



# 2023

## Environmental, Social and Governance Report Blue Moon Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code:6993

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## ESG Statements of the Board

The board (the "Board") of directors of the Company highly values the Environmental, Social and Governance (hereinafter referred to as "ESG") practices. In accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKEX"), Blue Moon has gradually improved its ESG governance mechanism and continuously enhanced its ESG governance framework. The Board has strengthened its supervision and participation in the Company's ESG matters, faithfully fulfilling its corporate social responsibility and striving for long-term and sustainable development.



As the supreme governance body of the Company, the Board assumes full responsibility for ESG-related matters of Blue Moon and authorizes the ESG Committee to assist the Board in managing and deciding ESG-related issues. The ESG committee assumes the responsibility of supervising the direction and strategy of ESG development within the Company, evaluating and defining ESG risks and opportunities, examining and assessing ESG-related objectives and achievements, receiving specialized training pertaining to ESG matters, as well as submitting reports to the Board. The Company has established an ESG management office that assumes the responsibility of coordinating and overseeing all ESG-related matters. This office operates under the supervision and guidance of the ESG committee and is tasked with providing periodic reports to the committee on its activities. The implementation and reporting of ESG-related work and information are entrusted to the ESG Working Group, which is composed of management departments from various professional fields and regional/functional execution departments. For detailed information regarding the ESG committee, ESG management office, and ESG Working Group, please refer to "ESG Management Structure" in this Report.



Blue Moon is acutely aware of the potential significant impact that ESG risks could have on the Company. With the aid of ESG risk assessments and stakeholder surveys, the Company has identified and evaluated the materiality of relevant ESG issues, and established clear ESG work priorities for the year. Since 2022, Blue Moon has also performed a climate change risk/opportunity assessment, following the recommendations put forth by the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS S2 Climate-related Disclosures. The ESG Committee has reassessed the materiality of ESG issues, approved and confirmed the results of the materiality analysis, as well as participated in the discussion and confirmation of the assessment results of climate change risks/opportunities during the Financial Year. For detailed information regarding climate risk and opportunity management, please refer to "Addressing Climate Change" in this Report.



Blue Moon has established key ESG goals covering greenhouse gas emissions, pollutant emissions, energy use, and water use efficiency. The ESG committee has reviewed and discussed the established goals. It has also taken measures to promote the implementation of goals. For detailed information on ESG goal management, please refer to the "Environmentally Friendly and Green Development" in this Report.



## Message from the Management

We believe that the sustainable development of the enterprise ensures long-term returns for investors. Looking back at 2023, we remained committed to meeting consumer demands and diligently seized new market opportunities. We continuously upgraded our products and services. We follow the principles of environmental friendliness and green development, hastening the transition to renewable energy and actively combating climate change. We take proactive steps to assume corporate social responsibilities, cooperating with employees and industry partners to grow together, all while adhering to business ethics and laying the groundwork for high-quality development.

### Clean and Worry-Free, Healthy Living

We have introduced the new JingXiang Foaming Body Wash and upgraded the Zhizun BioTech series to further diversify our product portfolio in response to market demands. We prioritize research and innovation investment, expediting the creation of several cutting-edge R&D platforms, including the "Guangzhou Postdoctoral Innovation and Practice Base", and "China Industrial Design Center of Light Industry". We enhanced our raw material safety access guidelines, rigorously controlling product safety. From the initial safety assessment of raw materials to the reassessment after admission, we ensure product safety from the source. We promoted the digitalization of quality management, enhancing our ability to monitor quality data and assess risks, thereby ensuring the provision of safe and high-quality products and services to our customers.

### Environmentally Friendly and Green Development

As the "dual-carbon" goal continues to deepen, we focus on carbon emission management at all stages, systematically promote energy conservation and consumption reduction, and prioritize key areas such as improving equipment energy efficiency, optimizing process

technology, transforming energy structure, promoting green low-carbon logistics, and reducing packaging waste, to integrate green and low-carbon development throughout the entire production process. We are investing in a solar photovoltaic power generation system at our factory in Tianjin, prioritizing the purchase and use of green electricity. The proportion of renewable energy used in the factory is continuously increasing. We continue with our PCR research and application, collaborating with suppliers to recycle discarded packaging bottles through PCR. We focus on enhancing climate change resilience by identifying and assessing climate risks and opportunities, and gradually implementing actions to strengthen the Company's climate resilience.

