprise employees with professional learning and development platforms, strive to equip employees with resources suitable for the development stage, give full play to their personal skills, and constantly improve their personal abilities. To realize the mission of sustainable development of the enterprise. During the year, the Group organized more than 116 training sessions.

We provide the stage for our employees to show their value and realize their dreams. This year, CHANDO Group organized the "Freshmen 2024 CHANDO Group Innovation Challenge", which was divided into a special session for post-90s employees and a special session for post-95s employees. Among them, the special session for post-90s employees focuses on 7 major issues in the direction of market development and management improvement, while the special session for post-95s employees focuses on CHANDO Strategy 3.0, the next 5 years' management orientation and strategic objectives, and the four leading plans. A total of 147 employees participated in the Innovation Challenge and outputted wonderful innovative proposals. In the final, expert judges made on-site comments, and Mr. Zheng Chunying gave a speech encouraging the new generation of employees to adhere to their ideals, adhere to their beliefs, adhere to their love, keep learning, keep making progress, and achieve better themselves with positive actions.



The finalists of "Freshmen 2024 CHANDO Group Innovation Challenge" took a photo with Mr. Zheng Chunying

Strictly standardizing workplace safety protocols to ensure occupational health and safety for all employees

The health and safety of our employees is the top priority of our production and operation. As a second-level standard unit of production safety standardization, we have established sound occupational health and safety management procedures according to relevant laws, regulations and standards, combined with our own situation, and strengthened occupational disease prevention and management, so as to improve working conditions in an effective way and protect employees' health. The relevant internal management procedures include 61 safety and environmental protection documents and 93 forms, which cover the safety production responsibility system, safety production management system, safety production operation procedures, accident emergency plan, safety inspection system, safety training system, safety reward and punishment system, etc., to ensure the standardization, order and operability of employees' occupational health and safety management.

In terms of workplace safety management, we have established a Workplace Safety Committee and working groups to oversee the management and execution of their respective responsibilities. Additionally, we have implemented a series of safety management procedures, including occupational health training, safety supervision and inspections, and fire safety management. All along, we put the occupational health and safety of employees in the first place, regularly carry out risk assessment and safety inspection work, form a hidden danger investigation record, and quickly respond to carry out rectification. This year, we carry out hazard identification activities, and take measures to carry out training, equipment transformation, and equipping safety protective equipment for the identified risk factors to achieve protection purposes. In terms of occupational health training, this year, CHANDO Group carried out a total of 63 special safety training, training topics covering safety production responsibility system, traffic safety, restricted space, fire protection, forklift safety and other content, a total of more than 4,500 people received safety production training.

In the past three years, the Group has not had any industrial accidents that have a significant impact on production and operation.



This year



CHANDO Group carried out
a total of **63** special safety training

a total of more than
4500 people received safety
production training

Paying attention to the needs of employees in different positions and introducing diversified corporate benefits

We know that respect for individual differences of employees is the foundation of corporate growth. Therefore, we actively integrate the values of diversity, equality and inclusiveness into the working way of CHANDO Group through diversified welfare policies, and enhance the competitiveness of the enterprise by building a competitive employee welfare system.

On the basis of statutory insurance and vacation, such as five insurances and one fund, paid annual leave, CHANDO Group has developed a wealth of welfare plans, including different levels of commercial insurance, food and transportation allowances, health and leisure activities allowances, employment anniversary celebrations, newborn children benefits, etc. CHANDO Group also pays attention to the special needs of employees in different positions, and provides corresponding accident insurance for employees in the engineering and construction industry, and purchases international commercial insurance for employees who travel more internationally. We also offer unique corporate benefits, such as wedding car, wedding gift and other wedding benefits for employees, setting up school leave, paternity leave and other paternity leave, providing pension subsidies for employees whose parents have turned 70 years old, etc. In addition, we also continue to provide product benefits and Spring Festival benefits for retired employees, and stimulate employees' enthusiasm through diversified corporate benefits. Improve work efficiency and employee satisfaction, support the implementation of corporate culture, and enhance employees' sense of belonging and responsibility.

List of benefits of CHANDO Group

- | | | |
|---|--|---|
| ● Meal allowance | ● Newborn child benefit | ● Commercial insurance/International commercial insurance |
| ● Departmental recreational activities | ● Talent house-purchasing
Talent apartments | ● Retired employee benefits |
| ● Anniversary of employment celebration | ● Parental leave | ● Physical exam benefits |
| ● Wedding benefits | ● Paid annual leave | ● Pension |



Diverse employee activities and benefits

Caring for vulnerable groups and upholding diversity and equality in workplace

CHANDO Group has always believed that employees are the most valuable assets for the development of the Group. We make every effort to ensure that the workplace strictly complies with human rights-related laws and regulations. We explicitly prohibit discrimination, violence and harassment in the workplace in our Code of Conduct for Employees.

We are deeply committed to the welfare and career development of female employees. To better protect the legitimate rights and interests of female employees, CHANDO Group has set up a special women workers' committee in the labor union. We have carried out a series of support projects, such as providing lactation rooms in different office locations, inviting experts to organize health training for female employees, classes for new mothers, school selection training and pre-school preparation lectures, etc., to continuously create a more inclusive and equal working environment for female employees and make the Group more resilient.

During the reporting period



The proportion of female employees in CHANDO Group was over **65%**



Strengthen Public Welfare and Community Impact

CHANDO Group, while advancing its business, is steadfast in its commitment to benefiting humanity through philanthropic endeavors, focusing on natural ecosystem protection and promoting rural revitalization. In the future, we will continue to earnestly practice philanthropy, coordinate resources to continuously broaden the breadth and depth of CHANDO Group's philanthropic projects, bring positive energies on social philanthropy and contribute to common prosperity and shared development.

Planting Grass in the Himalayas, and Supporting Ecological Conservation in the Himalayan region

The Himalaya is home to thousands of rare species, but its high altitude and changeable climate make the region's ecosystem vulnerable. In recent years, under the double pressure of global climate change and overdevelopment, soil erosion and desertification of vegetation in the Himalaya region have continued to intensify, posing challenges to the ecological environment.

In 2016, CHANDO teamed up with the China Environmental Protection Foundation to establish the CHANDO Himalaya Environmental Protection Public Benefit Fund. Adhering to the original intention of "taking from nature and giving back to nature", CHANDO Group has carried out CHANDO Planting Grass for eight consecutive years. This year, we planted 1 million square meters of green wheat grass in Gangxi Village, Xiqin Township, Laze County, Shigatse City, to improve the local soil environment and help the ecological protection of local areas through artificial grass planting.

From 2016 to 2024, CHANDO Grass Conservation on Himalaya Campaign has donated RMB 26 million, and planted 6.66 million square meters of green wheat grass in Shigatse.

Through careful planning and scientific planting of artificial grass, CHANDO Grass Conservation on Himalaya Campaign has greatly improved the ecological environment, optimized the soil structure and significantly increased fertility, laying a solid foundation for the self-recovery and sustainable development of the ecological environment. The CHANDO Grass Conservation on Himalaya Campaign have also directly benefited local herdsmen. For the local eco-system, forage is scarce, especially in winter, and is often purchased from other provinces and cities. The CHANDO Grass Conservation on Himalaya Campaign distributes part of the harvested grass to poor households free of charge, which can be used for cattle and sheep winter, reducing the cost of purchasing forage from other farmers and promoting the development of animal husbandry and tourism. On the other hand, the campaign also provides more job opportunities for local residents, thereby improving the income and living standards of local herdsmen. Through the campaign, we contribute to the revitalization of rural areas and the building of a beautiful China.

