

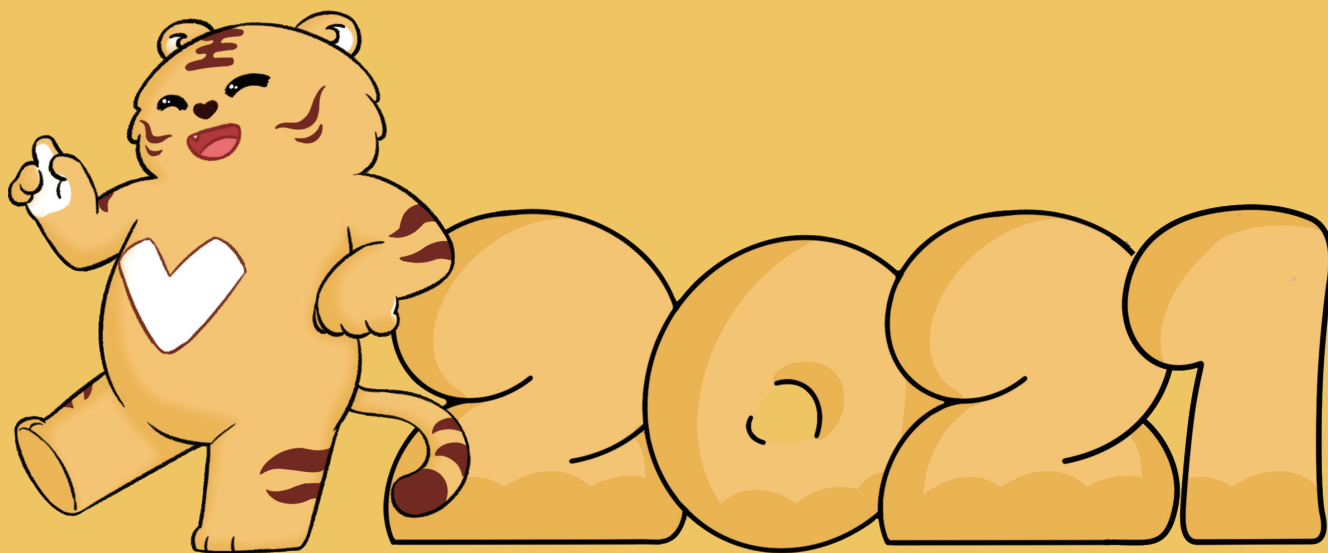
# CHEERWIN

## 朝雲集團有限公司

### Cheerwin Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6601



## 2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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# ABOUT THIS REPORT

## INTRODUCTION OF THE REPORT

This report is the second environmental, social and governance report (the “**Report**” or the “**ESG Report**”) issued by Cheerwin Group Limited (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**Cheerwin**”). The Report is published on a regular basis every year, for the purpose of providing information on the Group’s environmental, social and governance (“**ESG**”) system building and performance and objectively disclosing the Group’s management and effectiveness in respect of sustainable development in response to the expectations of our stakeholders and the public, so as to strengthen communication and connection with various stakeholders.

## SCOPE AND COVERAGE OF THE REPORT

The Report discloses the management and results of ESG related issues for the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**” or the “**Year**”) and part of the information dates back to the previous year or covers the first quarter of 2022. For details of the Group’s business, please refer to the annual report of the Company published on 27 April 2022 (the “**2021 Annual Report**”).

## BASIS OF PREPARATION

The Report has been prepared strictly in accordance with the requirements of Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), responding and based on the following principles:

**Materiality:** The Report discloses the procedures of identifying material ESG factors, including identifying, communicating and discussing with internal and external stakeholders and conducting assessment on substantive topics using the materiality matrix, and highlights the key factors and issues related to ESG.

**Quantitative:** The Report measures key performance indicators and discloses quantitative data as required by the ESG Reporting Guide issued by the Stock Exchange. The Report also discloses the statistical scope and calculation methods.

**Balance:** The Report fairly and objectively presents our ESG related work.

**Consistency:** The Report adopts a consistent data disclosure approach and explains relevant statistical methods and standards.

The content index of the ESG Reporting Guide is set out in the Appendix II of the Report for easy and quick reference by readers.

## DATA SOURCES AND RELIABILITY STATEMENT

The information and data disclosed in the Report are based on the statistical reports, formal documents and financial reports of the Group and have been reviewed by the relevant departments. The Group confirms that there is no misstatement or misleading representation contained in the Report and takes responsibility for the truthfulness, accuracy and completeness of the contents of the Report. All the currency amounts in the Report are denominated in RMB.



## ABOUT THIS REPORT

### PROCESS OF PREPARATION

The contents of the Report have been determined based on a set of systematic procedures. Such procedures include, among others, forming a working group, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG topics, deciding the scope of the ESG Report, collecting relevant materials and data, determining the framework, report compiling, report designing and review by the relevant departments and the senior management.

### ACKNOWLEDGEMENT AND APPROVAL

Subject to the acknowledgement of the management, the Report has been approved by the board of directors of the Company (the “**Board**”) on 28 March 2022.

### ACCESS TO AND FEEDBACK ON THE REPORT

The electronic version of the Report will be available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.cheerwin.com](http://www.cheerwin.com)). Should you have any advice or recommendation as to the Group’s disclosure and performance in relation to ESG issues, please contact us through the following ways.

E-mail: [esg@cheerwin.com](mailto:esg@cheerwin.com)





# MESSAGE OF THE MANAGEMENT

For Cheerwin, 2021 was a year full of opportunities and challenges. We continued to strive and explore, following the scientific path of sustainable development, while continuously improving our internal governance and encountering surprises as we developed. In 2021, the Company was successfully listed on the main board of the Stock Exchange. We continuously accelerated the upgrading of our products, and have formed a multi-brand and multi-category strategic layout so far. At the same time, in the context of regular epidemic prevention and control, Cheerwin gave full play to its corporate advantages by responding to the epidemic prevention and control guidelines of the national and local governments, actively undertaking social responsibilities and contributing its own strength.

Looking back at 2021, we continued to strive to create a better life for Chinese families, and provide consumers with efficient, convenient and safe products through product upgrades and iterations. As for product upgrades, we have achieved significant technological breakthroughs in the household insecticides and repellents category, which has been highly recognized by external parties; and as for packaging optimization, we have reduced the cost of packaging materials and improved the utilization efficiency and economic benefits. At the same time, we paid close attention to product safety and environmental protection in the five major categories of household insecticides and repellents, household cleaning, air care, personal care, pet care and pet food, and strove to bring natural, green and safe products to consumers to meet their needs while fulfilling social responsibilities. We have also participated in the formulation of various industry standards to make our own contribution to the standardized development of the industry.

We attach great importance to product quality, and conduct comprehensive control from product development, raw material purchasing, product manufacturing, finished product testing, logistics and warehousing, to after-sales services in order to identify, prevent and eliminate potential quality risks and hazards, thereby ensuring product quality and safety. We always adhere to the principle of responsible marketing. While vigorously promoting the construction of offline image stores, we continue to expand our brand influence through the Internet, social media and other platforms, and cooperate with e-commerce platforms to carry out online marketing activities for many times, achieving remarkable results.

Cheerwin currently has nearly a thousand employees. They are an indispensable asset for Cheerwin, which is in turn a platform for them to put in the work and effort. We always adhere to the people-oriented approach, respect and care for the life and growth of every employee in terms of employment, development, health and safety, and employee care. We have built a sound employee recruitment and development system, always pay attention to the lives, health and safety of employees, and let employees cultivate a sense of belonging and happiness in Cheerwin through compensation and benefits, communication and festive activities, realizing their own value to the greatest extent.

Under the background of “carbon peak” and “carbon neutrality”, Cheerwin also actively responds to challenges. We are deeply aware that climate change and environmental protection are the key focuses of future economic and social development, which we start with ourselves and adhere to our responsibilities and commitments. We insist on promoting green development and have adopted multiple measures in the production process to reduce emissions and the impact on the environment, thereby improving our environmental performance. We also integrate carbon emissions and climate change into our daily operations, guiding employees to form the concepts of diligence, conservation, low-carbon and environmental protection, which again we start from ourselves to help achieve the goals of “carbon peak” and “carbon neutrality”.



## MESSAGE OF THE MANAGEMENT

The development of Cheerwin is inseparable from the support of the country, society and various partners. We look forward to contributing to the society and growing together while achieving our own development. We will continue to work with suppliers, distributors and other partners to achieve win-win cooperation in multiple fields. We will also actively participate in social charitable activities, and assist the country and society in the epidemic prevention and control, disaster relief, and targeted poverty alleviation work, remaining true to our original aspiration and forging ahead.

The year of 2021 was a new starting point for Cheerwin. Riding on the wind and waves and taking advantages of the momentum, we continued to pay attention to the environmental, social and governance issues, and integrated them into our daily operations to create surprises for Cheerwin. In the future, we will continue to adhere to the mission of “Life is cheerful” and fulfill our commitments to the stakeholders including consumers, employees, governments, suppliers, distributors and investors to grow and create the future together!



# ABOUT US

## INTRODUCTION OF THE COMPANY

Cheerwin Group Limited is a leading one-stop multi-category household cleaning, pet care and personal care platform in China, and is the company with the largest number of brands and sub-categories among the top five household cleaning companies in China. In March 2021, the Company was successfully listed on the main board of the Stock Exchange with stock code: 6601. In April of the same year, we officially launched our mid-to-high-end pet food brand “Naughty Mouth” and celebrated the 10th anniversary of our Vewin brand in July.

Adhering to the mission of “Life is cheerful” and the dreams of becoming “China’s largest fast-moving consumer goods corporation and the global top 500 fast-moving consumer goods group”, the Group is committed to bringing innovative products and experience to every family by fulfilling the values of “customer first, pursuit of excellence, embrace changes, help each other, in trust we see”. Currently, Cheerwin owns eight brands, namely Superb (超威), Babeking (貝貝健), Vewin (威王), Naughty Buddy (倔強尾巴), Naughty Mouth (倔強嘴巴), Dux (德是), Cyrin (西蘭) and Rikiso (潤之素). We ranked first in China’s household insecticides and repellents market in terms of market share for six consecutive years, ranked second in both household cleaning and air care market shares, and established leading positions in a number of market segments such as personal care and pet care.

## BUSINESS OVERVIEW

We have a vertically integrated business model that provides us control over the critical elements of the corporate value chain, including research and development, manufacturing, marketing and sales and distribution. We distribute our products through our multi-channel sales network covering the whole nation and have broad customer bases in our target markets. The Group is committed to providing a one-stop lifestyle for consumers through the following eight pillars.





## ABOUT US

We research and develop, manufacture and sell multi-category products, including household insecticides and repellents, household cleaning, air care, personal care, and pet care and pet food. Targeting different categories and different consumer segments, we have launched 8 core brands for product sales, namely Superb (超威), Babeking (貝貝健), Vewin (威王), Naughty Buddy (倔強尾巴), Naughty Mouth (倔強嘴巴), Dux (德是), Cyrin (西蘭) and Rikiso (潤之素).

Brand	Major Products
	household insecticides and repellents products: Superb Mosquito Coil, Superb Liquid Vaporizer, Superb Vaporizing Mat, Superb Insecticide Aerosol, Superb Mosquito Net, Superb cockroach bait boxes and others
	household insecticides and repellents products: Babeking Mosquito Coil, Babeking Liquid Vaporizer, Babeking Vaporizing Mat, Babeking Mosquito Nets, Babeking Mosquito Repellent Gel and others
	household cleaning and sterilization products: Vewin Kitchen Cleaner Series, Vewin Toilet Cleaning Series, Vewin Washing Machine Tank Cleaner Series, Vewin Liquid Disinfectant Series and others
	pet care products: Naughty Buddy Pet Deodorant Spray, Naughty Buddy Deodorant Antibacterial Tooth Gel, Naughty Buddy Hybrid-type Cat Litter and others
	pet food products: Naughty Mouth Fresh Meat Complete Cat Food for Adult Cat, Naughty Mouth Fresh Meat Complete Dog Food for Adult Dog, Naughty Mouth Pet Snacks for Cat and others
	pet care products: Dux Ocean Series Dog Shampoo, Dux Pet Cleaning Deodorant Shampoo, Dux Ocean Series Cat Shampoo and others
	air care products: Cyrin Aerosol Air Freshener Series, Cyrin Formaldehyde Purifier Series, Cyrin Solid Perfume Series, Cyrin Liquid Air Freshener Series and others
	personal care products: Rikiso Hand Cream, Rikiso Facial Cream, Rikiso Hand Sanitizer, Rikiso Florida Water Series and others

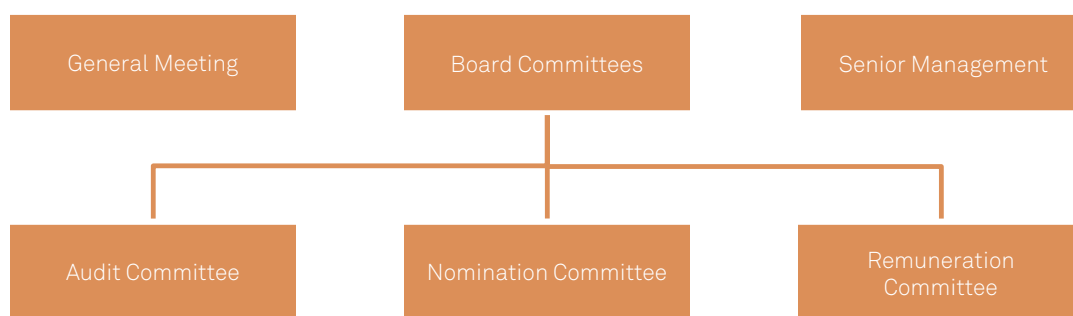


## ABOUT US

### CORPORATE GOVERNANCE

- Governance structure**

Good corporate governance is crucial to stepping up the management of the Group and protecting the interests of shareholders as a whole. Cheerwin has adopted the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules as the code for governing its corporate governance practices. Under this code, the Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee, and each committee operates in accordance with the terms of reference set by our Board. To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. As of 31 December 2021, the Board comprised 7 Directors, including 3 executive Directors (1 female executive Director), 1 non-executive Director and 3 independent non-executive Directors.



**Corporate governance structure**

For more information on governance, please refer to the section headed “Corporate Governance Report” in the 2021 Annual Report.

- Risk management and control**

Compliance operation and risk management are the foundation of corporate operation. The Group fully complies with relevant laws and regulations and relevant requirements of the industry, and has developed a suite of internal control and risk management procedures to address various identified potential operational, financial, legal and market risks related to operations, including but not limited to procurement management, credit risk, related party transaction control, information disclosure control and regulatory procedures. The risk management procedures set out procedures for identifying, analyzing, classifying, mitigating and monitoring various risks. The risk management policy of the Group also sets out the reporting grade related to the risks identified in our operations. Our Board is responsible for supervising our overall risk management.

During the Reporting Period, the Audit Department of the Group carried out special risk assessment work, sorted out a total of six primary risks and 43 secondary risks, identified 10 major risks of the Group, and incorporated the 10 major risks into the internal control construction for implementation. Through the design and optimization of internal control measures, the Group implemented risk management in processes, policies and system control, and continued to optimize and iterate the effectiveness of internal control measures to manage risks by means of continuous internal control evaluation.

### • Anti-corruption

The Group strictly abides by the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* as well as recognized business ethics on anti-corruption, bribery, extortion and fraud. We accept the supervision of all stakeholders through the integrity whistle-blowing channel on our official website at jubao@cheerwin.com. In addition, we have also filmed anti-fraud videos of Cheerwin which promote anti-fraud messages to employees through scenario drama. During the Reporting Period, we organized anti-fraud training for all employees, and conducted anti-fraud training in the form of mail for the first time for all 7 members of the Board, covering the roles and responsibilities of directors, common types of anti-fraud and control measures. In 2022, we plan to upgrade the form and content of training, and carry out various forms of integrity and anti-fraud training for the Board.