### Caring for Employees and Advancing Together

Following the "people-oriented" philosophy, we regard talent as our most valuable strategic resource and primary driving force. We adhere to the principles of equality and non-discrimination, fully respecting and caring for female employees, also including equal employment opportunities for people with disabilities, fostering a diverse and inclusive workplace environment. We ensure safe production by implementing a robust occupational health

and safety system. We are implementing a mid and long-term stock incentive plan, enabling outstanding employees to share in the success and grow together with the Company. We open up employee communication channels and carry out a full range of training activities to help our employees improve their comprehensive professional abilities in all aspects. In 2023, Blue Moon was recognized as an AAAA-level Enterprise with Harmonious Labour Relations for the first time and received numerous awards of human resources.

### Giving Back to the Community and Co-building Responsibility

We demonstrate our corporate social responsibility and commitment to society by taking concrete actions and genuinely giving back to the community. We keep promoting the concept of cleanliness and health by raising awareness among women and children, as well as funding for handwashing and sanitation conditions for children in economically underdeveloped areas. We support the development of culture, sports, and education, and engage in philanthropic activities in various fields such as rural revitalization, emergency relief, earning multiple accolades such as the "Social Construction Contribution Award" and so on.

### Compliant Operation and Robust Development

We adhere to business ethics and compliance in our operations, guiding all employees to uphold the values of integrity. We strengthen internal controls and audit supervision, continuously enhance the management of risk awareness of corporate operations and strive to improve corporate governance. In 2023, we issued the *Code of Compliance on Business Conduct* to enhance compliance and ethical standards, to practice the Company's legal and compliant operation for robust development.

We continue to be devoted to the ESG action principles of "Better products (services), Healthier environment and Greater society". We work closely with all employees, partners and stakeholders to incorporate ESG principles into our daily operational management and strive to become contributors to socioeconomic development and the pursuit of a better life for all.

Chairman  
**PAN Dong**

Chief Executive Officer  
**LUO Qiuping**

Hong Kong SAR, China  
April, 2024

## About Blue Moon

### Company Profile

Since the establishment of the Blue Moon brand in 1992, the Group has developed into a consumer-centric and innovation-driven home cleaning solutions provider.

Adhering to the values of "for customers we excel", Blue Moon has been actively engaged in forward-looking technological reserves as well as research and development work for many years, integrating world-leading technology into consumers' lives. We continuously develop efficient and high-quality products and scientific cleaning methods to meet consumers' diverse cleanliness needs, providing excellent solutions and continuously leading the industry's development.

So far, the Group owns multiple brands including Blue Moon, Zhizun, Weinuo, Jingxiang, Tianlu, and Moon House, covering all aspects of home cleaning products and services. Among them, Blue Moon Laundry Detergent and Liquid Soap have occupied the largest market share in their respective industry segments for 14 consecutive years (2009-2022) and for 11 consecutive years (2012-2022), respectively.<sup>1</sup> In addition, Blue Moon Laundry Detergent and Liquid Soap also has ranked first in the China Brand Power Index of Liquid Laundry Detergent and Liquid Soap for 13 consecutive years (2011-2023) according to Chnbrand's ranking and analysis report.<sup>2</sup>

Blue Moon focuses on the healthy development of omni-channel sales networks, covering various channels online and offline. It optimizes the structure of the offline distributor channel and continues to increase penetration rates in provinces, cities, counties, and towns nationwide. In terms of online channels, Blue Moon consolidates the advantages on e-commerce platforms and actively explores new consumption formats and models. In 2023, it ranked among the top on various major e-commerce platforms in related categories.

At the same time, Blue Moon attaches great importance to providing consumers with professional, high-quality, and timely service experiences. Currently, Blue Moon has established a complete consumer service system, providing consumers with 24/7 400 customer service hotlines, conducting clothing care knowledge popularization through self-operated live broadcast rooms, and deploying professional "cleaning consultants" in retail outlets to answer consumers' cleaning questions, provide pre-sales and after-sales services, share scientific washing skills, and promote a healthy and clean lifestyle.