CHANDO Group has carried out CHANDO Planting Grass for **8** consecutive years

CHANDO Grass Conservation on Himalaya Campaign has donated RMB **26** million

we planted **1** million square meters of green wheat grass in Gangxi Village, Xiqin Township, Laze County, Shigatse City

planted **6.66** million square meters of green wheat grass in Shigatse



In order to drive and gather the positive energy of social welfare, the CHANDO Grass Conservation on Himalaya Campaign has set up a public welfare partnership mechanism to turn every purchase of consumers into concerns for the ecological environment of the Himalaya. Every time a consumer buys a bottle of CHANDO Purple Bottle Essence, CHANDO donates RMB 10 to the China Environmental Protection Foundation for planting green wheatgrass.



Local herders are sowing seeds on the CHANDO Public Welfare Pasture



Witnessing Ceremony of the 8th season CHANDO Grass Conservation on Himalaya Campaign

On August 21, 2024, the 8th season of the CHANDO Grass Conservation on Himalaya Campaign was held in Gangxi Village, Xiqin Township, Raze County, Shigatse, to witness the ripening and harvesting of 1 million square meters of green wheat grass. Xu Guang, Director of the China Environmental Protection Foundation, Wang Zhengang, Deputy Secretary-General of the China Environmental Protection Foundation, Li Xue, the Deputy Director of the local Department of Ecology and Environment, Peng Yihao, the Deputy Secretary of the Shigatse Municipal Party Committee and the Executive Vice - Mayor of the Shigatse Municipal Government, Pei Kang, Deputy Secretary General of the Shigatse Municipal Government, Li Yunfeng, Standing Committee Member of the Razi County Party Committee and Deputy governor of the Municipal Government, Dr. Chen Juanling, general manager of public affairs of CHANDO Group, and Dr. Zou Yue, general manager of Research and Development Center of CHANDO Group, attended the ceremony.



Witnessing Ceremony of the 8th season CHANDO Grass Conservation on Himalaya Campaign in August 2024

CHANDO Spring Bud Education Support Action, and Empowering Female Talent

CHANDO Spring Bud Education Support Action is a public welfare project implemented by CHANDO Group and China Children and Youth Fund for the comprehensive revitalization and the realization of common prosperity to train more female talents in the Himalayan region. In 2024, we donated RMB 2 million to the local Women's Federation to support 260 female students with excellent academic performance and poor families to complete their studies, and to carry out social practice activities and scientific and technological literacy training. To encourage and support more women to demonstrate their strength in the economic and social development of their hometown, realize their self-worth, and promote the revitalization of rural talents.

Public welfare is not a one-time act, but a long stream of goodwill. CHANDO Group has a deep understanding of public welfare. CHANDO Spring Bud Education Support Action is not only a charitable action, but also a strategic investment deeply rooted in the corporate culture of CHANDO Group. It is the most vivid interpretation of our "business for the good" concept.



Group Photo from the 2024 CHANDO Spring Bud Social Practice Program

By the end of this year



the CHANDO Spring Bud Education Support Action has donated a total of **511** girls

ROM **3.6** million to the local Women's Federation



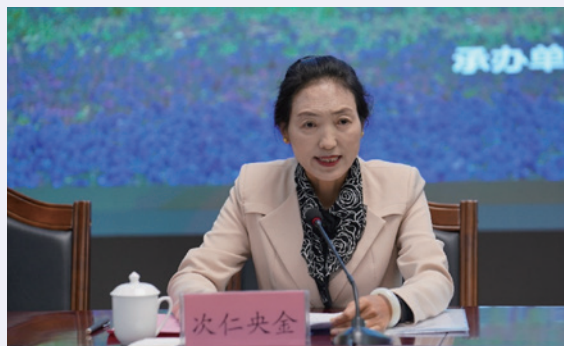
The Scholarship Donation Ceremony of CHANDO Spring Bud Education Support Action

CHANDO Spring Bud Education Support Action Scholarship awarding ceremony was held in two universities in the Himalayan region.

Cong Zhongxiao, director general of China Children and Adolescents' Fund, and Tsering Yangzom, member of the party group and vice chairman of the women's federation, delivered speeches at the ceremony, encouraging the students to aim high and create their own colorful lives.



Cong Zhongxiao, director general of China Children and Adolescents' Fund, delivered the speech with the students



Tsering Yangzom, member of the party group and vice chairman of the women's federation, shared with the assisted students

Dr. Chen Juanling, general manager of public affairs of CHANDO Group, delivered a speech. She said that the Spring Bud Education Program is an important project for the sustainable development of the Group, hoping to help more outstanding Tibetan girls complete their studies, realize their self-worth, pursue their dreams, and continue to help revitalize rural talents.

During the event, the attending leaders visited the Spring Bud girls' home together to learn about the actual difficulties and demands of their family, and they also presented some charitable supplies.



Dr. Chen Juanling delivering a speech



The participating leaders presented the aided girls with love – donated supplies.



CHANDO Spring Bud Education Support Action

In December 2024, the CHANDO Group, together with China Children and Youth Foundation, invited 20 Spring Bud girl representatives to Shanghai for a 6-day study tour. They participated in the exchange meeting held by CHANDO Group, and visited the Memorial Hall of the Great Congress of the Communist Party of China in Shanghai, Shanghai Natural History Museum and other historical and cultural attractions.

CHANDO Group warmly welcomed the Spring bud girls who came from far away in the Himalayas. Zheng Chunying, Chairman of the Board of Directors, came to the scene and conveyed his deep concern and greetings to them.

Dr. Chen Juanling, general manager of public affairs of CHANDO Group, talked and sent a message at the scene.

Group staff incarnate professional gold tour guide, led Spring Bud girls to go deep into CHANDO Group, from the production base to the research and development center, to fully appreciate the infinite possibilities of scientific and technological beauty.



Group Photo from the 2024 CHANDO Spring Bud Social Practice Program

The Love Alliance warms the plateau

CHANDO Group launched the "Love Alliance, Warm Up the Plateau" special action to collect used clothes.

A total of **271.3** pounds of clean and tidy warm clothes were collected to help children in Huoxi Township, Seda County, Sichuan Province, to withstand the cold winter.



Responding to the National Strategy of East – West Collaboration and Creating a New Model of Paired Assistance

On May 29, the 2024 East-West Cooperation Joint Meeting was held in Fengxian District of Shanghai and Dali Prefecture of Yunnan Province. At the meeting, CHANDO Group donated funds to Dali Foundation for Poverty Alleviation in response to the national strategy of deepening cooperation between the east and west.

As the first strategic partner of Dali Prefecture government, CHANDO Group created a new model of beauty brand matching assistance and continued to promote the comprehensive revitalization of rural areas through the launch of Polar Holy Water, Wind, Flowers and Snow Moon Dali limited edition products and the opening of urban IP joint branding.



CHANDO Group donates to Dali Foundation for Poverty Alleviation

Cooperated with the Chinese Diving team to witness the glory moment of the Dream Team

In 2024, as the official partner of China Diving Team, CHANDO accompanies the athletes to the Olympics for the 4th time after London, Rio and Tokyo, witnessing the glorious moments of this dream team.

Since 2012, CHANDO has officially become the official partner of China Diving Team, carrying out the cooperation between China's sports dream team and the national brand complementing each other. Over the past ten years, CHANDO has accompanied the growth of the Chinese diving team and has a unique understanding of the spirit of the dream team. CHANDO for the Dream Team Paris glory moment to applaud, "this time the newborn on the field" as the theme, hand in hand with the Chinese diving team to launch the "newborn" theme video, showing the new generation of divers to face the technology, pressure and injury challenges of the resilience, but also to encourage the younger generation in the pursuit of upward, seeking breakthroughs in the process of becoming a better version of themselves.





During the Olympics Game in Paris, athletes Quan Hongchan and Chen Yuxi used Chando's Soft Mist Long-Lasting Cushion and Soft Mist Long-Lasting Lipstick to touch up their makeup during their interviews with CCTV, showing their charm outside the competition arena with confident images. Chando has always paid tribute to every athlete's ultimate concentration and hard work on the diving board with its professional beauty products. It accompanied the Chinese diving team throughout with practical actions, cheered for every leap of the "Dream Team" and witnessed every shining moment of glory.