Our anti-fraud training also targets at suppliers. Our strategic cooperation agreements with suppliers and annual procurement contract stipulate their respective obligations in confidentiality and anti-bribery, and strictly prohibit such behaviors. During the Reporting Period, the Group was not involved in any lawsuits related to corruption or fraud.



Anti-fraud training



Anti-fraud video



## ABOUT US

### AWARDS AND HONORS

During the Reporting Period, the Group received numerous awards and recognitions.

	Awards and Honors	Awarding Institutions
Cheerwin	National Benchmark Enterprises on Quality and Credibility (全國質量誠信標桿企業)	China Association for Quality Inspection (中國質量檢驗協會)
	Advanced Unit of Patent Work (專利工作先進單位)	Liwan District Market Supervision Administration (荔灣區市場監督管理局), Liwan District Intellectual Property Office (荔灣區知識產權局)
	Top 200 Enterprises in China Light Industry (中國輕工業二百強企業)	China National Light Industry Council (中國輕工業聯合會)
	2021 Benchmark Model Enterprises for Quality in China's Daily Consumables Industry (2021年度中國日用雜品行業質量標桿典型企業)	Zhong Guo Ri Yong Za Pin Gong Ye Xie Hui (中國日用雜品工業協會)
	2021 Most Growing Groups (2021年度最具成長性集團)	Tmall
	2021 China Excellent Management Company Award (2021中國卓越管理公司獎)	Deloitte, Bank of Singapore, Business School of The Hong Kong University of Science and Technology, Harvard Business Review (Chinese Edition)
	Star of Green Development (綠色發展之星)	China Cleaning Industry Association (中國洗滌用品工業協會)
	Star of Public Welfare Contribution (公益貢獻之星)	China Cleaning Industry Association
	Star of Innovation and Upgrade (創新升級之星)	China Cleaning Industry Association
	Guru Club · Best Listed Company in Greater China 2021 Most Innovative IPO (格隆匯 · 大中華區最佳上市公司2021年度最具創新力IPO)	Guru Club (格隆匯)
	Second Prize for Scientific and Technological Progress (科技進步二等獎)	Guangdong Light Industrial Council (廣東省輕工業聯合會)
	Third Prize for Scientific and Technological Progress (科技進步三等獎)	China National Light Industry Council
	Shortlisted in China's Supply Chain of "Haopin China" (入圍“好品中國”中國供應鏈)	Haopin China (好品中國)

Awards and Honors		Awarding Institutions
Anfu Cheerwin (安福超威)	2020 Advanced Unit for Production Work Safety (2020年度安全生產工作先進單位)	Jiangxi Anfu High-tech Industrial Park Management Committee (江西安福高新技術產業園區管理 委員會)
	2021 Advanced Unit for Fire Prevention in the County (2021年度全縣消防工作先進單位)	Anfu County Fire Safety Committee (安福縣消防安全委員會)
Vewin 10th Anniversary Integrated Marketing Program (威王十周年整合營 銷項目)	The 8th TMA Mobile Marketing Awards (第8屆TMA移動營銷大獎)	17emarketing.com (網贏天下網), Guangzhou 4A (廣州4A)
Superb Liquid Vaporizers Integrated Communication and Marketing Program (超威電蚊液整合傳 播營銷項目)	2021 Effie Awards Greater China (2021大中華區艾菲獎)	American Marketing Association (美國營銷協會)
	Annual Digital Marketing Case of the 28th China International Advertising Festival (28屆中國國際廣告節年度數字營銷案例)	China Advertising Association (中國廣告協會)
	The 8th Mobile Smart Marketing Golden Byte Awards (第8屆移動智能營銷金比特獎)	Advertiser Review (廣告主評論)
	The 10th Social Marketing Golden Bee Awards (第10屆社會化營銷金蜜蜂獎)	Advertiser Review
	International Digital Marketing Annual Awards (DMAA國際數字營銷獎)	DMAA International Digital Marketing Summit (DMAA國際數字營銷峰會)
Superb Cockroach Bait Marketing and Communication Program (超威殺蟑膠餌營銷 傳播項目)	ROI Awards (金投賞商業創意獎)	ROI (金投賞)
	The 10th Social Marketing Golden Bee Awards	Advertiser Review
Naughty Buddy	International Digital Marketing Annual Awards	DMAA International Digital Marketing Summit
	JD.com Top Ten Innovative Pet Brands Award (京東十大新銳寵物品牌獎)	JD.com
	Tmall Beauty Awards Most Promising Innovative Brand (天貓金妝獎最具潛力新銳品牌)	Tmall
	2021 China Trend New Consumer Brands Power List – Best Pet New Consumer Brand Award (2021年度國潮新消費品牌勢力榜 – 最佳寵物新消費品牌 大獎)	iiMedia Research (艾媒諮詢)





# ESG GOVERNANCE

## ESG PHILOSOPHY

The mission of the Group is to make life cheerful. While offering innovative household insecticides and repellents, household cleaning, air care, personal care and pet products to every family, through a well-established risk management and internal control system, we strive to create an integrity-based business atmosphere, continuously improve and refine our corporate governance capabilities and enhance our communication and exchange with stakeholders, so as to enable us to better review and manage the impacts of our operations on the economy, the society and the environment, and incorporate our ESG philosophy into every aspect of our operation and management to maximize positive impacts and minimize negative impacts, and work together with stakeholders to create sustainable values.

## BOARD STATEMENT

The Board of the Group has always insisted on putting environmental, social and governance issues in the prominent position of the business development and operation of the Company, and incorporated the same into the long-term planning of Cheerwin. Assuming the most important leadership role in the Group, the Board directly manages and supervises the environmental, social and governance issues of Cheerwin and takes responsibility for this.

We have established an environmental, social and governance office of Cheerwin (ESG Office) under the Board, which is led by an executive Director. The Audit Department of the Group takes the lead in the management and execution of ESG related matters. We have also established an environmental, health and safety team (EHS team) to assist the ESG Office in assessing and managing all ESG related matters. The ESG team, comprising the Audit Department, the Human Resources Department, the Technology R&D Department, the Legal Affairs Department, the Sales Department, the KA Management Department, the Procurement Management Department and the Supply Management Department, has fully improved the Group's ESG management and integrated the ESG philosophy into our daily management and operation.

During the Reporting Period, the Board dynamically evaluated the materiality of ESG issues, discussed and determined the ESG risks and opportunities of Cheerwin, and focused on the work over material issues. At the same time, Cheerwin identified climate risks and set a number of environmental indicators, including water consumption, energy conservation, emissions, etc. The Board reviewed the implementation plans of various goals, and regularly inspected the achievement of these environmental goals in order to promote the sustainable development of the Group.

The Board will continue to pay attention to the Group's environmental, social and governance performance, and provide stakeholders with practical and reliable ESG related information to jointly create a better future.

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an important aspect of the ESG management of the Group, and is closely related to the growth and development of Cheerwin. We always pay attention to the demands of stakeholders, including shareholders/investors, governments and regulators, consumers, employees, distributors, suppliers and communities, and regularly engage with stakeholders through different channels to understand their demands and respond in a timely manner, so as to improve our ESG management.



## ESG GOVERNANCE

During the Reporting Period, based on regulatory requirements, concerns in the capital market and leading industry peer practices, the Group sorted out and identified the following major stakeholder groups that have decision-making power over and influence on the Group and are closely associated with the Group.

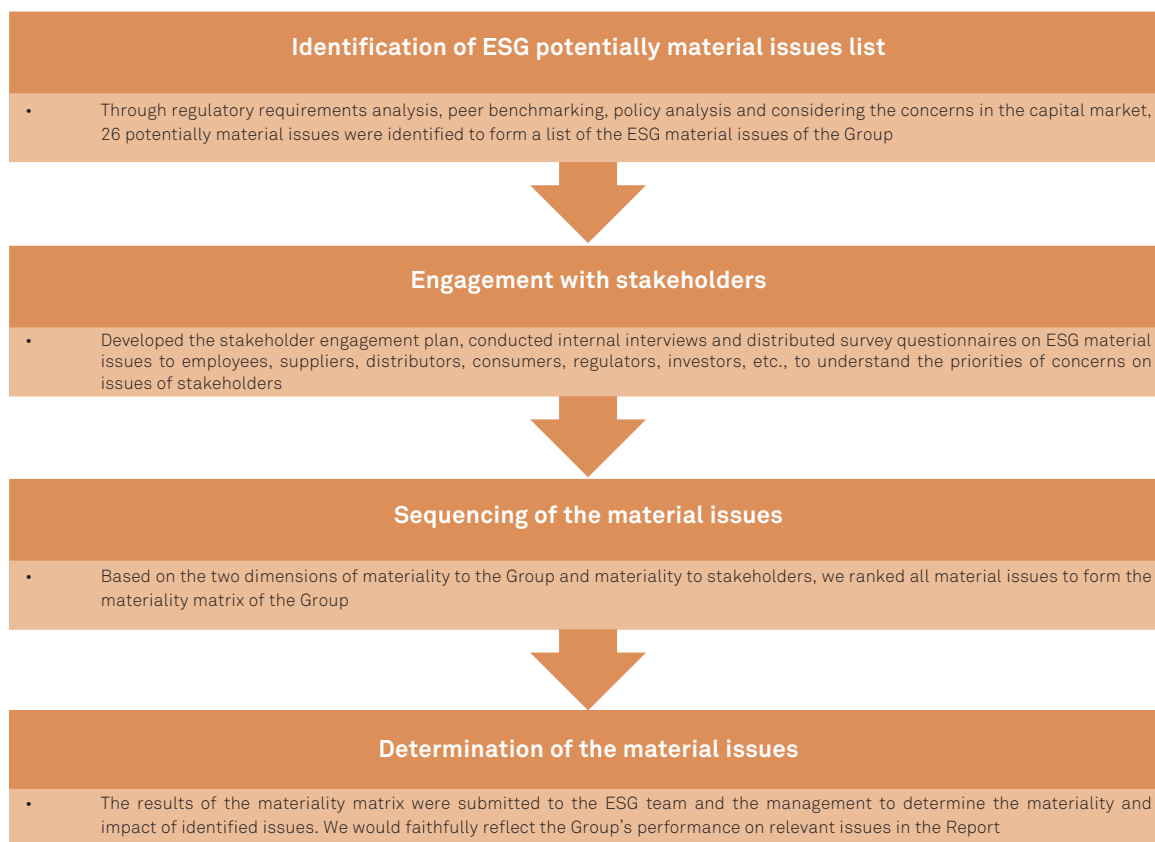
Stakeholder Group	Issues Concerned	Communication Channels/ Feedback Methods
Government and regulator	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Payment of taxes according to the laws</li> </ul>	<ul style="list-style-type: none"> <li>Meetings with researchers</li> <li>Proactive reporting</li> <li>Annual reports</li> </ul>
Investor/shareholder	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Economic performance</li> <li>ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' meetings/ extraordinary general meetings</li> <li>Results presentation</li> <li>Press release/announcement</li> <li>Annual reports and interim reports</li> <li>ESG reports</li> </ul>
Customer and consumer	<ul style="list-style-type: none"> <li>Safe, healthy and environmentally-friendly products</li> <li>Customer privacy and data confidentiality</li> <li>Product diversification</li> <li>Quality service</li> </ul>	<ul style="list-style-type: none"> <li>Innovative R&amp;D</li> <li>Whole-process product quality control</li> <li>Brand promotion</li> <li>Responsible marketing</li> <li>Consumer service hotline</li> </ul>
Distributor	<ul style="list-style-type: none"> <li>Profit guarantee</li> <li>Boosting business capability</li> </ul>	<ul style="list-style-type: none"> <li>Distributor access assessment</li> <li>Distributor training and promotion</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>Supplier access management</li> <li>Supplier assessment</li> <li>Supplier cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Supplier access assessment</li> <li>Supplier performance assessment</li> <li>Regular visits to suppliers</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Protection of basic rights and interests</li> <li>Remuneration and benefits</li> <li>Training and development</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee communication platform</li> <li>Regular assessment on growth and performance</li> <li>Cheerwin Academy (朝雲學院)</li> <li>Health and safety training</li> </ul>



## ESG GOVERNANCE

### IDENTIFICATION AND DETERMINATION OF MATERIAL ISSUES

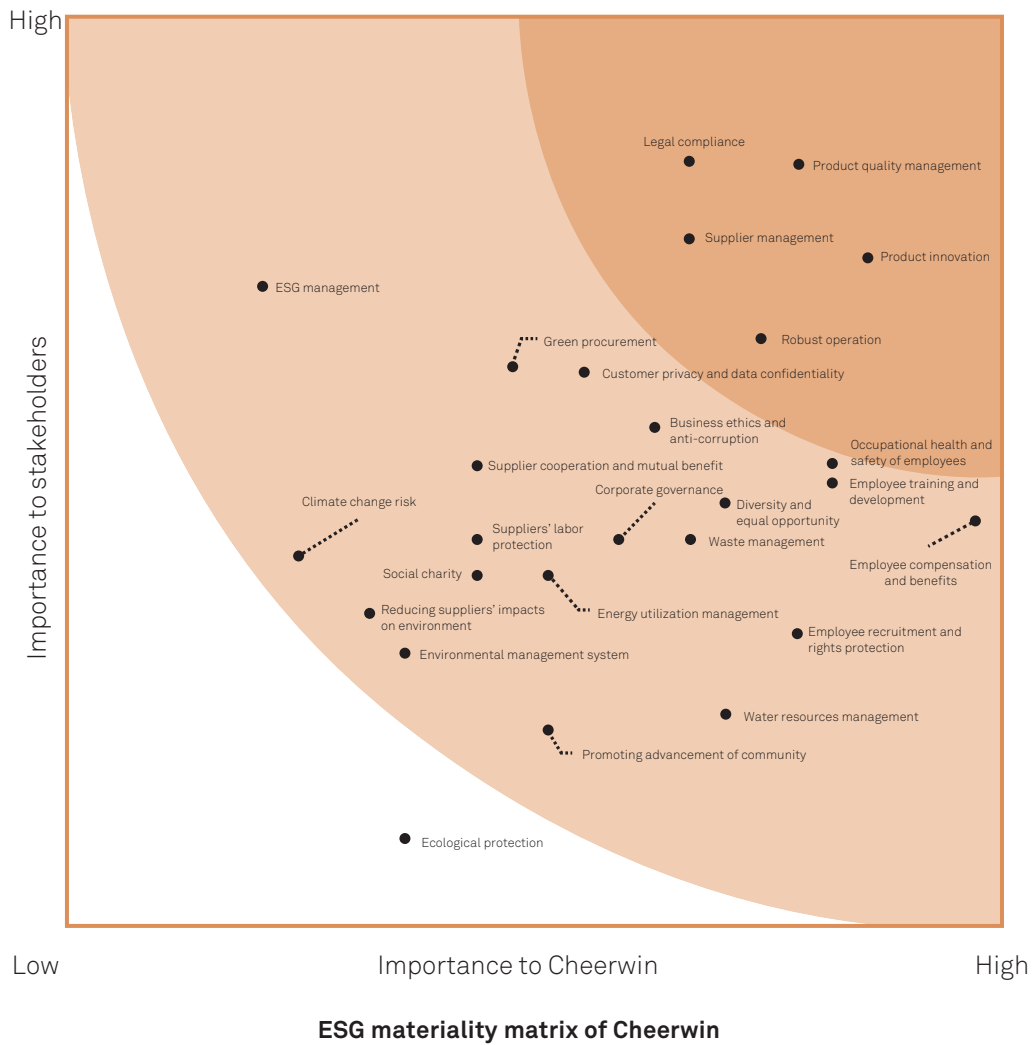
During the Reporting Period, based on the disclosure requirements of the ESG Guide of the Stock Exchange and the materiality matrix of the Sustainable Accounting Standards Board (SASB) and in line with the leading industry peer practices and the key ESG concerns in the capital market, the Group identified potentially material issues and, through in-depth interviews and questionnaire surveys with stakeholders, determined the sequence of each issue, so as to promote the in-depth development of the ESG management of the Group.