In the future, Blue Moon will continue to devote itself to providing high-quality products, ultimate services, and professional consultations to consumers, allowing every household to enjoy cleanliness, health, comfort, dignity, and happiness.



#### Sources

- According to the market sales surveys of representative large retail commercial groups with the annual turnover above RMB100 million across the country (This statistic does not include data of Hainan, Tibet, Hong Kong, Macau and Taiwan of China) conducted by China General Chamber of Commerce and China National Commercial Information Center, Blue Moon Liquid Laundry Detergent has come first by market shares among products of the same kind for 14 years in a row (2009-2022), and Blue Moon Liquid Soap has ranked the first by market shares among products of the same kind for 11 years in a row (2012-2022).
- According to the 2023 (13th) C-BPI rankings and analysis report released by Chnbrand, Blue Moon Liquid Laundry Detergent and Liquid Soap have taken the first place by comprehensive brand power for 13 years in a row (2011-2023).

## Highlights

### Environmental Management

#### Energy Transition

In 2023, Blue Moon Tianjin Factory completed the installation of a distributed photovoltaic power generation system, with an annual electricity generation of no less than

**600,000 kWh**

actively promoting green energy.



### Social Responsibilities

#### High-Quality Service

The call center system of Blue Moon's has achieved a satisfaction rate of

**96.2 %**

while the average satisfaction rate of customer complaint callbacks stood at

**97.3 %**

providing high-quality services to our users.



#### Industry Exchange

Blue Moon has contributed to the development of

**3 international standards**

**20 national standards**

**12 industry standards**

**14 group standards**

and healthy development of the industry.



#### Equality of Rights

The total number of employees is

**7,957**

**50 %**

of directors are women, and

**42.3 %**

of managers are women, demonstrating an equal working environment.



#### Responsible Supply Chain

In 2023, Blue Moon completed social responsibility compliance audits for

**54 suppliers**

which strengthen sustainable supply chain development.



### Corporate Governance

#### Integrity Management

In 2023, the Company conducted

**49 sessions**

of anti-corruption training for employees, with a total participation of

**134,168 individuals**

strengthening integrity management.



#### Carbon Emission Management

In 2023, Blue Moon continuously optimized the carbon accounting system, **consistently conducting carbon accounting**

for various product manufacturing factories. Simultaneously, we conducted **research on carbon footprints for different product categories**

laying a solid data foundation for advancing carbon management.



#### Packaging reduction

In 2023, Blue Moon reduced cardboard box usage by

**212 tonnes**

through technological innovation and internal recycling, thereby reducing the environmental impact.



#### Employee Empowerment

We empower our employees' self-growth by providing over

**107,000 hours of training**

with an average of **13.5 hours** per person.



#### Charity Programs

In 2023, Blue Moon continued to **participate in clean health concept promotion, emergency disaster relief, rural construction, and other public welfare activities.**

Actively practice the corporate citizenship and contribute to the people's aspirations for a better life.



#### Intellectual Property Rights

In 2023, Blue Moon got

**1,676**

**intellectual property rights**

**including 274 patents, 234 copyrights, 1,168 trademarks,** actively promoting technological innovation and intellectual property protection.



## Company Honors

### Brand honors



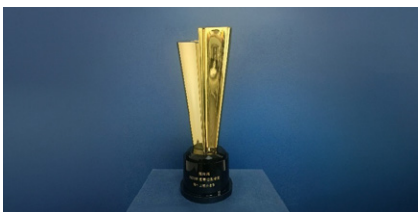
**Blue Moon Laundry Detergent and Liquid Soap ranked first in market share of same category for 14 consecutive years and 11 consecutive years respectively**

China General Chamber of Commerce and China National Commercial Information Center



**Blue Moon Liquid Laundry Detergent and Liquid Soap ranked first in China Brand Power Index (C-BPI) list for 13 consecutive years (2011-2023), and have also been honored with the prestigious C-BPI "Golden Brand" award**

Chnbrand (Beijing) Brand Consulting Co., Ltd.



**Blue Moon has been awarded the Annual Responsible Brand Award for 9 consecutive years**

Organizing Committee of the China Charity Festival



**Blue Moon Group Holdings Limited. honored with the "Most Valuable Brand Value Award in Guangdong-Hong Kong-Macau Greater Bay Area"**

Hong Kong Ta Kung Wen Wei Media Group

### Social recognition



**"2023 Best ESG Practice Award for Chinese Listed Companies" for Blue Moon Group Holdings Co., Ltd.**

Wind Information Co., Ltd.