Improve Green and Low-carbon Supply Chains

The green and low-carbon supply chain is the basis for CHANDO Group to provide high-quality and sustainable products, and we are committed to working with partners to build a green and low-carbon supply chain. We attach importance to the environmental and social risk management of all aspects of the supply chain, establish good partnerships with our suppliers, provide impetus for a sustainable future, and actively shape and improve the distinctive green and low-carbon supply chain.

Strengthening ESG management at the supplier admission stage and continuously improve the admission process

CHANDO Group evaluates suppliers' ESG performance in multiple dimensions and stages, from screening and admission to on-site evaluation, from performance assessment to strategic positioning, with every link carrying our persistent pursuit of sustainable development.

CHANDO Group fully considers the environmental and social risks of suppliers, and conducts ESG assessment on suppliers before introducing them into formal cooperation.

ESG Assessment Dimensions for Suppliers	Assessment Contents
Supplier questionnaire	The content covers suppliers' environmental governance measures, introduction to corporate social responsibility, company quality governance related materials, etc., to understand the basic situation of suppliers.
Supplier capability upgrade	Set ESG related indicators such as quality management capability and corporate social responsibility in reference items for supplier upgrade evaluations, as one of the screening criteria.
Supplier Pre-review	Include suppliers' qualifications such as fire safety, environmental protection, hazardous chemical production licenses, and production and operation licenses as veto items before cooperation. At the same time, conduct audits of supplier companies' operations, tax levels, etc., to fully assess the risks before supplier cooperation.
Supplier Factory Inspection	Set up social responsibility, corporate governance and other audit items, according to whether the supplier uses child labor, whether the protection of pregnant women, whether the employee occupational health examination, whether there is a training system to audit.
Supplier performance evaluation	Empower suppliers to continuously improve through monthly and annual supplier performance assessments
Annual supplier performance evaluation for cooperative suppliers ³	Conduct annual strategic potential assessment and positioning, covering supplier company culture, social responsibility, R&D investment, technological innovation, continuous improvement, etc., to promote sustainable cooperation with suppliers.

3. Strategic cooperative suppliers refer to those suppliers with high procurement amounts, large procurement quantities, or with cooperation potential.

Work with suppliers to implement supply chain value integration and localization projects

In 2024, adhering to the concept of green and low-carbon supply chain optimization, the CHANDO Group implemented strategic integration of the production process of the Company's popular product – CHANDO Himalayan Essence. By identifying and removing redundant processes, shortening logistics paths, and reducing intermediate links, the final procurement cycle was shortened by 30%, achieving win-win economic and environmental benefits. This integration is not only an upgrade in supply chain efficiency, but also a vivid practice for the Company to promote green intelligent manufacturing and low-carbon development. Indeed, we empower sustainable supply chain construction with technological innovation, help achieve the "dual carbon" goal, and lead the beauty industry towards a more efficient and environmentally friendly future.

Raw materials for the products of the CHANDO Group were previously supplied from all over the world. In recent years, due to factors such as geopolitics, energy crises, and punitive tariffs, the procurement cycle has been long and there are multiple risks of supply instability. With the increasing maturity of domestic raw material research and production technology, and through strict technical verification and screening, in 2024, CHANDO Group gradually expanded its cooperation with local raw material suppliers. This is not a passive alternative choice for the Company, but a firm decision to actively embrace the "dual circulation" development pattern. By cultivating local supply chains, not only has the production capacity been strengthened, but the carbon footprint of cross-border transportation has also been significantly reduced, demonstrating the green responsibility of products "Made in China" through practical actions.

The green procurement of CHANDO reflects the Company's corporate responsibility to create green beauty: the simplification of every process is a close understanding of the earth's resources; Every localization cooperation is investment in a green future.





Lead Responsible Marketing and Green Consumption

CHANDO Group adheres to a long-term strategy in the field of marketing and attaches great importance to the protection of consumer rights. In the process of product promotion, the Group always adheres to business ethics, actively practices social responsibility, is committed to delivering fair and just information to consumers, vigorously disseminates the concept of sustainable development, and maintains the social reputation and brand image of the Company.

CHANDO Group strictly abides by the requirements of *the Advertising Law of the People's Republic of China*, *the Regulations on the Supervision and Administration of Cosmetics*, *the Measures for the Administration of Cosmetics Labels*, *the Measures for the Supervision and Administration of Cosmetics Online Business*, *the Law Enforcement Guide on Absolutized Terms in Advertising* and other territorial operating regulations, standardizes marketing and advertising behaviors, and ensures the authenticity and accuracy of product information. In view of the emerging online broadcast marketing, while embracing new business and marketing channels, the Group strictly complies with the requirements of laws and regulations such as *the Measures for the Administration of Internet Advertising* and *the Compliance Guidelines for Online Broadcast Marketing Activities in Shanghai* to ensure the compliance of online broadcast and influence behavior.

In order to bring good consumption experience to clients, we invite research and development personnel to participate in brand online live broadcasting to help consumers better understand the efficacy of product ingredients, inform the correct use of products, and better protect the health and safety of consumers.



One product with one code, allowing products to tell their own stories

CHANDO Group gives each product a QR code anti-counterfeiting label, consumers can identify the authenticity of the product by scanning the QR code, after scanning the code of the page has a wealth of product content introduction. By scanning the code, consumers can listen to the products "telling" their ingredients, effects and usage methods in person. Through the QR code on each product package, CHANDO Group responsibly discloses product information to consumers and showcase how to use the products correctly.

CHANDO
自然堂

自然堂小紫瓶 第六代

首创 抗疲老精华
告别疲惫式衰老¹

HiMurchaSin
REJUVENATION REPAIRING
ESSENCE

自然堂 小紫瓶精华液
极地酵母复配²
喜马拉雅植物³

喜默因[®]酵母
8倍细胞级新生²

+362%³ 胶原促生 -27%⁴ 法令纹 100%⁵ 认同 松垮改善

* 数据源自国家药品监督管理局备案的化妆品注册证/备案证。1. 数据源自国家药品监督管理局备案的化妆品注册证/备案证。2. 数据源自国家药品监督管理局备案的化妆品注册证/备案证。3. 数据源自国家药品监督管理局备案的化妆品注册证/备案证。4. 数据源自国家药品监督管理局备案的化妆品注册证/备案证。5. 数据源自国家药品监督管理局备案的化妆品注册证/备案证。

Advocating Responsible Marketing through Diverse Value Communication, Inspiring a Sustainable and Beautiful Lifestyle

As a homegrown brand with deep roots in the beauty industry, CHANDO Group has always upheld responsible marketing as a core principle of brand development. Beyond communicating product value, we are committed to engaging consumers through diverse, immersive scenarios to foster meaningful dialogue. Through these interactions, we promote positive lifestyles, cultural confidence, and sustainability values, creating resonance between green consumption and enjoyable experiences, and inspiring consumers to embrace a more sustainable way of living.



The Philosophy of “Good Things” On and Off Screen: A Mutual Journey of Growth between CHANDO and Women

CHANDO’s Himalayan Essence was deeply integrated into the second installment of the popular film series Myth of Love—Good Things—through a strategic product placement. In the film, CHANDO’s product accompanied the protagonist Tiemei Wang throughout her professional journey: from nervously touching up her makeup on her first day at work, to confidently endorsing the product during a livestream, the product’s “overnight renewal” effect echoed the awakening of inner female strength. Formulated with 93% “Polar Yeast” HIMurchaSin extracted through patented fermentation technology, the product promotes skin cell regeneration in 28 days, mirroring the film’s central message of personal growth and transformation.

To amplify this message, CHANDO created an “Renewal Space” at the offline movie premiere, inviting audiences to share their own growth stories. Online, the brand launched the hashtag campaign #GoodThingsBeyondTheMovie, where KOLs discussed evolving female consumption mindsets, generating over 300 million views. By embedding sustainable consumption values into popular cultural IPs, CHANDO brought the message of conscious, empowered living into the daily lives of consumers.