## ESG GOVERNANCE

During the Reporting Period, the Group divided the original “energy consumption and climate change” into “energy utilization management” and “climate change risk” with reference to the disclosure requirements of the Stock Exchange. Among the 26 ESG issues identified, there were 5 highly material issues, 20 moderately material issues, and 1 lowly material issue. Highly material issues constitute the key part of the content of the Report, and we will disclose the relevant content in the Report in detail.





# I. TECHNOLOGICAL INNOVATION AND PRODUCT UPGRADE

Innovation is the lasting driving force for corporate development. Cheerwin always attaches great importance to the R&D of new products and technologies, and is committed to creating innovative, environment-friendly and quality-leading products and services for customers and consumers. At the same time, we participate in the formulation of relevant industry standards, actively assuming our social responsibilities while expanding the influence of Cheerwin in the society.

## 1.1 TECHNOLOGICAL INNOVATION

In the process of development, Cheerwin attaches great importance to improving the independent R&D capabilities of products and technologies, and improving the technical level of our five major categories of products. In terms of packaging materials, we actively invest in innovation in order to optimize the packaging structure and improve the comprehensive utilization efficiency. At the same time, we pay attention to the environmental attributes of products in the whole process of production, utilization, handling and disposal, and improve the environmental protection level on the basis of ensuring product quality. In addition, Cheerwin also actively participates in the formulation of relevant national and industry standards to promote the development and progress of the industry, which has been highly recognized by the state and the society.

- **Product upgrade**

Currently, the Group is principally engaged in five categories of businesses, namely household insecticides and repellents, household cleaning, air care, personal care and pet. During the Reporting Period, Cheerwin continued to conduct product R&D and achieved remarkable results.

- **Reduction of carbon emissions:** We have carried out technological innovation R&D of quantitative concentrated aerosol from the perspectives of the living habits of target organisms and the principle of product action. The product not only can greatly reduce the dosage of drugs, carbon emissions (amount of LPG and alkane solvents released), and the use of packaging materials (consumption of tinplate or aluminium), but also can increase the shock effect on cockroaches in the narrow-seam area through its unique drug delivery method, which has a certain foresight in the future development of concentrated products and reduction of carbon emissions throughout the product life cycle. During the Reporting Period, the product obtained the pesticide registration approval from the Ministry of Agriculture and Rural Affairs.
- **Improving insecticide effects:** We conducted joint scientific and technological innovation researches on the key technology for compound efficiency improvement of insecticide aerosols. This key technology can improve the insecticide effect by approximately 15%, which effectively prevents and controls outdoor drug-resistant insects with the same dosage level, thus reducing the frequency of use by and exposure of consumers. The project, which has passed scientific and technological inspection and result evaluation, applied for science and technology awards organized by the Guangdong Light Industrial Council and won the Second Prize for Scientific and Technological Progress, and further won the Third Prize for Scientific and Technological Progress of the Scientific and Technological Awards organized by the China National Light Industry Council.



## I. TECHNOLOGICAL INNOVATION AND PRODUCT UPGRADE

### • Safety and environmental protection upgrades

In the process of product R&D, we focus on the safety of products and consider the environmental attributes of products, so as to avoid the potential harm to personal safety, health, environment and the products themselves. During the Reporting Period, Cheerwin made significant R&D investment in product safety testing and green environmental upgrades, which achieved remarkable results.

The Group attaches great importance to the safety of skincare products. We strictly comply with national and local requirements on the safety and quality of cosmetics products. At the same time, in order to ensure that the product quality meets the standard requirements and does not cause any harm to human health under normal and foreseeable conditions of use, we commission a third-party professional organization to carry out safety tests such as standard full-scale testing, toxicology testing and safety assessment on cosmetics.

Cheerwin supports green and environmental protection through technical upgrading and formula adjustment of various categories of products.

#### Reduction in Utilization of Resources

##### Vewin Disinfectant

- Vewin Disinfectant (Oriental Cedar), as the first domestic disinfectant in the form of gel film that has passed the disinfectant record, contains up to 20% of PCMX, a disinfectant active ingredient, and has a dilution multiple of 500 times, which is 8-10 times of the dilution multiple of mainstream products currently available in the market.
- The technology has reduced the amount of packaging materials and transportation costs, and the water consumption has been reduced from more than 80% to less than 10% from the regular formula, effectively saving water resources.

##### Naughty Buddy Tofu Cat Litter

- The cat litter product mainly uses natural renewable raw materials such as tofu dregs, corn powder and starch, and which are blended under room temperature and compressed into granules. The product has good water absorption and odor absorption performance.
- There is no wastewater and gas emissions generated during the production process of the product, which is degradable without harm after being used and discarded by consumers. The product adopts vacuum packaging to reduce the amount of materials used for external cartons as well as transportation volume, thus reducing the amount of paper used.

##### Babeking Amino Acid Pop Liquid Soap

- The hand sanitizer adopts a low-carbon and environmentally friendly formula and room temperature configuration process, and adopts appropriate microbiological control plans for the process.
- The formula avoids the risk of microbial contamination caused by cold configuration and reduces energy consumption during the manufacturing of the product.

#### Environmentally Friendly Emissions

##### Cyrin Aerosol Air Freshener

- Cheerwin launched 308ml Xiao Xiang Feng Aerosol Air Freshener. The new can used by us is 1cm shorter than the original can (320ml), reducing the use of tinplate per can by 3g.
- The change in specifications reduces the use of materials, resulting in a direct reduction of LPG propellant by 6g, i.e. reduction of VOCs emissions per can by at least 6g.

##### Cyrin Solid Fragrance

- Cyrin Solid Fragrance has reserved a special solid freshener agent from the tropical region through formulation development and research. The product does not contain alcohol, and each product can reduce VOCs emissions by 2.5g.

##### Cleaning products

- In line with the implementation of the new national standards, Cheerwin further controlled the phosphorus emissions of detergents, antiseptic liquid and other products as well as the amount of phosphorus released to the environment in the whole product life cycle.



## I. TECHNOLOGICAL INNOVATION AND PRODUCT UPGRADE

At the same time, Cheerwin has established environmental label product protection measures to ensure that products with environmental labels meet environmental protection requirements during the process of production, utilization, handling and disposal. At present, the environmental label product certifications that we have passed cover the following units: hard surface cleaners, water-based insecticide aerosols, liquid vaporizer, vaporizing mats, etc. They have environmental advantages over similar products, such as easy degradation and resource conservation. During the Reporting Period, we obtained a total of 8 environmental protection label certifications.

- **Participating in the formulation of the industry standards**

Cheerwin closely communicates with industry associations to keep abreast of the development direction and market dynamics of the industry, and to get involved in the formulation and revision of national, industry and group standards. At the same time, industry associations are an important channel for obtaining industry information. Cheerwin can also timely understand the updates of published regulations and standards, and actively participate in the consultation of relevant legal opinions on our products by national industry organizations.

During the Reporting Period, Cheerwin actively participated in the formulation of 9 industry standards, making its own contribution to the standardization of the industry development.

- **Honors and awards**

Through continuous product technology innovation and upgrading, Cheerwin has been highly recognized by the state and the society, and won a number of awards during the Reporting Period, which further improved the brand reputation and influence in the society.

- Certificate of Honor for Top 200 Enterprises in China Light Industry and Certificate for Top 10 in the Industry by Zhong Guo Ri Yong Za Pin Gong Ye Xie Hui (中國日用雜品工業協會)
- Benchmark Model Enterprises for Quality in Daily Consumables Industry by Zhong Guo Ri Yong Za Pin Gong Ye Xie Hui (中國日用雜品工業協會)
- Star of Green Development, Star of Public Welfare Contribution, Star of Innovation and Upgrade by China Cleaning Industry Association
- Advanced Individual for Science and Technology Innovation of China Light Industry during the 13th Five-Year Plan period
- The insecticide compound efficiency improvement technology won the Third Prize for Scientific and Technological Progress by China National Light Industry Council and the Second Prize for Scientific and Technological Progress by Guangdong Light Industrial Council
- Cockroach Bait was awarded the 8th Innovative Consumer Product Award by China National Light Industry Council
- Anti-mould meperfluthrin mosquito-repellent products were awarded the Second Prize of Excellent New Products in Jiangxi Province and the Third Prize of the Preliminary Round of Maker In China



## I. TECHNOLOGICAL INNOVATION AND PRODUCT UPGRADE

### 1.2 INTELLECTUAL PROPERTY

The Group strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations on intellectual property protection, and formulates and issues the *Patent Management Rules*, the *Trademark Management Rules* and the *Copyright Management Rules*. The Legal Department of the Group is responsible for the application, use and maintenance of intellectual property rights such as trademarks, copyrights and patents. In addition, we strictly investigate infringements and pay attention to strengthening the intellectual property protection awareness of relevant personnel in daily management to protect the intangible assets of Cheerwin from infringement.

During the Reporting Period, the Group's products and formulas complied with the Trademark Law, Patent Law, Copyright Law and other relevant national laws and regulations, and there was no infringement of rights. In the meantime, the Group applied for a total of 1,190 trademark rights and obtained 849 trademark right authorizations. A total of 17 patents were applied for and 35 patent authorizations were granted. As of 31 December 2021, the Group had a total of 1,470 trademarks and 137 authorized patents.





## II. QUALITY FIRST, SINCERE AND SUSTAINABLE DEVELOPMENT

For more than a decade of continuous cultivation, Cheerwin has always put quality assurance in the first place to provide consumers with efficient, safe and convenient products. In each product category, we actively identify, prevent and eliminate potential quality risks and hazards, improve product quality, and ensure product quality and safety. In terms of consumer services, Cheerwin has established a comprehensive quality control system. Adhering to the philosophy of “making life easier for consumers”, we continuously improve the service level for customers in order to meet diversified needs.

### 2.1 QUALITY ASSURANCE

Cheerwin strictly follows the internally formulated *Measures on Management of Quality Targets* and issues annual quality management targets every year. We operate in strict accordance with standard guidelines in product development, raw material supply, logistics, production, storage and sales, and monitor key control points to achieve full-process and all-round management and control. In addition, we also set up special quality assurance plans based on the overall operation of Cheerwin to carry out targeted quality and safety management.

- **Quality control over product development**

Starting from the initiation of product development, the Group focuses on evaluating product quality risks. We strictly abide by the laws and regulations of the industry, and set out strict requirements for the development process to ensure that our products meet the requirements of the state and the industry as well as the needs of consumers. At the same time, our quality control team actively communicates with the R&D team, conducts professional and scientific safety and quality assessments for products of each category before launching, and prepares internal reports to record the assessment details.

- **Quality control over raw materials**

In terms of raw materials, the Group sets out strict requirements for suppliers, and strictly complies with the relevant requirements of the *Rules for the Management of Supplier Development and Access* and the *Rules for the Daily Management of Suppliers* of Cheerwin in terms of access and assessment. In the access stage, we review the qualifications of suppliers, organize reviews of the samples provided, and select the best suppliers based on the opinions of the Quality Management Department and the Technology R&D Department. In the daily management stage, we conduct quarterly and annual inspections on suppliers, require suppliers to rectify unqualified projects and propose improvement suggestions to help them improve, while timely replacing or eliminating suppliers that remain unqualified after rectification.



## II. QUALITY FIRST, SINCERE AND SUSTAINABLE DEVELOPMENT

The Group requires suppliers to provide Certificates of Analysis (COA) on the product quality of raw materials and conducts re-testing on raw materials to ensure that the quantity and quality of raw materials meet the standards before entering the production process.

### Seasonal quality standard adjustment for carton box procurement

Considering the climate change during the Year, the Group formulated and started to implement the General Technical Standards for Corrugated Carton Boxes during the Reporting Period. The standards raise the anti-pressure requirements for carton boxes in places such as Southern China (Panyu, Nansha), Xinxiang, Ma'anshan and Sichuan from 1 January to 31 July of each year, so that the overall anti-pressure requirements reach above 500kg. Such standards improve the quality standard of carton boxes during the rainy season to avoid the decrease in product quality due to changes in humidity.

### • Quality control over production

From deployment to packaging, the Group always adheres to high-quality supervision. We strictly abide by national and industry laws and regulations, and resolutely implements the internally formulated Objectives for Product Quality Management and Guarantee Plan on the Quality of Disinfectant Products. We have set up inspection and strict release standards at key control points in the production process to ensure that all products meet the relevant standards before they are allowed to leave the plant.

During the Reporting Period, we have been accredited with ISO 9001 Quality Management System certification by the British Standards Institution (BSI), an international accreditation body.



BSI Quality Management System Certificate



## II. QUALITY FIRST, SINCERE AND SUSTAINABLE DEVELOPMENT

- **Quality control over finished products**

In terms of quality control of finished products, Cheerwin strictly follows the *Product Quality Law of the People's Republic of China* and conducts multiple inspections to ensure that the quality of finished products meets the standards. Before the products enter the logistics stage, we conduct random sampling tests on the products to ensure that the tests cover each batch of products. In particular, for skincare products such as body wash, solid perfume and hand sanitizer, in order to ensure the safety of products, we have engaged a third-party professional organization to conduct safety tests such as standard full-scale testing, toxicology testing and safety assessment on the category of products manufactured by Cheerwin. During the Reporting Period, we received a total of 29 standard testing reports, 5 toxicology reports and 13 product safety assessment reports, all of which passed the safety tests.

- **Quality control over logistics and warehousing**

In terms of logistics, the Group entrusts the transportation of products to third-party carriers, and conducts a comprehensive evaluation of their service capabilities every year. We optimize the list of carriers every year based on the evaluation results of carriers, combined with cost control and other factors, to ensure the high quality and efficiency of logistics.

In terms of transportation modes, the Group makes selections based on the overall factors such as logistics response speed and costs. The major transportation modes are shipping and land transportation. At the same time, we encourage suppliers to adopt direct delivery to minimize transit, so as to improve transportation efficiency and reduce transportation costs. During the Reporting Period, we did not experience any material delay or poor handling of products.

- **After-sales quality control**

As for the after-sales stage, the Group has formulated the Measures for the Management of Product Identification and Traceability, which requires that every batch of our products can be traced back for information about plant, production date, team and supplier, so as to find out the root problems after any product quality and safety issues occur and avoid recurrence. In addition, we have set up a recall simulation mechanism to recall defective products from distributors in case an issue arises. During the Reporting Period, Cheerwin did not recall any products due to quality issues.

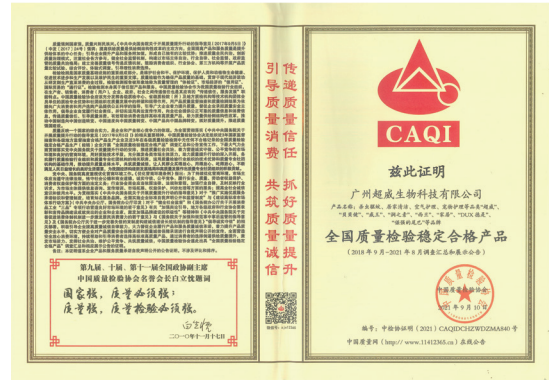


## II. QUALITY FIRST, SINCERE AND SUSTAINABLE DEVELOPMENT

In terms of product quality control, the Group implemented a comprehensive and whole-process quality management process, which was highly recognized by the public. During the Reporting Period, the Group was awarded the title of “National Benchmark Enterprises on Quality and Credibility” by China Association for Quality Inspection consecutively, and our products were rated as the “Qualified Products of National Quality (全國質量穩定合格產品)”.