**Blue Moon Group Holdings Co., Ltd. was awarded "5th BDO ESG Awards 2023".**

BDO (Binder Dijker Otte & Co)

**Guangzhou Blue Moon Industrial Co., Ltd. was designated as "Guangzhou Postdoctoral Innovation and Practice Base".**

Guangzhou Municipal Human Resources and Social Security Bureau

**China Light Industry Federation Science and Technology Progress Award Second Prize for Guangzhou Blue Moon Industrial Co., Ltd. and Blue Moon (China) Co., Ltd.**

China National Light Industry Council

**Social Construction Contribution Award for Blue Moon (China) Co., Ltd.**

Huangpu District Social Construction Promotion Association, Guangzhou City

**AAA-level Enterprise with Harmonious Labour Relations**

Guangzhou Municipal Human Resources and Social Security Bureau, etc.

**Guangzhou Blue Moon Industrial Co., Ltd. was awarded "China Light Industry Industrial Design Center".**

China National Light Industry Council

## Social recognition



**"Green Leading Enterprise" award for Blue Moon (China) Co., Ltd.**

China Environmental United (Beijing) Certification Center Co., Ltd.



**"2023 Outstanding Listed Company Award" for Blue Moon Group Holdings Co., Ltd.**

*Economic Digest*



**"2023 Outstanding Listed Company Award" for Blue Moon Group Holdings Co., Ltd**

*Hong Kong Economic Journal*

## Product honors

**A total of 4 products were selected as the 2022-2023 China Consumer Goods Market High-Quality Development Recommended Brand Directory**

China National Commercial Information Center

**A total of 3 products were selected as 2023 Famous High-quality High-tech Products of Guangdong Province**

Guangdong High-tech Enterprise Association

**A total of 2 products were included in the list of *Guide for Excellent Innovative Consumer Goods* (Light Industrial Products No. 10 Batch)**

Department of Consumer Goods Industry of the Ministry of Industry and Information Technology of the People's Republic of China & China National Light Industry Council

**48 products passed the certification of China Environment Labeling**

China Environmental United (Beijing) Certification Center Co., Ltd.

**15 products passed the China Water Conservation Certification**

China Quality Certification Centre







# ESG Management

Blue Moon adheres to the philosophy that a clean and wonderful life stems from respect and care for the environment and has the responsibility and obligation to promote the sustainable development of society. Focusing on the ESG action principles of "Better products (services), Healthier environment and Greater society", we continue to strengthen ESG governance, pursue the ESG philosophy and improve the ESG performance. We are committed to creating long-term value for stakeholders such as shareholders, customers, and employees, empowering future development.

# ESG Action Principles

Blue Moon, with the vision of "To allow every family to enjoy a clean, healthy, comfortable, respectable, and delightful 'Blue Moon' lifestyle", is driven by the mission of "Providing consumers with cleaning solutions comprising quality products, good services and professional insights"; and guided by the values of "For consumers we excel". We have embedded the sustainable development concept into the corporate culture. Upholding the development concept of innovation, environmental protection, and care, we persist in the spirit of craftsmanship and continue to take a leading position in the field of products and services, meet the diverse needs of consumers, and take environmental protection and promotion of social cooperation and progress as our important mission, with the aim to offer more possibilities for the beautiful life of consumers.

This year, Blue Moon integrated the principles of ESG actions with the United Nations Sustainable Development Goals (SDGs), focusing on three major areas: better products (services), healthier environment, and greater society. With the SDGs as our guide, we are carrying out action-oriented practices in key areas, striving to create long-term value for the Company and achieve sustainable development.



## ESG Management Structure








We highly value corporate sustainability by constantly improving ESG management structure, clarifying the division of responsibilities of the ESG management at three levels of governance, management to execution, and integrating ESG work into daily operations and management, in order to advance the ESG work in an orderly manner. For details of the Board's participation in the supervision of ESG matters, please refer to the section "ESG Statements of the Board" in this Report.