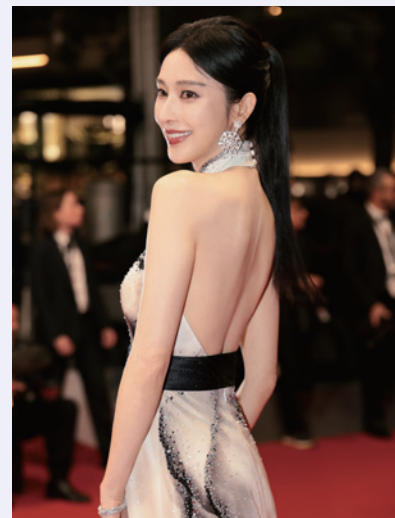




Under the Cannes Spotlight: CHANDO Tells Eastern Stories Through the Colors of China

At the 77th Cannes Film Festival, CHANDO's signature products—including the CHANDO Rejuvenation Repairing Essence, CHANDO Himalayan Essence, CHANDO Niacinamide Ampoule Mask, and its latest makeup collection were featured as skincare essentials for red carpet preparation, accompanying Chinese actress Li Zhang in a stunning appearance that showcased the elegance of natural Eastern beauty under the global spotlight.

For years, CHANDO Group has been dedicated to seamlessly blending cutting-edge global technology with the artistry of Eastern aesthetics. By drawing inspiration from the cultural heritage, lifestyle, and skin characteristics of Eastern consumers, CHANDO delivers premium products and services that engage all five senses and six perceptions. Through this, CHANDO Group proudly shares the values of Eastern beauty with the world.





Jiangnan 100-Mile Ultramarathon: Redefining Resilient Consumption Through the Spirit of Sport

In April 2024, CHANDO served as a top sponsor of the Jiangnan 100-Mile Xuedou Mountain Ultramarathon, aligning the brand's philosophy with the endurance and determination embodied by the sport. During the event, CHANDO Men actively participated by setting up a dedicated booth at the race expo to promote its Daemonorops Draco Energizing Series and the newly launched Men's Soft-Tube Facial Cleanser. CHANDO Group also rolled out a comprehensive promotional campaign in Ningbo City, including outdoor billboards, landmark media placements, dynamic video ads, branded hydration stations along the race route, and product trials offered to all 3,500 participants, delivering a fully immersive brand experience that championed the spirit of perseverance and resilience.





A Forum Reshaped Aging Perceptions: CHANDO Makes “Scientific Consumption” the New Norm

On July 19, CHANDO co-hosted the 2024 China Women's Anti-Fatigue Aging Science Forum in collaboration with leading academic associations and renowned researchers, spotlighting emerging challenges in modern women's skin health. At the event, Dr. Sijia Wang from the Shanghai Institute of Nutrition and Health, Chinese Academy of Sciences, released a groundbreaking report on new trends in skin aging among Chinese women. Multiple experts jointly explored the mechanisms behind “fatigue-induced aging” and the impact of chronic stress on skin deterioration.

During the forum, CHANDO unveiled its latest breakthrough in “anti-fatigue aging” science—its proprietary fermented filtrate and lysate of “Polar Yeast” HiMurchaSin, introducing a cell-level rejuvenation concept and a root-cause solution for fatigue-related skin aging. By advancing cutting-edge skincare technologies, CHANDO Group continues to respond to women's evolving skincare needs.





Spring Outdoor Campaign: Inspiring a Natural Connection and Expanding the Concept of Green Living

On the occasion of International Women's Day 2024, CHANDO launched its spring-themed outdoor campaign titled "Step Outside, Unleash Your Natural Beauty", encouraging women to embrace their authentic selves. The campaign featured a user-generated content (UGC) initiative to crowdsource "Wild Spokespersons," resulting in over 1,100 pieces of high-quality original content across digital platforms. CHANDO also collaborated with ten leading outdoor brands including FILA, Skechers, and Mobi Garden to jointly advocate for a healthy, sunshine-filled lifestyle. In a cross-industry partnership, Chando co-created a limited-time campaign with L'AZZURA coffee, rolling out product samples across 118 stores nationwide and hosting AI-powered pop-up experiences. Together, the campaign achieved over 100 million impressions, reached more than 4 million brand loyalty members, and attracted over 23,000 new users. This marketing initiative effectively resonated with consumer aspirations for physical and mental well-being, emotional connection with nature, and a more active lifestyle. It exemplifies CHANDO's commitment to promoting sustainable living through inclusive, engaging experiences.





Peach Blossom Festival × “520” Campaign: Celebrating Regional Culture and Emotional Connection

From April to May 2024, CHANDO served as the chief strategic partner of the 21st Nyingchi Peach Blossom Festival, returning to its Himalayan roots in Nyingchi to celebrate the cultural symbolism of the “Millennia-old Plateau Peach Blossom” as a token of happiness and renewal. Under the festive theme “Blossom into Love, Let Luck Bloom”, CHANDO launched a seasonal marketing campaign combining online peach-blossom wishes with offline origin-tracing events. The campaign sparked the creation of over 3,000 pieces of user-generated content. In tandem with China’s “520” Valentine’s Day, CHANDO also introduced an AI-powered peach blossom beauty filter, extending the festival’s buzz and contributing to seasonal sales growth. This initiative not only celebrated regional cultural heritage and emotional expression, but also deepened CHANDO’s spiritual connection with consumers. It reflected CHANDO’s respect for local resource value and commitment to sustainable cultural engagement.





Campus Youth Marketing: Connecting with Gen Z and Fostering Shared Values

From May to September 2024, CHANDO served as the title sponsor of the “beautyStar” Campus Beauty Contest, centering the campaign around the theme “Every Shade of Youth is Beautiful”. The event toured 30 universities across China, reaching over 825,000 students through offline activations, and inspiring more than 6,000 personal “Youth Declarations” shared via social media engagement. To deepen the connection, CHANDO launched customized gift boxes tailored to the school calendar and conducted product sampling during the back-to-school season, effectively supporting new customer acquisition and enhancing brand visibility. This campaign empowered young consumers to express their authentic selves and embrace diverse definitions of beauty. It reflects CHANDO’s commitment to guiding value formation among the youth and promoting inclusivity, individuality, and positive identity development.





ChaPanda Collaboration: Blending Local Culture to Spark Social Beauty Experiences

In December 2024, to celebrate ChaPanda's 16th anniversary, CHANDO partnered with the local tea brand to launch a co-branded campaign in Sichuan Province featuring its signature CHANDO Time-frozen Essence and ChaPanda's viral "Mud Cup." Under the campaign theme "Perfectly Matched, Say Bye to Fatigue Aging", the collaboration spanned over 700 ChaPanda stores and 80 CHANDO counters across the Sichuan Province, with more than 175,000 product samples distributed. The partnership combined playful elements such as co-branded cup sleeves, fridge magnets, and themed store takeovers to creatively merge ChaPanda's regional tea culture with CHANDO's beauty narrative, strengthening CHANDO's resonance with younger consumers.



Chinese animation IP Collaboration Season: Empowering Festive Expression Through Cultural Creativity

From late 2024 to early 2025, CHANDO partnered with the Chinese animation IP *White Snake: Afloat* to launch a series of themed campaigns across four major festive moments: Christmas, New Year's Day, Lunar New Year, and Valentine's Day. Centered around beloved characters such as Xiao Qing, Xiao Bai, and Xu Xian, the collaboration introduced co-branded products including the "CHANDO Soft Touch Cushion" and a *Year of the Snake* Zodiac Gift Box. The campaign featured digital experiences like the interactive "Let's Collab Together" hashtag challenge and an AR-powered wishing feature, creating an immersive New Year experience. With over 700,000 uses of the custom digital red envelope covers, widespread sharing of themed wallpapers, multiple celebrity New Year greeting videos, and flash pop-up interactions, the campaign generated more than 1 billion impressions in total. This cultural partnership reimagined traditional festivals through the lens of contemporary storytelling, offering new ways to express joy, hope, and beauty in the festive season.