**Certificate for National Benchmark Enterprises on Quality and Credibility**



**Certificate for Qualified Products in the National Quality Inspection**

### 2.2 RESPONSIBLE MARKETING

The Group implements responsible brand marketing and communication, adheres to the principle of integrity, and conveys true and objective product information to consumers in a practical manner, fulfilling social responsibilities in the marketing process.

- Advertising**

In terms of product promotion, we strictly abide by the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other national laws and regulations to ensure that product promotion is in compliance with laws and regulations. We also strictly follow our internal advertising compliance policies. In the process of brand promotion, the brand center will first formulate promotion strategies, and the Channel Market Department will review and inspect the publicity materials, publicity language and methods, after which up-to-standard promotion materials will be produced and placed in a unified manner. Our Marketing Department carries out the implementation work according to the established brand promotion strategies, and at the same time, relevant departments inspect and give feedback on the implementation results to form closed-loop management of product promotion.



## II. QUALITY FIRST, SINCERE AND SUSTAINABLE DEVELOPMENT

### • Marketing activities

In terms of marketing activities, the Group is committed to making consumers understand and trust the products of Cheerwin through positive and effective marketing activities, thus enhancing brand image and influence. During the Reporting Period, the Group actively invested in the construction of brand image stores, worked with a number of retailers to launch marketing activities, and repeatedly placed Cheerwin's advertisements on mainstream television and online platforms, so as to promote the sales of brand products.

- In accordance with the regional strategy, market development potential and competition situation in 2021, Cheerwin conducted activities to construct image stores for the product category of household insecticides and repellents. During the Reporting Period, we created a total of more than 6,000 household image stores and nearly 80,000 marketing stores, which further improved the distribution coverage and consumer reach of the main brands under Cheerwin.
- In March 2021, in order to strengthen brand awareness, leadership and professional image, and to promote the growth of e-commerce sales, the Group joined hands with the IP of "Doro Bear (萌芽熊)" to create "four treasures for mosquito prevention, no trouble to repel mosquitoes (蚊防四寶驅蚊無煩惱)", and "#Babeking's four treasures for mosquito prevention (#貝貝健蚊防四寶)" became a hot hashtag on the Internet, accumulating brand asset, with the total number of exposures exceeding 1.2 billion hits and the number of interactions over 2.74 million hits.
- In July 2021, the video of Yang Di, the brand spokesperson of Vewin under Cheerwin, was launched on its official video account on JD Daojia. At the same time, the themed activity of "The 10th Anniversary of Vewin, We Clean for You (威王十周年·為你致淨)" was launched on the platform. Cheerwin and JD Daojia jointly promoted the business expansion of Daojia.
- Superb, a brand under Cheerwin, and Zhihu jointly put forward the statement of "where there is a mosquito problem, there will be Superb (有蚊題·就會有超威)". Through a mosquito problem challenge and ten cross-field professional respondents working together, the mosquito problem was solved, and so did the various mosquito questions of fellow Zhihu users. We vigorously created the "Superb mosquito theory (超威蚊學說)", enhancing our brand publicity. In October 2021, Vewin brand under Cheerwin cooperated with C&S brand to launch a joint promotional activity on Meituan Waimai platform with the theme of "Ten Years of Vewin, C&S Cares (威王十年·潔柔呵護)", achieving a 170% year-on-year increase in GMV during the event.
- From December 2021 to the Spring Festival of 2022, Vewin and the brand spokesperson Yang Di utilized multi-channels online and offline to create the brand's new year product festival of "Clean Up, Use Vewin (大掃除·用威王)". The two hashtags "#Cleaning up, easy job (#大掃除就是個笑話)" and "#Family's must-have new year product list (#家庭必備年貨清單)" recorded over 1.1 billion hits.



## II. QUALITY FIRST, SINCERE AND SUSTAINABLE DEVELOPMENT

### • Consumer privacy

In terms of protecting consumers' privacy rights and interests, we strictly abide by the *E-Commerce Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Provisions on Protecting Personal Information of Telecommunications and Internet Users* and other laws and regulations, and strictly implement the Measures on Management of Information Security within Cheerwin to protect consumers' information security to the greatest extent. During the Reporting Period, we continued to adopt effective security policies and measures, established behavioral control, and used firewalls, anti-virus software and other tools to provide technical support for data protection.

Under the requirements of the international information security management system standard (ISO 27001) and the national standard (GB/T 22080-2016), the Group has formulated corresponding data protection requirements and specifications for all employees to ensure that leakage of consumer information is avoided and consumer information security is protected during business operations. As of 31 December 2021, the Group received no complaints or lawsuits regarding consumer data and privacy leakage.

### 2.3 CUSTOMER SERVICE

In terms of customers, Cheerwin always attaches great importance to customer experience and strives to provide services that meet or even exceed customer expectations. Paying close attention to the after-sales service process of our products, we have diversified customer communication channels, and established a sound customer consultation, complaint and handling mechanism to carefully listen to customers' direct feedback on their experience and suggestions for improvement on the use of our products. For after-sales matters and complaints of offline product sales, we actively communicate with sales personnel, and efficiently solve consumer problems according to the actual situation and severity of the problems to improve consumer satisfaction. For after-sales matters and complaints of online consumption, we have in place an after-sales user hotline with professional after-sales service personnel ready to solve problems for consumers.

During the Reporting Period, we received a total of 382 complaints, all of which were communication issues involving ordinary consumers on the needs of after-sales services, and no customer complaints were related to major quality problems. We handled all complaints in a proper manner, with a handling rate of 100%. Based on customer complaints, our team would find out the causes of the problems in a timely manner and improve the production and service processes accordingly to avoid their recurrence.

Type	Total	Number of well-handled complaints	Percentage of well-handled complaints
Product and service complaints	382	382	100%



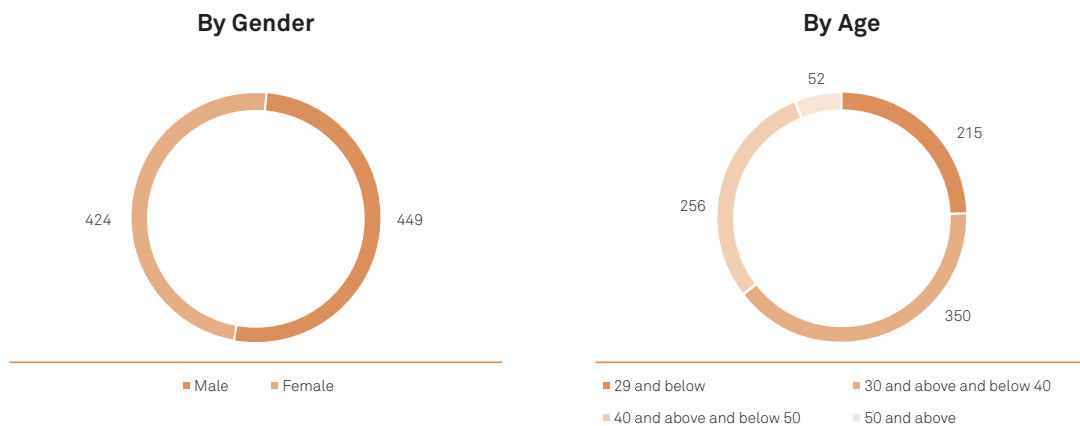
### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

Talents play a crucial role of an enterprise in its operation and development, and are also the key to ensure rapid development of an enterprise. The Group attaches great importance to the introduction as well as self-cultivation of talents, pays attention to the promotion and development of employees, and formulates and implements appropriate human resources strategies to meet the Company's requirements for continuous development. At the same time, the Group pays close attention to the safety and health of employees. We protect the basic rights and interests of employees and actively carry out employee activities in order to increase employees' sense of well-being, and are committed to building an equal, inclusive and harmonious corporate environment to promote the common growth of employees and the enterprise.

#### 3.1 EMPLOYMENT

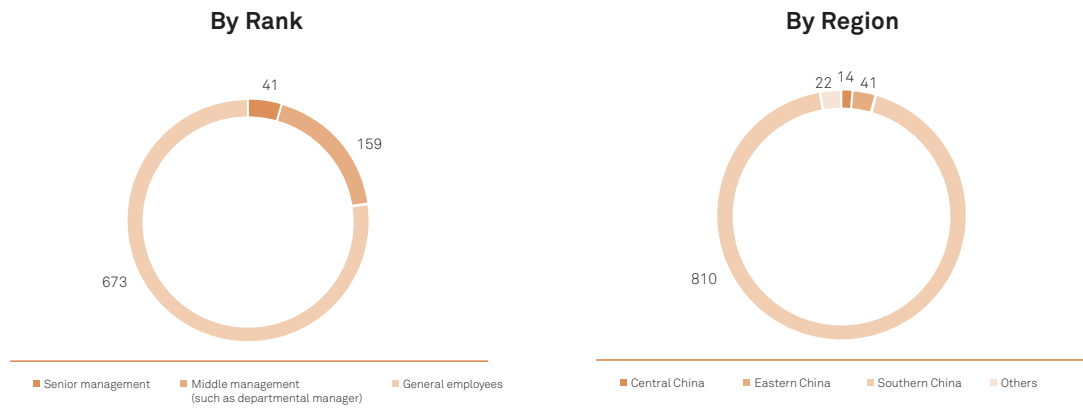
The Group strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations. In combination with Cheerwin's development, during the Reporting Period, we formulated the 2021 Organizational Structure and Establishment Plan, and optimized internal policies such as the Recruitment Management System, the Resignation Management System, the Welfare Management System and the Reimbursement Management System, thereby improving the rules of employee recruitment and resignation and the employee welfare and subsidy policies and protecting the legitimate rights and interests of employees.

In terms of employment, the Group, on the premise of equal and diversified development, strives to attract outstanding external talents, respects the differences of employees, and treats every female employee, ethnic minority employee and disabled person equally, providing equal opportunities for different candidates. We strictly prohibit any form of recruitment discrimination and ensure employment is based on talents. As of 31 December 2021, the Group had a total of 873 employees, all of whom were full-time employees. Among them, 424 were female employees, accounting for 48%. Of our 41 senior management members, 9 were female, accounting for 21%. There were 17 ethnic minority employees. During the Reporting Period, the overall employee turnover rate was 21%. Moreover, the Group strictly controlled all recruitment activities to ensure no child labor or forced labor in our employment.





### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER



#### Employee Turnover Rate

##### By Gender

Male	19%
Female	23%

##### By Age

29 and below	28%
30 and above and below 40	20%
40 and above and below 50	15%
50 and above	24%

##### By Region

Central China	18%
Eastern China	23%
Southern China	21%
Others	0%





### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

#### 3.2 EMPLOYEE DEVELOPMENT

The development and growth of employees is the driving force for the continuous improvement of an enterprise. To this end, during the Reporting Period, the Group improved its internal organizational structure and organized talent review for several times to provide promotion opportunities for employees of different ranks, thereby ensuring that employees are suitable for their positions and improving their work efficiency. At the same time, the Group attaches great importance to employee training. Leveraging Cheerwin Academy, we continue to organize appropriate training courses for different employees, and are committed to integrating corporate strategic targets with personal goals of employees, so that employees and the enterprise can grow together.

- **Organizational structure**

In order to implement the strategic target of “continuous track development with multi brands and multi categories”, and to adapt to the post-IPO business growth of the Group and the achievement of its business objectives, the Group has planned for its organizational structure and establishment. During the Reporting Period, the Group added 91 staff members to 8 departments based on the three principles of accelerating the rapid growth of emerging channels, flattening the organization while streamlining the establishment, and overall control.

Accelerating the rapid growth of emerging channels	Flattening the organization while streamlining the establishment	Overall control
<ul style="list-style-type: none"><li>– Focus on new channels that are conducive to business scale growth and profit growth</li><li>– Give resource priority to new categories. For example, resource allocation for E-commerce operation and the new category of pet care</li></ul>	<ul style="list-style-type: none"><li>– Implement the responsibility system of eight centers/ business departments</li><li>– Implement the management requirements of a flattened organization and streamlined and efficient establishment</li><li>– Improve operational efficiency and effectiveness of organization</li></ul>	<ul style="list-style-type: none"><li>– Analyze per capita efficiency, labor cost and profit to achieve:</li><li>Overall control of establishment</li><li>Controllable costs</li><li>Reasonable per capita performance</li><li>Profit guarantee</li></ul>

Principles for establishment allocation



### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

#### • Talent review and promotion

Employee promotion is an important part of talent echelon construction and also a key focus of the Group. A sound promotion system can help Cheerwin realize the continuous delivery of talents internally. In order to improve the talent echelon construction, the Group conducted two talent reviews during the Reporting Period. By reviewing the strategic targets, we comprehensively reviewed the enterprise, and determined the needs for talent and organizational construction, providing support for employee promotion.

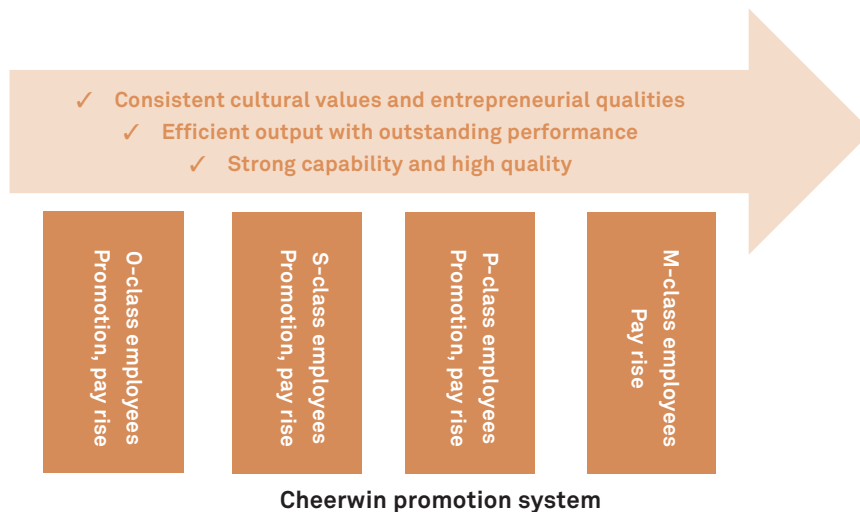


**Cheerwin Q1 Review Meeting**



**Gutian Meeting**

In order to standardize and regulate employee promotion, the Group has formulated the Summary of M/P/S/O Employee Promotion and Pay Rise Review Standards for the four major employee classes of management (M), professional (P), sales (S) and operational (O), which stipulates the implementation of the semi-annual talent promotion review system, and comprehensively considers the basic requirements, personal abilities and performance according to the review requirements, so as to provide promotion and pay rise opportunities for employees at all ranks. In addition, the Group introduced a total of 6 senior management members during the Reporting Period, adding new blood to the management team.