Our management structure and hierarchical division of labour are as follows:



# Stakeholder Engagement

Stakeholder engagement is a critical channel for us to obtain constructive opinions and suggestions. We keep close communication with internal and external stakeholders in various forms, and provide multiple convenient communication channels online and offline to fully understand their expectation, requirements and feedback, so that we can identify priorities for future sustainable development together and build a sustainable future together by working hand in hand.

Stakeholders	 <b>Consumers</b>	 <b>Shareholders &amp; Investors</b>	 <b>Employees</b>	 <b>Suppliers</b>	 <b>Government and Regulators</b>	 <b>Non-governmental Organizations</b>	 <b>Community &amp; the Public</b>
Demands and Expectations	<ul style="list-style-type: none"> <li>Better products and services</li> <li>Customer privacy protection</li> <li>Product diversification</li> <li>Protection of customers' rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>Consistent and steady returns</li> <li>Well-established governance structure</li> <li>Open and transparent information</li> </ul>	<ul style="list-style-type: none"> <li>Protection of employees' legitimate rights and interests</li> <li>Safe and healthy working environment</li> <li>Training and talent development</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Fair trade</li> <li>Integrity and mutual benefit</li> <li>Collaborative improvement</li> <li>Driving management and technology advancement</li> </ul>	<ul style="list-style-type: none"> <li>Lawful operation</li> <li>Work safety</li> <li>Energy conservation and emission reduction &amp; environmental protection</li> <li>Paying taxes in accordance with the law</li> <li>Fostering healthy development in the industry</li> </ul>	<ul style="list-style-type: none"> <li>Industrial cooperation and development</li> <li>Assumption of environmental responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Assumption of environmental responsibility</li> <li>Participation in community building and development</li> <li>Employment opportunities</li> </ul>
Means of Communication	<ul style="list-style-type: none"> <li>Periodic reporting</li> <li>Company official website</li> <li>Social media</li> <li>Press release</li> <li>Customer service hotline</li> <li>Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' general meeting</li> <li>Investors' and analysts' briefings</li> <li>Roadshows</li> <li>Company official website</li> <li>Corporate communications</li> <li>Corporate publications</li> <li>Social media</li> <li>Press release</li> </ul>	<ul style="list-style-type: none"> <li>Employee training</li> <li>Employee activities</li> <li>Labour union management</li> <li>Employee satisfaction survey</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication</li> <li>Regular performance feedback</li> <li>Supplier satisfaction survey</li> <li>Supplier complaint channels</li> <li>Project cooperation</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Periodic reporting</li> <li>Regulatory review</li> <li>Daily communication</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Periodic reporting</li> <li>Daily communication</li> <li>Collaborative activities</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Charity services</li> <li>Cross-sectoral collaboration</li> <li>Social media</li> </ul>

# ESG Materiality Assessment

Understanding the expectations of stakeholders is key for Blue Moon to carry out sustainable development efforts. We place emphasis on maintaining good communication with both internal and external stakeholders such as employees, shareholders, customers, and government authorities. Through regular communication and exchanges, we seek comprehensive advice and opinions from stakeholders on our sustainable development initiatives.

This year, we introduced the concept of "double materiality", conducting assessments and prioritizations of issues from both the dimensions of "financial impact" and "stakeholder impact". Through the identification of issue, screening and evaluation, reviewing and approval, we invited stakeholders to evaluate the impact of the Company's operations on environmental, social, and governance issues, while also analyzing the impact of various sustainable development issues on value creation for the Company. The research findings were reviewed and confirmed by the ESG Committee, ultimately identifying 2 core issues and 10 highly material issues, as well as 2 significant issues, forming a matrix of double materiality and stakeholder concern analysis results.

Based on the annual assessment of issues with materiality, we will continuously refine and adjust the Company's ESG management decisions, steadily advancing the orderly implementation of various sustainable development initiatives. We will also prioritize disclosure in our reports to address stakeholders' concerns regarding Blue Moon's sustainability efforts.

## Identification of issues

Based on the Hong Kong Stock Exchange's Appendix C2 *Environmental, Social, and Governance Reporting Guide*, and in accordance with *Sustainability Accounting Standards (SASB)* and the International Sustainability Standards Board (ISSB)'s *International Financial Reporting Sustainability Disclosure Standards (IFRS)*, as well as considering national policies, capital market ratings, peer disclosures, and the dynamics of Company business development, we have identified and updated Blue Moon's repository of issues with materiality across multiple dimensions. This comprehensive review has resulted in the identification of a total of 14 annual issues with materiality.