Foster Scientific Innovation and Intellectual Property Protection

Cutting-edge Technologies Shaping up "Core of the Beauty"

CHANDO Group firmly believes that technological innovation is the core competitiveness of brand development, and opportunity for sustainable development of the domestic cosmetics industry. We always adhere to the research and development strategy of "independent research and global cooperation." We have been guided by technology, actively developing the local cosmetics research and development system, and continuously promoting the research and development of raw materials and technological innovation. Thus, we bridge the gap between China and the overseas in research and development of raw materials, reduce domestic beauty products' dependency on imported raw materials, and build up a market barrier for competitors in raw material technology as domestic beauty products. CHANDO Group's Research and Development Center brings together top senior research experts from various countries, with 20 laboratories focusing on scientific research and product development. It collaborates with leading research institutions in China and from abroad, and top domestic universities and research institutes to establish the six major research platforms, to empower independent research on ingredients and upgrade technological innovation. The Research and Development Center always integrates the concept of "five feelings and six senses" throughout the research and development process to ensure that we provide consumers with products and services of world-class quality, that are visually beautiful, audibly pleasing, olfactorily enjoyable, taste-safe, and tactile-comfortable.



Focus on science research and product development, set up **20** laboratories

During the reporting period, the Research and Development Center has published over **190** scientific articles domestically and abroad



Six Major Research Platforms

Consumer Big Data Insight Platform

Establishing a consumer skin database based on the skin characteristics and aesthetic standards of East Asians to understand consumer needs through independent big data insight analysis.

Oriental Skin Research Platform

Through scientific means such as 2D cell models, 3D skin models, data mining, and omics analysis, a series of basic scientific research is carried out to explore the efficacy mechanisms related to skin and hair, and to gain an in-depth understanding of the action mechanisms of raw materials and products, so as to provide consumers with functional products with clear mechanisms.

Raw Material Selection and Development Platform

Through strict safety and efficacy tests, we select the ingredients with the highest safety and best efficacy. Utilizing interdisciplinary cutting-edge technologies such as microbial fermentation, plant tissue culture, ultra-low-temperature freeze-drying of plants, space breeding, etc., the Company introduces, co-develops and independently develops natural science and technology ingredients with specific efficacy.

Formula Technology Platform

Innovatively developing high-quality cosmetics that lead the industry trend through cutting-edge formula technology such as freeze-drying technology, encapsulation and penetration promotion technology, and visualized microspheres.

Packaging Technology Platform

Using art as forms of creation, combining unique shapes, materials, as well as scientific methods such as ergonomics to develop artistic styling and decoration, providing consumers with packaging that is both aesthetically pleasing and user-friendly.

Six Senses and Six Properties Evaluation Platform

Each product of CHANDO undergoes at least 60 scientific validations of safety and efficacy through 12 dimensions of six senses and six properties, starting from the selection of raw materials, to meet the requirements of consumers for product quality and functionality.





Chando is committed to the research on Himalayan water resources, microbial fermentation raw materials, plant raw materials, and raw material extracts from plants in their places of origin. By leveraging cutting-edge technologies, it conducts the protective development of natural resources.

Using cutting-edge technology to protect and develop natural resources



Water and
mineral
resources

As early as more than a decade ago, CHANDO Group began to use cutting-edge technology to protect and develop the natural resources of the Himalayan region, going deep into the heart of the mountains, screening and studying unique microorganisms from natural glaciers, plants, hot springs and local living environments. After 15 years of scientific exploration, we selected the natural and pure water source of the Tredengnima Glacier through layers of screening, and verified its skin care efficacy through the Group's own world-leading core technology 3D skin model research.



Raw materials
for microbial
fermentation

We screen unique microorganisms from the environments like plants in the Himalayan region and glacier water to conduct research and development on self-developed fermentation-based raw materials and develop raw materials with definite skincare effects. The team in the R&D center has ventured deep into the hinterland of the Himalayas on multiple occasions. By leveraging advanced gene sequencing technology, they have isolated 558 unique strains from the local ecological environment and, based on this, established a Himalayan characteristic strain library.

The patented ingredient HiMurchaSin® developed through the innovation of the fifth-generation fermentation technology has green and sustainable sources of fermentation raw materials, and no toxic or harmful substances are used during the fermentation process. Compared with the chemical production process that features harsh reaction conditions, low yield and complicated steps, the fermentation process of HiMurchaSin® is mild and efficient. All the raw materials are transformed into the final product, achieving an extremely high yield. Meanwhile, through biological recycling and degradation, zero emissions are realized.

HiMurchaSin® not only extracts the fermentation filtrate but also enables the yeast cells after fermentation to be further developed into lysates, which can boost the new generation of skin collagen by up to 362%, achieving a balance between high performance and environmental protection.



Raw materials
for rare plant
tissue culture

Through modern plant tissue culture techniques, rare plant cell tissues can be rapidly cultivated in large quantities. Then, the active ingredients among them are screened out to obtain plant tissue culture raw materials with good skincare effects, which are then applied to product development.

Compared with traditional agricultural cultivation and extraction methods, plant cell tissue culture techniques do not consume natural resources and are not affected by changes in the external environment. They are environmentally friendly. Thanks to this technology, we have achieved the protective development of plants, shortened the product production cycle, improved the stability and controllability of product quality, and at the same time, can enrich the active ingredients to obtain sustainable skincare ingredients.



Raw materials
for plant tissue
culture

Chando Group utilizes plant extraction and ultra-low temperature freeze-drying production technologies to carry out deep processing at plant origin sites, deeply developing economically sustainable crops sourced from origin areas into high-concentration active ingredients with proven skin-care efficacy for application in raw material and product development, thereby increasing income for local residents.



Chando Group and Huashan Hospital have established the *Joint Laboratory of Skin Science and Hair Health*

On July 22, 2024, the opening ceremony of Joint Laboratory of Skin Science and Hair Health of Huashan Hospital and CHANDO Group and the launching ceremony of CHANDO's new Herbal Hair Care Series were held at the R&D Center of CHANDO Group. The establishment of the joint laboratory, the two sides will work together to explore and reveal the mechanism of scalp aging, scalp sensitivity and its underlying causes, to promote scientific research and technological innovation in the field of skin, scalp and hair care for Chinese people, to provide consumers with the ultimate price-quality ratio of products.

The joint research between CHANDO and Huashan Hospital will focus on basic science research and application translation, such as the characterization and molecular mechanism research of scalp and hair problems of Chinese people. At the same time, the two sides will combine the research results with advantageous efficacy targets and evaluation programs to screen the scalp and hair care efficacy of raw materials, to assist the development, evaluation and application of branded toiletries, to protect the efficacy and safety of products.



Unveiling Ceremony of *Joint Laboratory of Skin Science and Hair Health* of Huashan Hospital and CHANDO Group



Chando Group and the Children's National Medical Center, the Children's Hospital of Fudan University, have established *the Joint Research Center for Infant Skin Health*.

Through the mode of medical research co-creation, CHANDO Group and the Children's National Medical Center, the Children's Hospital of Fudan University jointly established the Joint Research Center for Infant Skin Health, combining the clinical experience of the Children's Hospital of Fudan University for infants with the rigorous scientific product development capabilities of CHANDO Group, to develop a series of high-quality products.

It took 6 years to develop the core ingredient of H-ECOTRIO, which has been awarded two patents (China Invention Patent No.: ZL202010761748.9 and ZL202010761818.0). This ingredient uses special strains of bacteria from high altitude areas, and through a unique bio-fermentation technology, hundreds of active small molecules beneficial to the skin have been obtained. Clinical tests in hospitals have shown that this ingredient can effectively reduce and soothe skin redness, cracking, peeling and other discomforts caused by external stimuli, efficiently hydrate and improve the skin's moisturizing power, enhance the skin's ability to resist, and relieve dryness, itching and redness. With over 97% natural ingredients, it can be used by babies and newborns with low tolerance skin.