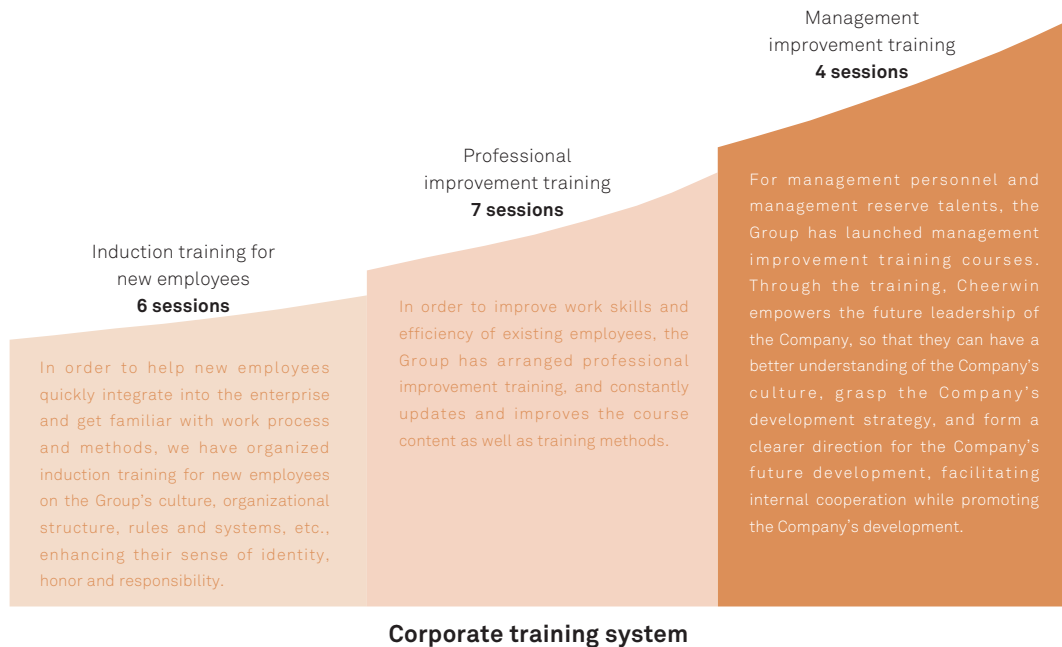
### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

- Chairman corporate culture sessions

In order to help employees establish correct values and cultivate a sense of belonging, Cheerwin organized 3 corporate culture training sessions on “From Strategy To Implementation” during the Reporting Period, covering all employees. The Chairman of the Group conveyed our corporate culture and values to employees through the training, after which the Chairman received logbook feedback from all employees, and based on the feedback from employees, the Chairman further updated the training materials. Through the training, we strongly promoted employees to become disseminators and practitioners of Cheerwin’s corporate culture, thereby cultivating the core value system of Cheerwin into the hearts of employees who then implemented it in their work, promoting the further development of Cheerwin.

- Corporate training system

In order to help employees continuously improve their general ability and professional ability, the Group continues to optimize the construction of Cheerwin Academy by providing new employee induction training, employee professional improvement training and management improvement training for employees, with a view to constantly improving employees’ professional knowledge, work skills and professional quality to meet the requirements of the Company’s sustainable development. At the same time, we also attach great importance to continuously enriching the knowledge base of Cheerwin Academy. During the Reporting Period, the skills and regulations department organized 44 professional skill training sessions, and incorporated training videos into the system cloud disk to help Cheerwin Academy enrich its knowledge base on the Group’s regulations.





### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER



Induction training for new employees



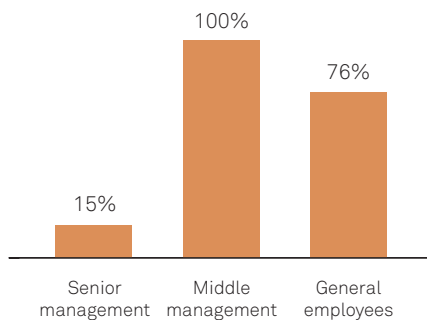
Part-time streamer training



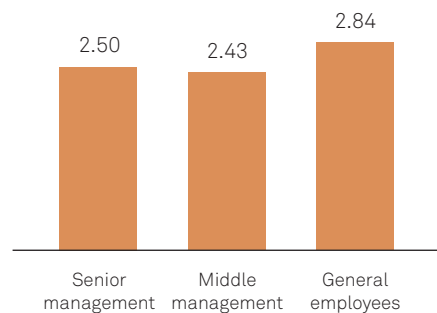
Zhang Men Class

During the Reporting Period, the number of training attendances of the Group reached 790, and the proportion of trainees in each category and the average number of training hours per employee are as follows:

Percentage of employees trained by employee type



Average number of training hours per employee by employee type (hour)





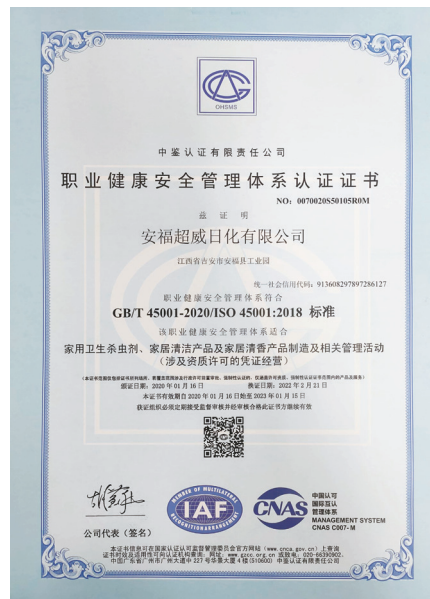
### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

#### 3.3 HEALTH AND SAFETY

The Group pays close attention to the health and safety of employees and is committed to building a strong line of defense for safety and health for employees. Based on national laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the Group continues to strictly implement internal policies such as the Occupational Health Management System, the Code of Safe Conduct for Employees and the Safe Operating Procedures for Site Operations to protect the lives, health and safety of employees from the institutional level.

- **Employee safety**

**EHS management system:** In order to improve the working conditions of employees and protect their legitimate interests, the Group actively adopts measures to protect the occupational health of employees in different production bases. During the Reporting Period, in order to improve EHS management capabilities and the level of occupational health and safety management, Anfu Cheerwin invited a third-party certification company to inspect the health and safety conditions at the workplace, and passed the ISO 45001 Occupational Health and Safety Management System certification. In the past three years, Cheerwin did not have any work-related injury.



Occupational health and safety management system certification





### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

**Inspections and drills on potential safety hazards:** The Group attaches great importance to the safety of employees and always places production safety at a very high priority. The Group always remains vigilant and pays attention to strengthening the safety training, safety inspection and emergency drills for employees. We have formulated strict safety guidelines and procedures for fire prevention, operation, warehousing, work-related injuries and other emergencies in each production base, while reserving protective clothing, face shields and other production safety tools to avoid safety accidents and the relevant life and property losses. During the Reporting Period, we organized training on heatstroke prevention, electric vehicle riding safety, fire safety and other trainings, as well as safety drills such as chemical mixture solution splashing into the eyes and fire evacuation.

#### Fire knowledge theory and practical training

In March and June 2021, Anfu Cheerwin successively invited Ji'an City Hongan fire safety lecturer and firefighters from Anfu County fire rescue institutions to conduct fire knowledge theory and practical training for employees, improving their fire theoretical knowledge and practical ability.



- **Employee health**

The Group attaches great importance to the health of employees. In order to help employees fully understand their physical conditions and discover health problems in a timely manner, we actively arrange unified health check-ups for employees, and cooperate with external medical institutions to regularly conduct free health consultations for employees, helping them maintain physical and mental health.

**Body checks for employees:** For new employees, the Group will arrange unified body checks for them. As for existing employees, the Group regularly organizes annual body checks to ensure that they are aware of their physical health. At the same time, for employees in specific positions, the Group regularly organizes occupational health checks to help employees in positions involving occupational hazards to discover occupational diseases and suspected occupational diseases in a timely manner, thereby protecting their health.

**Free health consultation:** In order to improve the health of employees in an all-round way, enhance employees' awareness of health care, and ensure the health and safety of employees, Anfu Cheerwin organized free health consultation activities in its base during the Reporting Period to provide employees with health consultation channels, enriching employees' knowledge of self-care and further promoting the development of good living and working habits.



### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

- **Epidemic prevention and control**

**Outbreak of epidemic:** In June 2021, a local confirmed case of COVID-19 Epidemic was recorded in Liwan District, Guangzhou. The headquarters of Cheerwin attached great importance to the situation, and actively followed up on the epidemic in Guangzhou during the outbreak, including the implementation of 25-day closed-loop management and control of its office building and real-time checks on personnel with a relevant contact history; assisting in maintaining the order of nucleic acid testing points in its office building; and establishing a Cheerwin helping group for the distribution of living materials during the epidemic to provide material procurement assistance for colleagues within the lockdown areas. At the same time, Cheerwin actively responded to the epidemic prevention and control work upon the requests of the Guangzhou Municipal Health Commission by arranging employees to work from home and formulating a home office management system. Even under the severe situation of the epidemic, some employees of Cheerwin actively responded to the call of the community and voluntarily joined the volunteer team for door-to-door nucleic acid testing during nighttime.

**Regular epidemic prevention and control:** Under the background of regular epidemic prevention and control, the Group has actively implemented various epidemic prevention works in accordance with the epidemic prevention and control policies of various places, such as strictly screening personnel and vehicles within high-risk areas of the epidemic, and verifying the travel codes of all personnel entering our factories. Within the office areas, the Group always have in stock face masks, alcohol and other disinfection supplies, and regularly distributes antibacterial kits to employees. We also actively encourage employees to obey epidemic prevention measures such as washing hands frequently and wearing face masks to reduce the possibility of infection. The Group has actively responded to the national vaccination policy by mobilizing all employees to receive COVID-19 vaccination on time, building a great wall for epidemic prevention and control.



**Actively responding to the national COVID-19 vaccination policy**



**Daily temperature screening**



### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

#### 3.4 EMPLOYEE CARE

In order to enhance the sense of belonging and happiness of the Group's employees, we adjusted the compensation and benefits policy during the Reporting Period, actively providing care for employees and promoting exchanges among employees by organizing diversified activities. The Group strictly implements various compensation and benefits for employees to fully protect their life and enhance their work enthusiasm. We attach great importance to democratic communication and strive to create a fair and inclusive working environment. In addition, we provide family-like care for specific employees and organize employee activities from time to time to enhance the sense of belonging and identity of employees.

- **Compensation and benefits**

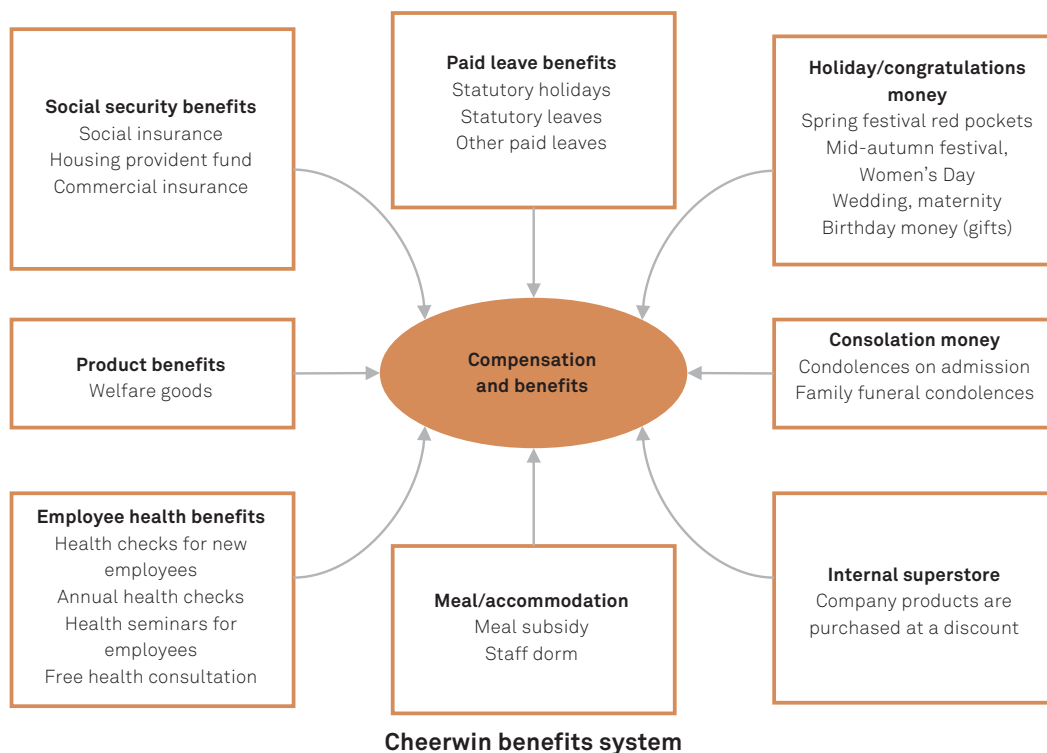
Cheerwin strictly abides by the *Labor Contract Law of the People's Republic of China*, the *Provisions on Minimum Wage of the People's Republic of China* and other relevant national laws and regulations, and resolutely implements our internal compensation incentive policy to provide employees with a clear periodic salary increase mechanism and variable salary mechanism. At the same time, under the guidance of the Employee Performance Management System of Cheerwin, we have established a sound performance appraisal system. With the guiding principles of "overall consideration, scientific and reasonable, open and transparent, comprehensive assessment, simple and effective, win-win and result-oriented", we evaluate the work performance of employees in a fair, just and objective manner, ensuring that employees' contributions are reasonably rewarded, and motivating employees to enhance their creativity. Based on performance, we adjust the salaries of outstanding talents and talents in key positions within the salary increase budget in April every year to encourage employees' performance.

In addition, the Group has established the Employee Welfare Management System to provide employees with eight benefits, including social security benefits, paid leave benefits and employee health benefits. Since July 2021, the Group has adjusted the base of five social insurances and one housing fund for employees in accordance with the requirements of national laws and regulations, and paid in compliance.





### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER



#### • Employee communication

The Group attaches great importance to democratic communication, hoping that employees can actively raise questions and offer suggestions for Cheerwin, thereby promoting the development and improvement of Cheerwin. To this end, the Group continues to maintain a two-way communication mechanism of “top-down and bottom-up”, providing employees with democratic communication channels through employee representative meetings, promotion and growth ceremony, debriefing meetings, Dingding working platform, etc., so as to solve problems for employees and improve their enthusiasm.

During the Reporting Period, the Group organized the election of supplementary candidates for the second session of employee representatives, and announced the election results. In the meantime, the Group organized the first meeting of the second session of employee representatives, effectively advancing democratic construction, protecting the legitimate rights and interests of employees, and promoting the healthy development of the enterprise.



**The first meeting of the second session of employee representatives**



### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

In October 2021, the Company organized a promotion and growth ceremony for promoted employees, which facilitated the communication among employees of respective departments and ranks.



**2021 Promotion and Growth Ceremony**

In August 2021, the 2020 fresh graduates officially joined the Group. Cheerwin organized a debriefing meeting for these new recruits to help them get familiar with the business more quickly and better integrate into the Company.



**Debriefing activity for the 2020 graduates**

- **Care for specific employees**

In order to implement the Group's people-oriented philosophy, make employees feel the warmth, enhance the cohesion and bonding of employees, and increase the confidence of employees when encountering major problems, the Group provides hospitalization consolation money for hospitalized employees and funeral consolation money for those whose immediate family members have passed away.



### III. PEOPLE-ORIENTED, CREATING DEVELOPMENT TOGETHER

During the Spring Festival of 2021, some employees were unable to return home due to the epidemic. The Group gave out gifts to employees staying in Guangzhou to make them feel the atmosphere of the Spring Festival and the warmth of the Company. After the epidemic stabilized in Guangzhou, we initiated care for work resumption amid the epidemic and actively mobilized employees to return to working condition.



Care for employees staying in Guangzhou during the Spring Festival



Care for work resumption amid the epidemic

#### • Employee activities

In addition to compensation and welfare, employee care and democratic communication, the Group also attaches importance to the work-life balance of employees. During the Reporting Period, we organized a total of 34 employee activities to provide employees with opportunities to relax, enrich their work and life, and improve their sense of belonging to Cheerwin.



3.8 Goddess Day event



God of Wealth's visit on the eighth day of new year



Moon travel plan during mid-autumn festival



520 new people press conference



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

Climate change and sustainable development have become the common challenges facing the world today. Controlling and reducing carbon emissions is also an inevitable responsibility of enterprises. With the introduction and progress of the goals of “carbon peak” and “carbon neutrality” in China, we are deeply aware of the importance of green development and low-carbon operation. During the Reporting Period, we attached great importance to the opportunities and challenges brought by climate change to us. At the same time, we continued to promote the concept of green development in both our production facilities and office environment, bringing it into all aspects of Cheerwin’s operation, so as to improve energy utilization efficiency and reduce carbon emissions. Cheerwin will make its own contributions to achieving the goals of “carbon peak” and “carbon neutrality”.