## Screening and evaluation

Through various forms such as stakeholders through questionnaire survey, interview, communication and other means, a total of 457 internal and external stakeholders including directors, management, employees, shareholders and investors, consumers, suppliers and other stakeholders, were engaged to assess the materiality of ESG issues in the Company's production and operations from their perspectives. Simultaneously, relevant stakeholders with financial expertise such as board members and financial executives evaluated the potential financial impacts of various ESG issues on the Company's development, performance, and reputation by combining the Company's past investment practices with future development trends analysis.

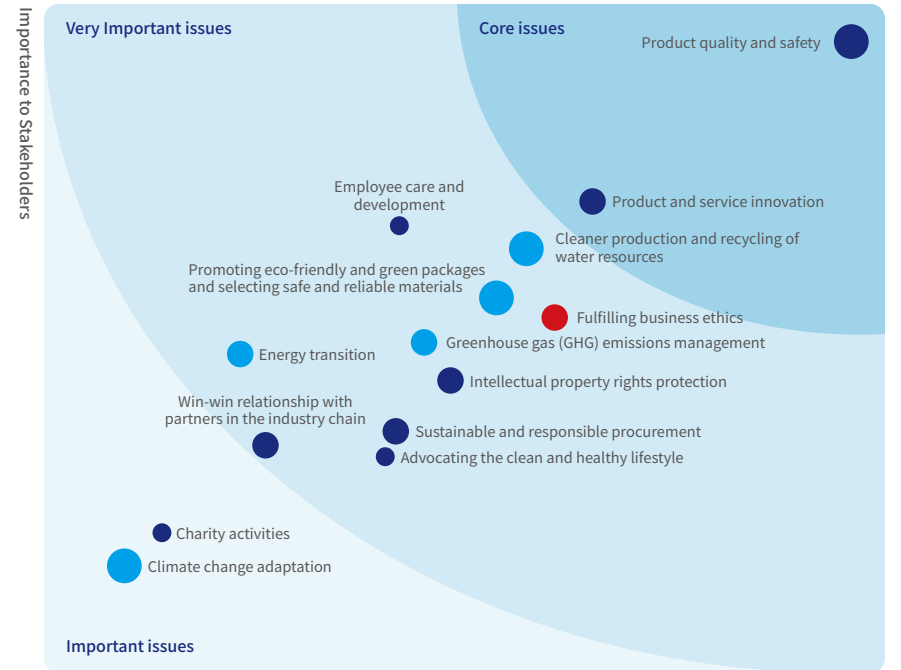


## Review and approval

Based on the research findings, we assessed each ESG issue based on two dimensions: materiality of internal business impact and external stakeholder impact. Graphical representation using varying sizes of dots was employed to illustrate the materiality of finance of each ESG issue in terms of value creation for the Company. This methodology allowed us to rank the materiality of each ESG issue, and the ESG Committee reviewed and approved the analysis results of the material issues, ultimately culminating in the creation of Blue Moon's ESG issue matrix for 2023.



Blue Moon ESG Report Materiality Assessment



\*The size of the dots in the graph indicates the level of financial materiality of the ESG issue for corporate value creation.

<b>Core Issues</b>	Product quality and safety / Product and service innovation
<b>Very Important Issues</b>	Cleaner production and recycling of water resources / Promoting eco-friendly and green packages and selecting safe and reliable materials / Greenhouse gas (GHG) emissions management / Intellectual property rights protection / Sustainable and responsible procurement / Fulfilling business ethics / Employee care and development / Win-win relationship with partners in the industry chain / Energy transition / Advocating the clean and healthy lifestyle
<b>Important Issues</b>	Charity activities / Climate change adaptation



# Clean and Worry-Free, Healthy Living

Adhering to the values of "For consumers we excel", Blue Moon keeps working on the cleaning field to help consumers achieve a clean and happy life. Driven by technological innovation, we are constantly promoting the innovation and iteration of products and services; we prioritize consumers, effectively safeguarding consumer rights, and providing high-quality, comprehensive home cleaning solutions; driven by a win-win approach, we continue to promote responsible supply chain development, fostering sustainable development upstream and downstream.