*JALA Group has been renamed to CHANDO Group

Signing Ceremony of the Medical Research Co-creation Cooperation

Digital tools empower the full-chain research and development

The Product Mom System is the full-chain research and development management system of CHANDO Group, embedded with project mother, research and development management, quality standard book, raw material translator and other systems. This system unifies and integrates the processes and documents of different links, comprehensively empowering the raw material development, formula development, packaging development, safety assessment, and regulatory filing in research and development. It has changed the current status of paper-based and offline approvals, comprehensively improved the digital management ability of research and development system, and improved the accuracy, efficiency and traceability of product technical data flow, so as to improve the output of scientific and technological achievements and accelerate the transformation of scientific and technological achievements while ensuring product development quality compliance.

This year, we optimized the new product process management. We added a sub-process for the development of new products for overseas markets, introduced post-launch feedback, strengthened the closed-loop management of new product launches, enhanced the packaging development management process, and completed the migration and optimization of product copy review and the direct production process without sample sealing from the OA system to the Product Mom system. In addition, we strengthened the digital management of R&D. We promoted the system to empower the packaging design task process, launched the stability and compatibility testing process of the Quality Department and the full-version safety assessment and compliance review module. We further promoted the improvement of the automatic docking of project tasks between the Product Mom and Project Mom systems, and launched the visual presentation functions for project development progress, packaging design tasks, and packaging material compatibility reports.

Multiple Measures to Protect Intellectual Property

In the face of transformation and upgrading and international competition, we deeply understand that the protection of intellectual property rights is crucial to enhance the competitiveness of enterprises. Therefore, CHANDO Group constantly improves the creativity, protection efficiency and management level of intellectual property rights. We have established advanced mechanisms such as the *Intellectual Property Maintenance Management Procedure*, *Confidentiality Management Control Procedure*, *Risk Management Control Procedure*, *Dispute Resolution Management Control Procedure* and *Patent Grading Management Specification*. We have a comprehensive intellectual property portfolio strategy, from product development, formula development, raw material extraction to production process, from main brand names to product sub-series name, from product packaging to promotional materials and webpage images, through patents, trademarks, Copyrights and other dimensions to protect our intellectual property rights. In order to further stimulate the enthusiasm of Research and Development personnel for invention and innovation, CHANDO Group has also formulated the Research and Development Center Scientific Achievements Reward System to encourage intellectual property innovation activities, establish intellectual property incentive fund, and give material rewards to patent applications, authorization and new formula development generated in the research and development process.

By the end of the reporting period, CHANDO Group had



applied for a total of
438 patents

invention patents
273

CHANDO Group had been
authorized
222 patents

including
108 invention patents

In addition, we actively contribute to the development of industry-wide ESG standards. In 2024, we participated in the drafting of the *Guidance on Sustainability (Environmental, Social and Governance) for Fragrance, Flavor and Cosmetic Enterprise*, a Group Standard co-developed with over 30 leading companies in the sector. This initiative aims to guide the fragrance and cosmetics industry in deeply integrating sustainability into corporate development strategies. Through this effort, we seek to promote stronger environmental stewardship, meaningful fulfillment of social responsibilities, and enhanced corporate governance capabilities across the industry. Ultimately, this collective action supports the sector's systemic transformation toward greater sustainability, environmental responsibility, and green innovation.

03



Strengthening Corporate Governance and Creating a Mutually Trusting Business Environment

Strengthening and promoting corporate governance and establishing appropriate governance frameworks are key guarantees for ESG sustainable development. As a leading cosmetics company in China, CHANDO Group will formulate long-term ESG development plans, establish a sound ESG organizational structure, and promote sustainable corporate governance in a planned and strategic way. At the same time, it will actively promote digital transformation, use digital empowerment management, maintain corporate data security, and create a business environment of mutual trust.

United Nations Sustainable Development Goals
addressed in this section:





Establish and Optimize the Sustainable Governance Structure

CHANDO Group has established a comprehensive, complete and top-down sustainability governance structure. The Board of Directors of CHANDO Group is responsible for overseeing and managing the Company's overall sustainability related affairs, including monitoring and framing the Company's overall sustainability strategic approach and relevant major issues, and reviewing the ESG strategy, targets and risk management.

Meanwhile, the Group has also set up a Sustainable Committee, led by Mr. Zheng Chunying, Chairman of the Board of Directors, Dr. Chen Juanling, General manager of the Group's public affairs, as the deputy leader, and selected team leaders as members, responsible for the formulation of ESG strategy and objectives, annual plans and major ESG project review and other tasks. The ESG Management Center is set up under the Sustainable Development Committee, which is responsible for dismantling ESG goals, formulating ESG related performance, and promoting the implementation of strategies.

The executive level consists of business units, functional departments and special groups, which are responsible for promoting and implementing sustainable development work. Our special teams include the Low-carbon special group and the Sustainable packaging special group, which are committed to raising the awareness of green low-carbon among employees and consumers, advocating carbon reduction actions, and promoting simplified packaging and alternative packaging. To enhance the awareness of sustainable development of the whole value chain, advocating green living and production methods.

CHANDO Group sustainability governance structure





Safeguard Business Ethics and Integrity

Strengthening the Company's internal controls and building an anti-fraud and whistleblower system

CHANDO Group is committed to building an anti-fraud corporate culture. In order to strengthen corporate governance and internal control and safeguard the legitimate rights and interests of all stakeholders, CHANDO Group has formulated the Anti-fraud and Whistle-blowing System, which defines all types of fraud, reporting procedures and enforcement methods. CHANDO Group has established a good internal control mechanism, set up a unified whistle-blowing channel, including reporting telephone, email, and support employees, external third parties real-name or anonymous reporting. The Audit Department will appoint special personnel to manage the incidents received by the reporting mailbox and the reporting phone. The relevant email, letter or interview records must be archived and disposed of according to the problem clues. All reports shall be reported by Audit Department to the general manager and chairman of the Company within 2 working days after receiving the report, and the board of directors shall decide on further investigation matters. The board of Directors may, when necessary, engage external auditors or other institutions to assist in the investigation. The Anti-fraud and Whistle-blowing System also specifies specific procedures for handling complaints to ensure that complaints are dealt with in a timely and appropriate manner. During the reporting period, the Company did not receive any whistleblowing report.

In addition, the Company will strictly protect the whistleblower, strictly prohibit the relevant units to disclose the whistleblower's name, work unit, contact information and other information, strictly prohibit retaliation against the whistleblower, illegal discrimination against the whistleblower information or take retaliation, will be dealt with seriously according to the circumstances and consequences. Including but not limited to compensation for losses, warnings, serious warnings, dismissal, termination of labour contracts, etc. Those who violate the law shall be transferred to the judicial organs for handling according to law. Upholding the principle of openness and justice, whistleblowers have the right to know the acceptance of their reports and may ask the Audit Department, which shall inform the whistleblower of the results of the investigation and handling of fraud cases.

Sign the supplier integrity agreement to create a clean cooperation environment

In order to create a healthy and clean cooperation environment and protect the legitimate rights and interests of both the Group and suppliers, CHANDO Group will clarify the anti-fraud provisions or sign integrity agreements with suppliers when signing various procurement contracts with them. No supplier is allowed to offer bribes to employees of CHANDO Group in any form, including but not limited to cash, securities, physical goods, travel, future benefits, etc. If the supplier is confirmed by the Company to have offered bribes, the Company has the right to require the supplier to pay the corresponding liquidated damages according to the specific circumstances and consequences caused. If the employee of CHANDO Group asks for bribes from the supplier, and it is verified, CHANDO Group will give certain material rewards to the specific informant of the supplier based on the actual situation, and promise to keep the information of the specific informant absolutely confidential.