We have set corresponding environmental targets to continuously promote the Group’s green and low-carbon production and operations. Through the continuous update of policies and measures, we have greatly controlled greenhouse gas emissions, energy utilization, water consumption and waste discharge intensity when compared with the previous year. Specific measures are as follows:

### Energy utilization and greenhouse gas emissions

- Improve energy structure by phasing out diesel and gasoline vehicles, and purchasing new energy vehicles to reduce the use of diesel and gasoline
- Replace old equipment, and consider energy consumption of equipment when purchasing new ones, giving priority to energy-saving and environmental-friendly equipment
- Implement digital management, effectively managing energy consumption of each production base and office, and adopt intelligent adjustment of temperature to reduce unnecessary energy use
- Step up the implementation of green office and optimize the construction of online office system
- Encourage employees to travel green to reduce carbon emissions during commuting

### Water consumption

- Enhance the construction of water reuse system to optimize the utilization efficiency of water resources
- Conduct regular inspection and maintenance of water equipment and pipelines to reduce water resource wastage

### Waste discharge

- Increase the use of recycled materials and increase the number of times of recycling to reduce waste generation
- Update processes and optimize processing parameters to reduce the generation of wastes such as residue and mortar

During the Reporting Period, through the continuous optimization of processing technology, we have achieved reduction of greenhouse gas emissions and energy utilization intensity when compared with 2020. In the future, we will increase the input of resources to promote the green development of Cheerwin, undertaking our corporate social responsibilities.





## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

### 4.1 CLIMATE CHANGE

Facing the acceleration of global warming, the risks brought by climate change are becoming increasingly severe. In the process of production and operations, Cheerwin has incorporated the risks related to climate change and extreme weather into the Group's risk management scope, and has taken corresponding prevention and control measures. During the Reporting Period, for the first time, we made reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), analyzed our own risks and opportunities in the face of climate change in combination with climate change scenarios, and disclosed the climate change-related information of Cheerwin.

Climate change risk	Climate change risk item	Description of major impacts
Transition Risks	Policy and Legal	Enhanced emissions-reporting obligations
		With the rising standards of relevant national emission policies, more production investment and higher related costs of process improvement will be incurred to Cheerwin
	Container related	Tightening policies on plastic/packaging containers in various countries may increase the costs of product packaging for Cheerwin
		As Cheerwin's processes improve, less plastics will be used or non-plastic materials will be adopted, which is in line with national policies and consumer habits, increasing our corporate value and sales volume
	Technological innovation and product R&D	As China tightens requirements for carbon emissions of enterprises, Cheerwin reduces greenhouse gas emissions by upgrading technologies, optimizing processes and installing new equipment
		In the processes of technological investment and research and development, Cheerwin may encounter investment failure in new low-carbon environmental protection technologies
	Changing customer behavior	Increasing consumers' awareness of carbon emissions and decreasing demand for products with high carbon emissions will lead to a decrease in revenue
	Changes in investor evaluation	As Cheerwin improves its processes and launches low-carbon and environmental-friendly products in a timely manner to meet consumers' purchase needs, revenue increases
		Investors expect more as climate change progresses. If Cheerwin fails to make timely improvement or enhancement, it will be affected accordingly



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

Climate change risk	Climate change risk item	Description of major impacts
Physical Risks	Rising average temperature	<ul style="list-style-type: none"> <li>Rising temperatures will increase energy consumption (for cooling) and burden on workers, resulting in increased costs during operations</li> <li>As temperature increases, the frequency of daily cleaning increases, and so do the sales of Cheerwin's soap and cleaning products</li> <li>Climate change will lead to an increase in mosquitoes and other insects and related infectious diseases, resulting in sales increase of Cheerwin's products for repelling mosquitoes and other insects and epidemic prevention</li> </ul>
	Mosquitoes and other insects and infectious diseases	
	Use of water resources	<ul style="list-style-type: none"> <li>Cost increase due to water shortages and deterioration of water quality</li> <li>The development of water-saving products may lead to an increase in revenue in the event of water shortages</li> </ul>
	Flood	<ul style="list-style-type: none"> <li>Flood will cause damage to materials while greatly affecting the supply chain, thus impacting the business</li> </ul>
	Direct/indirect impacts due to abnormal climate Typhoon/hurricane	<ul style="list-style-type: none"> <li>Typhoon will have a serious impact on Cheerwin's plant in Panyu, Guangzhou, such as damage to infrastructure/production equipment of plant, or impact on the production/transportation process of suppliers along the product supply chain, resulting in business interruption or other serious impacts due to insufficient product supply</li> </ul>



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

In response to the risks of climate change, we have organized a number of relevant emergency drills. At the same time, our factories and suppliers are deployed across the country to achieve multi-point supply guarantee. We have also set a conservative reserve to avoid interruption of supply due to climate change and extreme weather.

### Heatstroke prevention training

On 19 May 2021, in order to avoid the hazards to employees' health caused by high temperature, Panyu Cheerwin conducted a heatstroke prevention training to introduce the hazards and symptoms of heatstroke to employees and put forward corresponding preventive measures, thereby improving employees' awareness of safety protection and effectively avoiding occurrence of heatstroke at work.



### 4.2 GREEN PRODUCTION

The Group strictly complies with the overall requirements and provisions of the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*. Through the upgrading and iteration of product processes and continuous management and control of the production process, the Group reduces the impact of wastewater, air emissions and solid waste on the environment, achieving green production. Cheerwin always attaches great importance to integrating environmental management into the overall management of the enterprise. During the Reporting Period, the Anfu Plant and Panyu Plant successively passed GB/T 24001-2016/ISO 14001:2015 Environmental Management System certification.



Certifications of Environmental management system



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

### • Wastewater discharge

The Group strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Regulations on Urban Drainage and Sewage Treatment*, the *Measures for the Administration of Pollutant Discharge Permits (Trial)* and local sewage discharge standards, and strictly prohibits the discharge of untreated wastewater into natural waters. During the Reporting Period, we outsourced the centralized treatment of the production and domestic wastewater of our Panyu Plant to wastewater contractors.

In addition, we have established a real-time monitoring system for wastewater discharged, which manages the chemical oxygen demand (COD), ammonia nitrogen content (NH<sub>3</sub>-N), pH value and flow data of the wastewater, and submits the testing records to the environmental regulatory authority. During the Reporting Period, our wastewater discharge complied with the relevant Integrated Wastewater Discharge Standard (GB 8978-96).

**Wastewater discharge parameters in 2021**

	Unit	Standard <sup>(1)</sup>	Panyu Plant	Anfu Plant
Chemical oxygen demand (COD)	mg/L	300	35	27.6
Ammonia nitrogen (NH <sub>3</sub> -N)	mg/L	30	14.6	0.385

Note: (1) Integrated Wastewater Discharge Standard (GB 8978-96)

### • Air emissions

The Group strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* in the management of air emissions. Air emissions generated in the production process are emitted and treated in an organized manner to ensure compliance. At present, the gases generated during our production process mainly include sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and particulate matter, and the storage and measurement tanks for production also contain several chemicals (non-methane hydrocarbons), all of which are absorbed, combusted or purified by absorption towers before emitted. In addition, we perform annual periodic leak testing and maintenance of pipeline and equipment to reduce unorganized emissions.

**Air emission parameters in 2021**

	Unit	Standard	Panyu Plant	Anfu Plant
Sulfur dioxide (SO <sub>2</sub> )	mg/m <sup>3</sup>	300 <sup>(1)</sup>	–	62
Nitrogen oxides (NO <sub>x</sub> )	mg/m <sup>3</sup>	300 <sup>(1)</sup>	–	87
Volatile organic compounds	mg/m <sup>3</sup>	30 <sup>(2)</sup>	0.086	–

Notes: (1) Integrated Emission Standard for Air Pollutants (GB 16297-96)

(2) Emission Standard of Volatile Organic Compounds for Furniture Manufacturing Operations (DB44/814-2010)





## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

### • Solid waste discharge

The Group strictly complies with the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste* and our internal Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization, implementing standardized management on the discharge of solid waste to reduce its impact on the environment. In the production process, hazardous waste generated mainly consists of raw material packaging drums containing meperfluthrin mother liquid and dimefluthrin mother liquid. During the Reporting Period, we purchased 300 recyclable raw material drums for solvent, saving a total of 4,152 raw material drums. Non-hazardous waste mainly includes residue, mortar and domestic solid waste. In particular, domestic solid waste is collected and cleaned up by the city health department, while other non-hazardous waste is collected and cleaned up by qualified contractors.

### • Energy saving and consumption reduction

The Group strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China* and our internal Environmental Protection Management System. We always pay attention to energy saving and consumption reduction in the production process and are committed to improving our environmental performance.

In addition, the Group is committed to reducing energy consumption, improving energy utilization efficiency, and applying energy-saving measures and technologies to practice through systematic management methods. During the Reporting Period, the water reuse project of Anfu Plant commenced trial operation and passed the sampling inspection and acceptance of reclaimed water, meeting the design standards in the plan. As of 31 December 2021, the project has recycled a total of 3,465 tonnes of wastewater, all of which was used for greening irrigation and in toilet in the plant area, effectively reducing wastewater discharge and saving water resources.

At the same time, our Panyu Plant and Anfu Plant have successively passed GB/T 23331-2012 Energy Management System certification, and also achieved the planned energy consumption targets.



Certifications of Energy management system



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

### • Packaging materials usage

Cheerwin always adheres to the development philosophy of resource conservation and environmental protection, and is committed to reducing the use of packaging materials. Currently, the Group's packaging materials mainly consist of cardboard boxes, PET, PP and PE bottles with specific volumes. During the Reporting Period, in order to save packaging materials and reduce the impact on the environment, in addition to ensuring basic features such as protection, decoration and formula compatibility, we also comprehensively considered the efficiency of packaging utilization, including the gap rate in the transportation process, material consumption, etc., and actively promoted the use of lightweight and green packaging materials.

#### Vewin Toilet Cleaning Series carton height adjustment

- During the Reporting Period, we customized special cartons according to the sizes of specific products in each plant, and differentiated the orders with internal codes to reduce the gap rate of cartons and the use of packaging materials.
- After adjustment, the carton height for Vewin Toilet Cleaning Series products decreased by 5% on average, saving 5% of space and reducing costs.

#### Cyrin Solid Fragrance new mould and aluminium sealing upgrades

- During the Reporting Period, the new mould of solid fragrance produced by Cheerwin was upgraded and launched, replacing the original easy-open aluminium cover with PE materials, which reduced the consumption of high energy consumption aluminium.
- It is expected that the usage of such packaging materials will reduce consumption of aluminium by at least approximately 1.7 tonnes per year.

#### Electric mosquito repellent vaporizer carton optimization

- During the Reporting Period, Cheerwin replaced all electric mosquito repellent vaporizer cartons online and some cartons offline with high-bulk paper with better stiffness.
- On the basis of maintaining the quality and appearance of the original packaging, the upgrade reduced the carton weight by about 8%, effectively reducing the use of carton area and saving the packaging costs.

#### Bottled mosquito coil packaging optimization

- During the Reporting Period, we optimized and upgraded the packaging of bottled mosquito coils, cancelling the partition cards for specific products, and adopting the automatic crating process.
- The upgrade has reduced the size of cartons, effectively saving space, reducing the use of cartons and partitions, cutting packaging costs, and reducing labor intensity.



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

### 4.3 GREEN OFFICE

In our offices, the Group vigorously promotes green office and encourages employees to develop awareness of energy conservation and emission reduction, living a low-carbon life as far as practicable. In order to create an energy-saving, environmental-friendly and efficient office mode, we have taken a number of measures to work with all employees to contribute to the goal of green development from the aspects of standardization and advocacy.

- **Energy saving and consumption reduction**

We have formulated the Administrative Regulations on the Use of Air-conditioning, which stipulates that air-conditioning shall only be used when the temperature is over 26°C.

We encourage employees to bring their own cups. The Company's automatic coffee machine no longer provides free paper cups, and employees are required to pay for the use.

We have posted advocacy slogans near printers to remind employees to use double-sided printing to save paper.

- **Paperless office**

Our office system works on an online platform. At the same time, employees are encouraged to use online processing for travel booking and reimbursement as much as possible to reduce the use of paper in the process.

- **Green initiatives**

We have posted various green tips in the office area to encourage employees to turn off lights and water taps when not in use to avoid unnecessary waste of resources.

We encourage employees to take public transportation or commute through new energy vehicles, shared bikes or on foot, so as to lower the frequency of using fuel-powered private cars and reduce carbon emissions.



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

### 4.4 ENVIRONMENTAL PERFORMANCE

Key Performance Indicators	2021	2020	Unit
<b>Direct energy use</b>			
Gasoline	8,350	8,571	liter
Diesel	2,695.8	4,673	liter
<b>Indirect energy use</b>			
Total power consumption	2,027,471	2,290,725.5	kWh
<b>Energy consumption</b>			
Direct energy consumption	12.46	15.27	tonnes of standard coal
Indirect energy consumption	249.18	281.53	tonnes of standard coal
Comprehensive energy consumption	261.64	296.80	tonnes of standard coal
Energy consumption intensity	0.1479	0.1744	tonnes of standard coal/RMB million
<b>Greenhouse gas emissions</b>			
Scope 1 Greenhouse Gases	26.09	32.12	tonnes of carbon dioxide equivalent
Scope 2 Greenhouse Gases	1,066.74	1,205.51	tonnes of carbon dioxide equivalent
Total greenhouse gas emissions (Scope 1 + Scope 2)	1,092.84	1,237.63	tonnes of carbon dioxide equivalent
Greenhouse gas emission intensity	0.6177	0.7271	tonnes of carbon dioxide equivalent/RMB million
<b>Water resources</b>			
Total water consumption	34,440.55	32,166.83	tonnes
Reclaimed water consumption	3,465	–	tonnes
Water consumption intensity	19.47	18.90	tonnes/RMB million
Comprehensive sewage discharge	24,658.84	29,493.55	tonnes
Sewage discharge intensity	13.94	17.33	tonnes/RMB million
<b>Waste</b>			
Total non-hazardous waste	292.87	37.06	tonnes
Non-hazardous waste discharge intensity	165.54	21.77	kg/RMB million
Total hazardous waste	89.24	54.78	tonnes
Hazardous waste discharge intensity	50.44	32.18	kg/RMB million
<b>Air emissions</b>			
Sulfur oxides	0.00	2.15	tonnes
Nitrogen oxides	3.04	3.08	tonnes
Particulate matters	1.46	3.22	tonnes
<b>Packaging supplies</b>			
Total amount of packaging materials	2,837	3,215	tonnes
Packaging material intensity	1.60	1.89	tonnes/RMB million



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

Environmental data description:

- The environmental data, covering the period from 1 January 2021 to 31 December 2021, were collected from the Group's two plants, the Anfu Plant and the Panyu Plant, as well as the Group's headquarters office area in Guangzhou.
- The intensity of environmental data is calculated using the total amount in 2021 divided by the Company's revenue for that year in RMB million.
- The main sources of greenhouse gas emissions (Scope 1) are diesel and gasoline, and greenhouse gas emissions (Scope 2) are from purchased electricity. Greenhouse gas emissions are calculated with reference to the *Enterprise Greenhouse Gas Emissions Accounting and Reporting Guidelines – Other Industries (Trial)* published by the National Development and Reform Commission of the People's Republic of China.
- The direct energy type includes diesel and gasoline, and the indirect energy type includes purchased electricity. The energy consumption is calculated with reference to the national standard of the People's Republic of China – *GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption*.
- The non-hazardous wastes are office garbage and domestic garbage generated in the office area. The hazardous waste is mainly raw material packaging drums containing meperfluthrin mother liquid and dimefluthrin mother liquid. In particular, the significant increase in the total amount of non-hazardous waste in 2021 was due to the fact that the packaging materials of raw materials were not included in the scope of accounting for non-hazardous waste in 2020 but were all recycled by resource recycling companies, while the weight of such waste was accounted from 2021. On the other hand, in 2021, Panyu Superb disposed a batch of damaged semi-finished goods transfer boxes that could not be used and equipment with no use value after the depreciation period, resulting in a further increase in the weight of non-hazardous waste.
- The total water consumption statistics include water used for production at the Group's production bases and water used in barrels at the Group's headquarters office area in Guangzhou. The municipal water consumption of the Group's headquarters office area is not included in the statistics and disclosure for the Year as it is centrally managed by the building property and the water consumption cannot be measured separately.
- During the Reporting Period, the water reuse system of Cheerwin's Anfu Plant was put into use, so reclaimed water is included in the statistics and disclosure for the Year.