Formulate employee integrity regulations and maintain the good reputation of the Company

In order to establish a good corporate image, safeguard the Company's reputation and promote the long-term development of the enterprise, CHANDO Group has formulated the "Eight Regulations on Employee Integrity and Self-Discipline" for all employees. For violations of the "Eight Regulations on Employee Integrity and Self-Discipline", the Company will, depending on the seriousness of the circumstances, give refund, warning, demotion, demotion and even the termination of the labour contract. If suspected of violating the law, transfer to the judicial organs for handling.



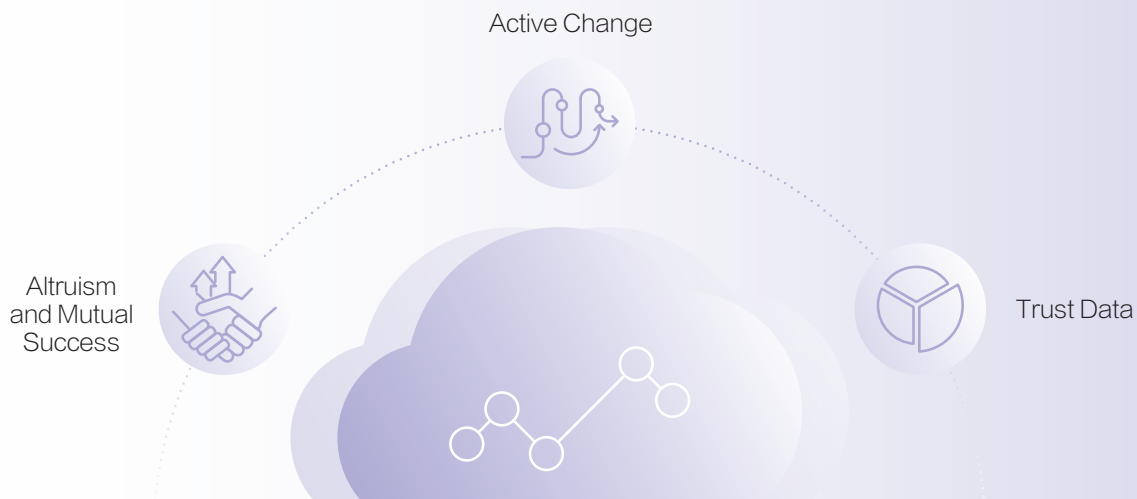
Promote Digitalization and Data Security

We will adhere to long-term principles and set benchmarks for digitalization

In 2020, CHANDO Group's core brand, CHANDO, took the first step of digital strategic innovation as a pioneer of the "One Pallet" project. After three stages of digital transformation, namely 1.0 business online, 2.0 digital operation and 3.0 marketing intelligence, digitalization has penetrated CHANDO Group's entire chain from research and development, production and marketing to logistics, management and service like capillaries, and comprehensively reconstructed the organization, culture, business processes, omni-channel marketing and currency, fundamentally changing the way of interacting with consumers and managing goods in the channel, building a healthy channel ecosystem based on digital technology. The way of managing goods has been fundamentally changed, and a healthy channel ecology based on digital technology has been constructed.

At the same time, in order to make the strategic design and business landing more closely linked, CHANDO Group formed a unique "business model innovation + IT technology to achieve + system to ensure" three-wheel drive methodology, so that digitalization accompanied by the innovation of the business model and management model, so that all innovations have new standards, new rules, new policies, new systems to do to ensure that all innovations. In 2022, the Group achieved the annual growth target in market sales thanks to digital transformation, and all online and offline enterprises achieved positive growth, making digital transformation a staged success. In 2023, CHANDO Group further consolidated its digital construction, and continued to optimize the construction and iteration of its digital transformation by proactively seeking changes. In 2024, the Company introduced big model technology and co-created ChatBI products with partners, utilizing the natural language understanding capability of AI big model to provide users with simpler, more direct and efficient data query methods. The landing of the ChatBI product has greatly improved the efficiency of responding to data analysis needs, expanded the service radius of data analysts, reduced the cost of cross-departmental communication and collaboration and fostered the digital mindset of the business team. the Group is continuously promoting more queryable products and services to meet the needs of the business team. The Group is continuously promoting more queryable data, including marketing data, supply chain data and financial data, with a view to providing deeper insights along with data.

CHANDO Group Digital Transformation Core Values



Honored with the Title of Advanced Intelligent Factory and Setting an Industry Model for Digital Transformation

CHANDO Group was honored with the title of "Shanghai's Advanced Intelligent Factory in 2024". This indicates that the Group's in-depth efforts and practical achievements in the field of intelligent manufacturing have gained recognition from the government and society, and it has set a benchmark for the industry in terms of digital transformation and sustainable development.

As a pioneering enterprise in promoting the construction of intelligent factories in Shanghai, CHANDO Group has always been guided by the "Action Plan for Promoting the Construction of Intelligent Factories in Shanghai to Lead the High-Quality Development of the Industry (2022 – 2025)". It has carried out systematic layout, emphasized technological innovation, and strengthened ecological cooperation, gradually building an intelligent factory system covering the entire chain of research and development, production, and operation, thus contributing to the construction of Shanghai's modern industrial system.

In terms of technological empowerment, in the core production process, the Group has integrated the Internet of Things, 5G, industrial big data, and artificial intelligence technologies to achieve digital connectivity throughout the entire production process. Taking the intelligent production line for lotion and emulsion as an example, by introducing visual inspection robots, AGV intelligent logistics systems, and Manufacturing Execution System (MES) production execution systems, the automation rate of the production line has been increased to over 95%, and the defective product rate has been reduced to below 0.3%. Moreover, the Group has utilized digital technology to build a virtual factory model, realizing real-time optimization of production parameters and fault prediction, and increasing the Overall Equipment Effectiveness (OEE) by 20%.

In fulfilling social responsibilities, CHANDO Group has integrated the sense of responsibility into the very fabric of the construction of intelligent factories. At the production end, through green technologies such as reclaimed water reuse systems and photovoltaic power generation devices, the recycling utilization rate of water resources has reached 85%, and the proportion of clean energy has exceeded 30%.

Looking ahead, in line with the goals of the "14th Five-Year Plan", CHANDO Group will take this award as a new starting point and accelerate the promotion of the intelligent factory capacity improvement project. In the next three years, the Group plans to further introduce and deeply apply technologies such as industrial robots, AI quality inspection, and digital twins, and move forward towards the goal of building a "lights-out factory".

Building Trust, and Protecting Data Security

Digital transformation brings unprecedented opportunities but also challenges and risks to trust. CHANDO Group attaches great importance to consumer privacy and data security, strictly complies with laws and regulations such as *the Personal Information Protection Law of the People's Republic of China* and *the Data Security Law of the People's Republic of China*, and formulates and strictly enforces management regulations such as *the Regulations on the Protection of Personal Information*, *the Data Security Management Measures – Classification and Grading*, *Personal Information Protection Impact Assessment Management Process*, *Data Security Management Regulations*, *Electronic Data Archiving Management Regulations*, *Information System Data Backup and Management Measures*, *Consumer Life-cycle Classification Definition and Data Management Regulations*, *Consumer Personal Information Deletion Management Measures and Other Data Security Management System Degree and Operating Procedures*, to safeguard consumer legitimate rights and interests and protect privacy security. The Group has set up the Group Network security and data security working Group to take charge of the whole group network security, data security and personal information protection affairs.

In 2024, CHANDO Group will further develop and implement the CHANDO Business Partner Privacy Policy and the CHANDO Consumer User Privacy Policy. The Group fully understands the importance of personal privacy to business partners and consumer users, and is committed to protecting the personal information of all consumer users. We have adopted industry-standard security measures to protect the personal information provided by our business partners and consumers against unauthorized access, public disclosure, use, modification, damage or loss of data. CHANDO Group will take all reasonably practicable measures to protect the personal information of business partners and consumers. For example, encryption measures for transmission, storage and backup processes; Data access requires unified permission authentication and so on. In addition, the Company has carried out security management construction according to ISO27001 international information security management system standard and network security grade protection system standard, and continues to improve the level of data security management system.