## IV. GREEN DEVELOPMENT IN RESPONSE TO CLIMATE CHANGE

- The air emission data mainly come from gasoline consumption of official vehicles and air emission monitoring data of the production bases. The emission data of the Panyu Plant are uniformly discharged, treated and centrally monitored by the industrial park, and the Group does not record the level and density of its emissions. The emission data of the Anfu Plant are monitored by a third-party testing agency. During the Reporting Period, its air emissions were mainly derived from the production emissions of upstream suppliers who rented the site of the Group's Anfu Plant. The calculation of emissions from petrol consumption of official vehicles is based on the How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange.
- The emissions of sulfur oxides in the air emission data amounted to 0.127kg. Due to the small size of data, it is disclosed as 0.00 when using the unit "tonnes".
- The packaging consumables are cardboard boxes and PET bottles used for product production.



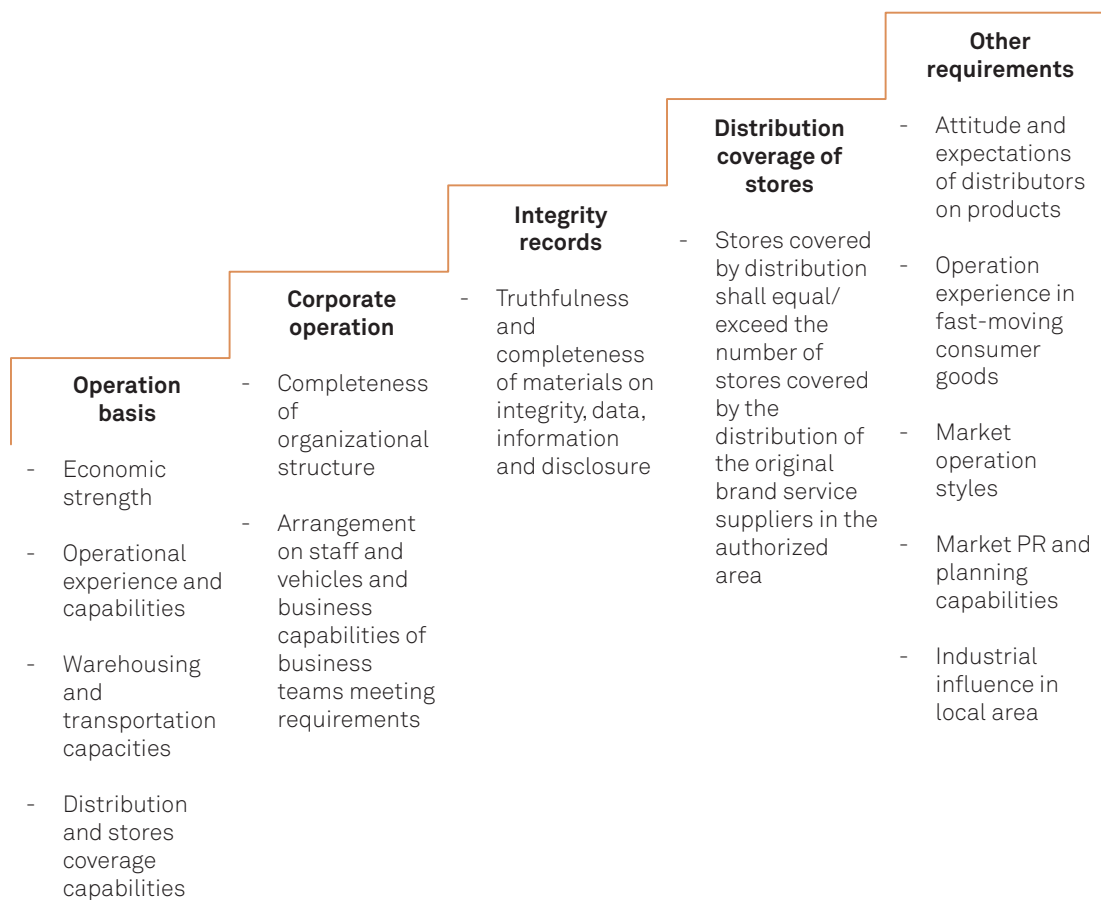
## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

Distributors and suppliers are important partners in the development of the Group. The Group is committed to creating a fair cooperative relationship, and building a constructive development environment through multi-field collaboration and close communication to achieve a win-win situation for all parties. In addition, while developing itself, the Group also actively participates in social welfare activities to drive community development and make contributions to the society.

### 5.1 RESPONSIBILITY ECOSYSTEM

- **Distributor management**

In order to create a better sales environment and show a better image to stores and consumers, Cheerwin always attaches great importance to distributor management so as to improve core competitiveness. As of 31 December 2021, the Group had a total of 1,149 distributors. During the Reporting Period, we continued to maintain the online and offline complaint channels and complaint handling channels for customers in accordance with the existing Administrative Measures for Distributor Operations, while expanding the cooperation with distributors and improving their management level. At the same time, the Group still adopted public and targeted investment attraction and conducted appraisal on prospective distributors in strict compliance with the access conditions on distributors.



#### Access conditions for distributors



## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

For approved distributors, the Group conducts account opening and closing management, regional adjustment management, routine business management, operation management and other work to promote the internal transformation and upgrading of distributors. It establishes a long-term mechanism to stimulate the enthusiasm and vitality of distributors, builds a service-based enterprise and implements the marketing infrastructure.

<b>Account opening and closing management:</b>  Access management Account opening management Responsible subject on account closing issues and accountability Account closing	<b>Regional adjustment management:</b>  Management of procedures on regional adjustment of distributors
<b>Routine business management:</b>  Management of changes of contract subjects Management of changes of warehouse address and new branch warehouses	<b>Operation management:</b>  Management of operation areas Management of cross-region sales and inventories Management of corporate operation

### Distributor management

- **Supplier management**

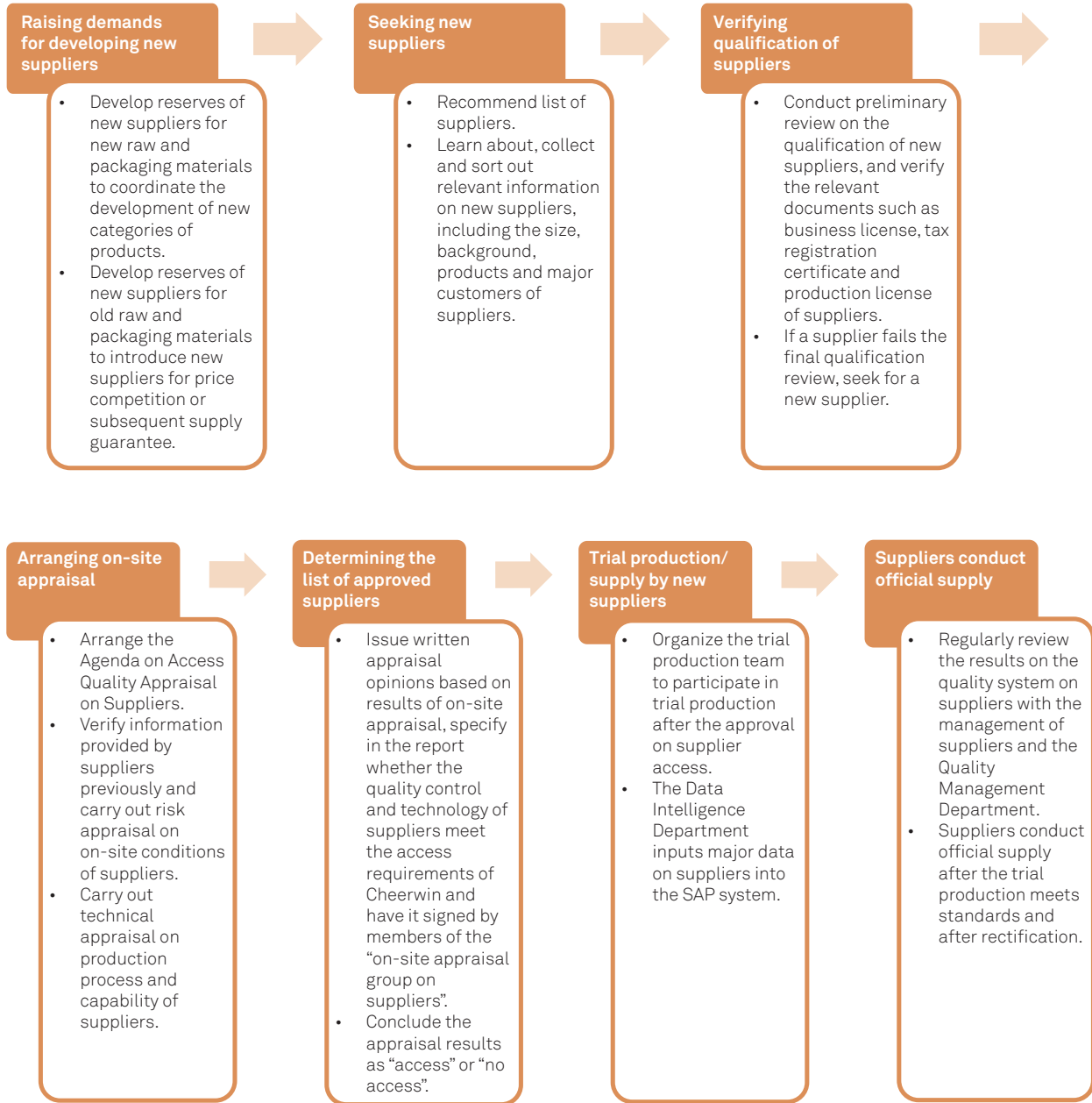
The Group has always been committed to establishing and maintaining long-term and close partnership with suppliers. Through the integration of resources and competitive advantages, both parties jointly explore the market, expand market demand and share, and reduce the high costs of products in the early stage to achieve a win-win situation. During the Reporting Period, we adopted a series of measures to improve the management of suppliers, standardize the access and classification of suppliers, and strengthen the formulation and review of supplier quality standards, thereby ensuring the quality and level of suppliers. At the same time, we put more emphasis on social responsibilities in the process of supplier management, and increased investment in supplier localization, green procurement and paperless management.

During the Reporting Period, we updated the Rules for the Management of Supplier Development and Access by improving the relevant review indicators for supplier's operational risks, environmental and social responsibilities, and further refining the risk appraisal items for development and access. The appraisal results would be reflected in the special review report of suppliers and used as a reference for access.





## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN



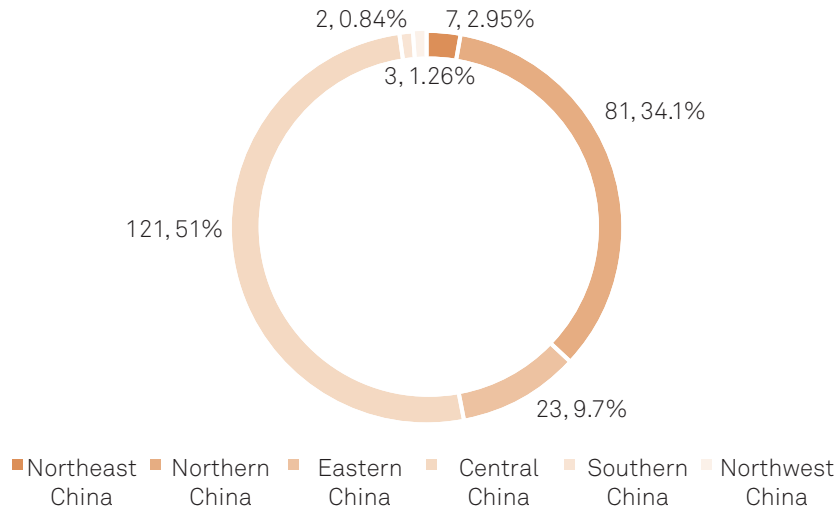
Access process of suppliers



## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

As of 31 December 2021, the Group had a total of 237 suppliers.

**Number of suppliers by geographical region (unit: number, %)**



### Number of suppliers during the Reporting Period

#### Supplier selection and assessment:

During the Reporting Period, we updated the Rules for the Daily Management of Suppliers by improving the supplier selection and assessment system, and established the requirements and methods for supplier hierarchical management by dividing suppliers into strategic suppliers, centralized suppliers, bottleneck suppliers and ordinary suppliers, and adopting corresponding procurement management strategy for suppliers at different levels.

At the same time, we adjust the hierarchy of suppliers on a quarterly basis, and review and update the supply categories in combination with the Group's product strategic planning to ensure the quality of suppliers.

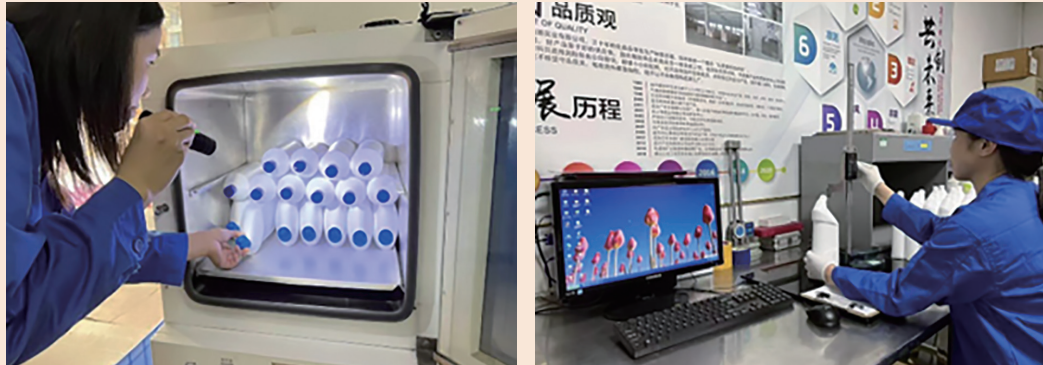
In addition, we conduct regular quality reviews on suppliers, and have established the supplier blacklist administrative measures to review and evaluate major one-year-period non-productive material suppliers, so as to eliminate unqualified suppliers in a timely manner. For core materials supplied by the supplier, OEM factories need to file with the Company when changing suppliers, and when necessary, we would organize review on suppliers of materials supplied by the supplier.



## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### Annual quality review of suppliers

On 12 November 2021, the Procurement Department of Cheerwin and the Quality Control Department of Panyu Superb conducted an on-site annual quality review at the supplier of Superb toilet cleanser bottles, after which rectification suggestions were put forward for the supplier to implement the improvement action plan.



### Undertaking social responsibilities:

We are committed to continuously promoting the optimization of the supply chain with our supplier partners, actively undertaking social responsibilities and building a sustainable supply ecological network. During the Reporting Period, we improved the green procurement agreement with our supplier partners, established the SRM supplier management system and achieved paperless operation. In the meantime, we purchased raw materials from suppliers located near our production bases to reduce the negative impact on the environment due to logistics reasons.