CHANDO Group actively participates in the network security offensive and defense drills organized by the government, finds and solves problems in the drills, and constantly improves the security technology and management methods. All along, the Company has been actively carrying out the work of network security level protection, in this year, the implementation of the level of guarantee, evaluation and filing of the network system increased to five. Among them, the core business systems "CHANDO official website" and "data center" have passed the third level of equal protection assessment, and completed the annual filing of equal protection.

GRI Index

GRI Index Table of Sustainability Reporting Standards (2021)

GRI Standard Item	GRI Standard	Corresponding Chapter
GRI 1: Foundation		
GRI 2: General Disclosure		
The organization and its reporting practices		
2-1	Organizational details	About this Report
2-2	Entities included in the organization's sustainability reporting	Our Culture and Values
2-3	Reporting period, frequency and contact point	
2-4	Restatements of information	About this Report
Activities and workers		
2-6	Activities, value chain and other business relationships	Improve Green and Low-carbon Supply Chains
2-7	Employees	Establish a Diverse, Equal and Inclusive Work Environment
Governance		
2-9	Governance structure and composition	Establish and Optimize the Sustainable Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	Establish and Optimize the Sustainable Governance Structure
2-14	Role of the highest governance body in sustainability reporting	Establish and Optimize the Sustainable Governance Structure
2-16	Communication of critical concerns	Establish and Optimize the Sustainable Governance Structure
2-19	Remuneration policies	Establish a Diverse, Equal and Inclusive Work Environment
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Our Sustainable Development Strategy
2-27	Compliance with laws and regulations	Promote Digitalization and Data Security
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Material Topics
GRI 3: Material Topics		
3-1	Process to determine material topics	Material Topics
3-2	List of material topics	Material Topics
3-3	Management of material topics	Material Topics

GRI Standard Item	GRI Standard	Corresponding Chapter
GRI 205: Anti-corruption		
3-3	Management of material topics	Material Topics
205-2	Communication and training about anti-corruption policies and procedures	Safeguarding the Business Ethics and Integrity Environment
GRI 206: Anti-competitive Behavior		
3-3	Management of material topics	Material Topics
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Safeguarding the Business Ethics and Integrity Environment
GRI 301: Materials		
3-3	Management of material topics	Material Topics
301-2	Recycled input materials used	Facilitate Green Packaging and Circular Economy
301-3	Reclaimed products and their packaging materials	Facilitate Green Packaging and Circular Economy
GRI 302: Energy		
3-3	Management of material topics	Material Topics
302-5	Reductions in energy requirements of products and services	Address Climate Change and Protect Biodiversity
GRI 303: Water and Effluents		
3-3	Management of material topics	Material Topics
303-1	Interactions with water as a shared resource	Promote Responsible Production and Green Manufacturing
303-2	Management of water discharge-related impacts	Promote Responsible Production and Green Manufacturing
303-3	Water withdrawal	Promote Responsible Production and Green Manufacturing
303-4	Water discharge	Promote Responsible Production and Green Manufacturing
303-5	Water consumption	Promote Responsible Production and Green Manufacturing
GRI 304: Biodiversity		
3-3	Management of material topics	Material Topics
304-2	Significant impacts of activities, products and services on biodiversity	2.1 Address Climate Change and Protect Biodiversity
GRI 305: Emissions		
3-3	Management of material topics	Material Topics
GRI 306: Waste		
3-3	Management of material topics	Material Topics
306-1	Waste generation and significant waste-related impacts	Promote Responsible Production and Green Manufacturing
306-2	Management of significant waste-related impacts	Promote Responsible Production and Green Manufacturing
306-3	Waste generated	Promote Responsible Production and Green Manufacturing
306-4	Waste diverted from disposal	Promote Responsible Production and Green Manufacturing
306-5	Waste directed to disposal	Promote Responsible Production and Green Manufacturing

GRI Standard Item	GRI Standard	Corresponding Chapter
GRI 307: Environment Compliance		
3-3	Management of material topics	Material Topics
307-1	Violation of environmental laws and regulations	No major violations occurred during the reporting period.
GRI 308: Supplier Environmental Assessment		
3-3	Management of material topics	Material Topics
308-1	New suppliers that were screened using environmental criteria	Improve Green and Low-carbon Supply Chains
308-2	Negative environmental impacts in the supply chain and actions taken	Improve Green and Low-carbon Supply Chains
GRI 401: Employment		
3-3	Management of material topics	Material Topics
401-1	New employee hires and employee turnover	Establish a Diverse, Equal and Inclusive Work Environment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Establish a Diverse, Equal and Inclusive Work Environment
401-3	Parental leave	
GRI 403: Occupational Health and Safety		
3-3	Management of material topics	Material Topics
403-1	Occupational health and safety management system	Establish a Diverse, Equal and Inclusive Work Environment
403-2	Hazard identification, risk assessment, and incident investigation	Establish a Diverse, Equal and Inclusive Work Environment
403-3	Occupational health services	Establish a Diverse, Equal and Inclusive Work Environment
403-4	Worker participation, consultation, and communication on occupational health and safety	Establish a Diverse, Equal and Inclusive Work Environment
403-5	Worker training on occupational health and safety	Establish a Diverse, Equal and Inclusive Work Environment
403-6	Promotion of worker health	Establish a Diverse, Equal and Inclusive Work Environment
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Establish a Diverse, Equal and Inclusive Work Environment
403-8	Workers covered by an occupational health and safety management system	Establish a Diverse, Equal and Inclusive Work Environment
403-9	Work-related injuries	In the past three years, CHANDO Group has not had any work-related injuries that have a significant impact on the operation.
GRI 404: Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	Establish a Diverse, Equal and Inclusive Work Environment
GRI 405: Diversity and Equal Opportunity		
3-3	Management of material topics	Material Topics
405-1	Diversity of governance bodies and employees	Establish a Diverse, Equal and Inclusive Work Environment

GRI Standard Item	GRI Standard	Corresponding Chapter
GRI 406: Non-discrimination		
3-3	Management of material topics	Material Topics
406-1	Incidents of discrimination and corrective actions taken	Establish a Diverse, Equal and Inclusive Work Environment
GRI 412: Human Rights Assessment		
412-2	Employee training on human rights policies or procedures	Establish a Diverse, Equal and Inclusive Work Environment
GRI 413: Local Communities		
3-3	Management of material topics	Material Topics
413-1	Operations with local community engagement, impact assessments, and development programs	Enhance Community Impacts and Improve Public Welfare
413-2	Operations with significant actual and potential negative impacts on local communities	At present, there is no operations with significant negative impacts on local communities.
GRI 414: Supplier Social Assessment		
3-3	Management of material topics	Material Topics
414-1	New suppliers that were screened using social criteria	Improve Green and Low-carbon Supply Chains
414-2	Negative social impacts in the supply chain and actions taken	Improve Green and Low-carbon Supply Chains
GRI 416: Client Health and Safety		
3-3	Management of material topics	Material Topics
416-1	Assessment of the health and safety impacts of product and service categories	Ensure Product Quality and Safety and Consumer Rights
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No related incidents occurred during the reporting period.
GRI 417: Marketing and Labeling		
3-3	Management of material topics	Material Topics
417-1	Requirements for product and service information and labeling	Ensure Product Quality and Safety and Consumer Rights
417-2	Incidents of non-compliance concerning product and service information and labeling	No related incidents occurred during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	No related incidents occurred during the reporting period.
GRI 418: Client Privacy		
3-3	Management of material topics	Material Topics
418-1	Substantiated complaints concerning breaches of client privacy and losses of client data	Promote Digitalization and Data Security
GRI 419: Social and Economic compliance		
419-1	Violation of laws and regulations in the social and economic fields	No related incidents occurred during the reporting period.

Feedback

Dear Sir/Madam:

Hope you are well. We appreciate you for reading the CHANDO Group 2024 Sustainability Report. In order to continuously improve the Sustainability Report and enhance our capacity in sustainable development, we look forward to hearing your opinions and suggestions.

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