#### Green procurement

During the Reporting Period, we improved the code of conduct for suppliers in the annual procurement contract, and added the agreed requirements of "environmental protection along the supply chain (such as whether green production, sewage discharge, exhaust gas, etc. will be used), social responsibility (paying attention to human rights), product responsibility, etc."

#### SRM Management System

In July 2021, we launched the SRM supplier management system and conducted unified training for suppliers, achieving paperless operation in the supplier management process.

#### Localization of suppliers

In order to support local suppliers and save costs, during the Reporting Period, we optimized the suppliers of toilet cleanser bottles, hand sanitizer bottles and cartons by selecting more local suppliers, which greatly reduced transportation distance.

## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### 5.2 WIN-WIN COOPERATION

As an important partner of Cheerwin, we actively cooperate with distributors and suppliers through business collaboration as well as disaster relief by empowering them, thereby achieving common growth with distributors and suppliers.

- **Providing assistance to distributors**

In order to deepen the relationship between the Group and suppliers, explore new cooperation models, improve the scope and efficiency of cooperation, and help the Company's business expansion, we carried out many activities during the Reporting Period such as assistance to distributors and store construction.

#### Zhengzhou flood relief

In July 2021, Henan experienced a sudden rainstorm and flood disaster. A number of brand service providers suffered serious damages to warehouses and products due to heavy rain, and some downstream stores were flooded, where goods were severely damaged. In order to help customers recover their losses, Cheerwin quickly initiated customer assistance work to help service providers fully resume their operations from different aspects.



**Guide customers to classify and manage damaged products in warehouses of service providers**



## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### Construction of image stores

During the Reporting Period, Cheerwin produced advertising materials such as image stacks, small shelves on the ground, banners, small hanging racks and curtain walls for all sales units to help them build image stores, improving the distribution coverage and consumer reach of the Group's main brands.



- **Supplier empowerment**

The Group attaches great importance to the relationship with suppliers and expects to work together with them to create a good cooperation environment. During the Reporting Period, we carried out a number of partner supplier empowerment activities to promote communication between both parties, maintain and explore more high-quality partner suppliers, thereby achieving common development and progress as well as mutual benefit and a win-win situation.

### Supply Chain 2021 Quality, Production Summary and 2022 Work Requirement Conference

On 28 October 2021, the Group held the Supply Chain 2021 Quality, Production Summary and 2022 Work Requirement Conference, which summarized the product quality of Cheerwin and the production in each category during the Year, gave an overall evaluation of the operation of each plant and supplier, proposed the quality requirements for 2022 and the production management requirements for 2022, and discussed the importance of establishing a full value chain cooperation system. At the same time, the Audit Department provided on-site training to major partner suppliers during the conference, giving a presentation on the supply chain ESG indicator system, anti-corruption requirements and cases of measures.





## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### PKG Family Southern China Branch

Cheerwin actively participates in industry cooperation. During the Reporting Period, the Group joined the South China Branch of PKG Family to establish a good relationship with suppliers in the packaging industry, facilitating future cooperation.



### 5.3 SOCIAL WELFARE

Support of the society plays an indispensable role in the development and growth of an enterprise. The Group always keeps its original aspiration in mind, and while seeking development, we are committed to giving back to the society and doing good. We actively support and participate in the development of social welfare undertakings, making our own contribution to the development of society and the country. During the Reporting Period, the Group made charitable donations totaling RMB2,960,000.

- **Fight against epidemic and disaster relief**

During the Reporting Period, the COVID-19 epidemic broke out locally in Ruili City of Yunnan Province, Guangzhou City of Guangdong Province and Nanjing City of Jiangsu Province, while flood disaster affected Henan Province and Lu County of Sichuan Province was hit by earthquake. We paid close attention to the hygiene condition and the prevention and control of epidemic in the areas affected by the epidemic and natural disasters, and actively donated the Group's disinfection and anti-bacterial materials and pet supplies in no time in order to help those places tide over the difficulties.



## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### Help fight against epidemic

In June 2021, during the large-scale local outbreak of the COVID-19 epidemic in Liwan District of Guangzhou City, the Group donated RMB1,000,000 worth of disinfection and anti-bacterial products to the Guangzhou Charity Association, and urgently allocated more than RMB110,000 worth of products to help the anti-epidemic frontline in Liwan District, providing them with mosquito repellent.

In July 2021, the outbreak of COVID-19 epidemic emerged in Nanjing City. In order to facilitate the prevention and control of the epidemic, ensure the daily cleaning work of people and block the transmission chain of virus, the Group, together with China Resources Suguo, coordinated the donation of a total of more than 40,000 sets of disinfection and anti-bacterial products to Jiangning District of Nanjing City to fight the epidemic together with the people of Nanjing.

In September 2021, Ruili of Yunnan recorded a large-scale outbreak of the epidemic. The Group, together with the Red Cross of Ruili City and the Epidemic Prevention and Control Command Center of Ruili City, donated Vewin 84 household disinfectant liquid to the frontline of the epidemic prevention in Ruili City to help Ruili overcome the epidemic.

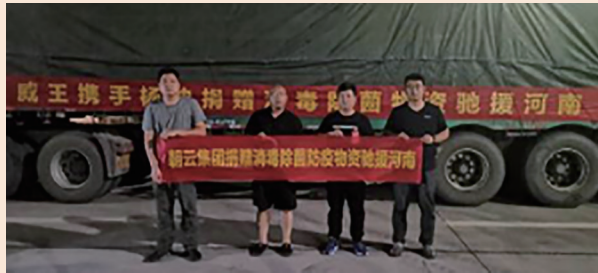


## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### Supporting Henan to resist rainstorm and flood disasters

In July 2021, Henan experienced a sudden rainstorm and flood disaster. In order to support the hygiene and epidemic prevention work during and after the flood disaster, the Group immediately took stock of the disinfection and anti-bacterial products in Xinxiang warehouse to help Henan, and together with Yang Di, the spokesperson of the Group's professional disinfection and anti-bacterial brand Vewin, donated RMB2,000,000 worth of supplies to the Xinxiang Charity Federation to protect the hygiene and health of local residents.

At the same time, Cheerwin's pet brand "Naughty Buddy" urgently set up a special rescue team, and donated RMB1,260,000 worth of pet disinfection and anti-bacterial products and cleaning and care supplies to a number of local animal rescue organizations in Henan to help the affected animals solve the problem of post-disaster environmental disinfection and washing.







## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

### Supporting the earthquake-stricken area in Luzhou, Sichuan

In September 2021, a magnitude 6.0 earthquake struck Luzhou, Sichuan. After timely understanding the difficulties and needs of the disaster-stricken area, the Group promptly allocated materials and donated RMB124,000 worth of disinfection and anti-bacterial materials to the Lu County Charity Association to ensure the post-disaster environmental hygiene and the health of local residents.



- **Animal protection**

We continue to pay attention to animal welfare undertakings. During the Reporting Period, we cooperated with major animal care institutions to carry out various animal care activities in the name of our two pet brands “Naughty Buddy” and “Naughty Mouth”, providing assistance to stray animals.

### Companion with stray animals during winter

With the sudden drop in temperature, the issue of stray animals staying in cold winter has received widespread attention from pet lovers. We joined hands with the Capital Animal Welfare Association and the Beijing Zhongan Public Welfare Foundation to hold a donation activity themed “Naughty and Strong Guardian, Companion with Stray Animals during Winter”. We donated a total of RMB1,100,000 worth of pet disinfection and anti-bacterial products, pet staple foods and daily necessities to help stray animals weather through the cold winter.



## V. SHOULDERING RESPONSIBILITY AND ACHIEVING WIN-WIN

- Targeted poverty alleviation

In response to the national policy of targeted poverty alleviation, we have paid close attention to the economic development of poverty-stricken villages in recent years, and have made specific donations to targeted poverty-stricken villages for consecutive years to help China achieve a comprehensive victory in the battle against poverty.

### Poverty alleviation action

During the Reporting Period, we donated RMB100,000 to Tangxi Village, Zhangzhuang Township, Anfu County, Jiangxi Province, and RMB600,000 to the Happiness Education Promotion Association of Anfu County to support local education and contribute to the support for poverty-stricken villages.



In the future, Cheerwin will continue to pay attention to public welfare undertakings in a long run, giving full play to its own business advantages, actively maintaining the deployment of the national rural revitalization strategy, meeting the needs of local residents, and driving regional economic development, with a view to achieving the goal of common prosperity, and promoting long-term and stable local development and social harmony.



# APPENDIX I: LAWS AND REGULATIONS APPLICABLE TO CHEERWIN AND A LIST OF OUR INTERNAL POLICIES

Scope	Major Laws and Regulations	Major Internal Policies
Environmental	<p>Environmental Protection Law of the People's Republic of China</p> <p>Environmental Impact Assessment Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Water Pollution</p> <p>Administrative Measures for Pollutant Discharge Permitting (Trial)</p> <p>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste</p> <p>Law of the People's Republic of China on the Prevention and Control of Air Pollution</p> <p>Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution</p> <p>Regulations on Urban Drainage and Sewage Disposal</p> <p>Energy Conservation Law of the People's Republic of China</p>	<p>Environmental Protection Management System</p> <p>Procedures for the Treatment of Solid Waste and Wastewater from Washing and Sterilization</p>
Social	<p>Labor Law of the People's Republic of China</p> <p>Labor Contract Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Provisions on Minimum Wages of the People's Republic of China</p> <p>Work Safety Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</p> <p>Fire Prevention Law of the People's Republic of China</p> <p>Patent Law of the People's Republic of China</p> <p>Trademark Law of the People's Republic of China</p> <p>Copyright Law of the People's Republic of China</p> <p>Advertisement Law of the People's Republic of China</p> <p>Anti-Unfair Competition Law of the People's Republic of China</p> <p>E-Commerce Law of the People's Republic of China</p> <p>Criminal Law of the People's Republic of China</p>	<p>Human Resources Planning Management System</p> <p>Recruitment Management System</p> <p>Training Management System</p> <p>Administrative System on Induction and Probation Period of New Employees</p> <p>Employee Performance Management System</p> <p>Employee Code Management System</p> <p>Employee Attendance Management System</p> <p>Administrative System on Social Insurance and Housing Fund</p> <p>Employee Handbook of Cheerwin</p> <p>Employee Welfare Management System</p> <p>Code of Safe Conduct for Employees</p> <p>Administrative Measures for Labor Contracts</p> <p>Administrative System on Occupational Health Protection of Laborers and their Archives</p> <p>Accountability System on Prevention of Occupational Diseases</p>



## APPENDIX I: LAWS AND REGULATIONS APPLICABLE TO CHEERWIN AND A LIST OF OUR INTERNAL POLICIES

Scope	Major Laws and Regulations	Major Internal Policies
	<p>Anti-Money Laundering Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Protection of Consumers' Interests</p> <p>Product Quality Law of the People's Republic of China</p> <p>Provisions on the Protection of Personal Information of Telecommunication and Internet Users</p> <p>Administrative Measures for Online Transactions</p>	<p>Publicity, Education and Training Systems on Prevention of Occupational Diseases</p> <p>Disposal and Reporting Systems on Harms and Accidents of Occupational Diseases</p> <p>Emergency Rescue and Management System on Harms of Occupational Diseases</p> <p>Administrative System on Labor Protection Items</p> <p>Safe Operating Procedures for Site Operations</p> <p>Administrative Procedures for High-risk Operation</p> <p>Occupational Health Management System</p> <p>Administrative System on Source of Dangers</p> <p>Safety Inspection System</p> <p>Chemicals Management System</p> <p>Commitment System on Safety Production</p> <p>Rules for the Management of Supplier Development and Access</p> <p>Rules for the Daily Management of Suppliers</p> <p>Administrative System on Procurement and Bidding</p> <p>Administrative System on Development and Access of OEM Factories</p> <p>Administrative System on Appraisal of OEM Factories</p> <p>Administrative Measures for Introduction of and Appraisal on ODM Products</p> <p>Administrative Measures for Brand Service Suppliers</p> <p>Rules on Control and Management of Technical Standards of Factories</p> <p>Objectives for Product Quality Management</p> <p>Guarantee Plan on the Quality of Disinfectant Products</p> <p>Integrity Cooperation Agreement</p> <p>Patent Management Rules</p> <p>Trademark Management Rules</p> <p>Copyright Management Rules</p> <p>Measures for Handling Quality Accidents of Cheerwin Company</p> <p>Measures on Management of Information Security</p>



# APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2021 Environmental, Social and Governance Report
<b>A. Environmental</b>		
<b>Aspect A1:</b>	<b>Emissions</b>	
General	Information on:	4.2 Green Production
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	The types of emissions and respective emissions data.	4.4 Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). – “Scope 1” emissions – “Scope 2” emissions	4.4 Environmental Performance 4.4 Environmental Performance 4.4 Environmental Performance 4.4 Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A1.5	Description of emission targets set and steps taken to achieve them.	4.2 Green Production 4.3 Green Office
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduce targets set and steps taken to achieve them.	4.2 Green Production



## APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2021 Environmental, Social and Governance Report
<b>Aspect A2:</b>	<b>Use of Resources</b>	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Green Production 4.3 Green Office
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.4 Environmental Performance
KPI A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	4.2 Green Production 4.3 Green Office
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and water efficiency targets set and steps taken to achieve them.	4.2 Green Production
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.4 Environmental Performance
<b>Aspect A3:</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	4.2 Green Production 4.3 Green Office
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.2 Green Production 4.3 Green Office
<b>Aspect A4:</b>	<b>Climate Change</b>	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted and may impact, the issuer.	4.1 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted and may impact the issuer, and the actions taken to manage them.	4.1 Climate Change



## APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2021 Environmental, Social and Governance Report
<b>B. Social</b>		
<b>Aspect B1:</b>	<b>Employment</b>	
General	Information on:	3.1 Employment
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	3.1 Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment
<b>Aspect B2:</b>	<b>Health and Safety</b>	
General	Information on:	3.3 Health and Safety
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
KPI B2.1	Number and rate of work-related fatalities in the past three years including the reporting year.	The Group recorded no safety accidents with fatalities or injuries in the past three years
KPI B2.2	Lost days due to work-related injuries.	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.3 Health and Safety
<b>Aspect B3:</b>	<b>Development and Training</b>	
General	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.2 Employee Development
Disclosure		
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Employee Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.2 Employee Development



## APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2021 Environmental, Social and Governance Report
<b>Aspect B4:</b>	<b>Labor Standards</b>	
General	Information on:	3.1 Employment
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	The Group recorded no violation of labor standards during the Reporting Period
<b>Aspect B5:</b>	<b>Supply Chain Management</b>	
General	Policies on managing environmental and social risks of the supply chain.	5.1 Responsibility Ecosystem
Disclosure		
KPI B5.1	Number of suppliers by geographical region.	5.1 Responsibility Ecosystem
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1 Responsibility Ecosystem
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Responsibility Ecosystem
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Responsibility Ecosystem





## APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		2021 Environmental, Social and Governance Report
<b>Aspect B6:</b>	<b>Product Responsibility</b>	
General	Information on:	2.1 Quality Assurance
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group recorded no recall of products during the Reporting Period
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.3 Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.2 Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Responsible Marketing
<b>Aspect B7:</b>	<b>Anti-corruption</b>	
General	Information on:	About Us
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	The Group was not involved in any lawsuits on corruption or fraud during the Reporting Period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	About Us
KPI B7.3	Description of anti-corruption training provided to directors and staff.	About Us
<b>Aspect B8:</b>	<b>Community Investment</b>	
General	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.3 Social Welfare
Disclosure		
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	5.3 Social Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.3 Social Welfare