- 3 GOOD HEALTH AND WELL-BEING
- 6 CLEAN WATER AND SANITATION
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

## Focusing on Innovation, Research, and Development

Blue Moon actively practices the R&D concept of "integrating world-class advanced technologies into consumers' lives", taking on the responsibility of "leading a clean and happy life" and deeply understanding the diverse and multi-scenario needs of consumers. We fully leverage the expertise of cleaning experts, focusing on researching cutting-edge technologies in the washing field, exploring more efficient and cleaner methods, and creating a more comfortable and healthier cleaning experience for consumers.

### Focusing on the Cleaning Field

As a provider of household cleaning solutions that prioritizes "customer-centric and innovation-driven" development concept, we make every effort to observe the development trends in social life, fully explore consumer segmented demands, deepen forward-looking technological research, and devote ourselves to the research of concentrated technology and the promotion of concentrated products, continuously iterate existing products, and innovate diverse new products. We inject innovative vitality into the three major product systems of fabric care products, personal hygiene products and home care products, consolidating the brand strength of "cleanliness".

#### Fabric care

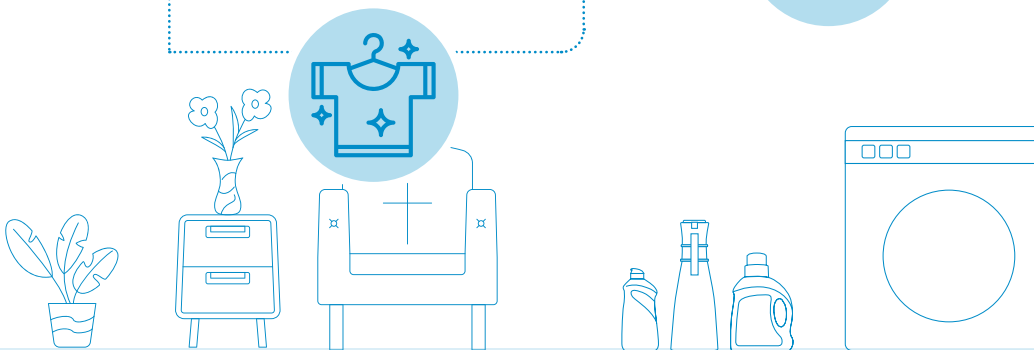
We keep working in the field of fabric cleaning, maintaining our strengths in the field of fabric cleaning, and advocating the concept of "special products for special purposes". We have established a product mix covering different people and scenarios to meet the needs of fabric cleaning. During the Financial Year, through multidisciplinary and cross-domain research, we have completely upgraded the Zhizun Biotech series, aiming to provide consumers with efficient, safe, and convenient laundry detergent products using green and concentrated technology.

#### Personal hygiene

We delve into the scenarios and needs of personal hygiene products, introducing innovative JingXiang Foaming Body Wash. With high-quality ingredients and innovative design, we provide consumers with a new bathing experience.

#### Home care

We provide users with an integrated home cleaning solution from basic cleaning to the maintenance of cleaning tools, aiming to help consumers easily solve household cleaning challenges. We continue to research and develop home cleaning products, constantly leading the industry's green development, and helping thousands of households create a clean and healthy home life.





### Innovative Zhizun Instant Dissolution Technology, Upgrading the Future Laundry Experience

Blue Moon continues to upgrade the Zhizun Biotech series, expanding the functionality of the entire product line in terms of breadth and depth, helping consumers solve multiple cleaning challenges.

<p><b>Strong cleaning power</b></p> <p>The "Concentrate Plus" formula, with an active ingredient concentration up to 47%, is suitable for 15-minute quick wash cycles, making it energy-efficient and environmentally friendly.</p>	<p><b>Quick dissolution</b></p> <p>With low viscosity and stability, it dissolves instantly upon contact with water, ushering in the era of quick wash cycles.</p>
<p><b>Easy rinse and residue-free</b></p> <p>Low-foam formula makes rinsing easier, ensuring quick and residue-free cleaning.</p>	<p><b>Bacteria and dust mite removal</b></p> <p>With a dust mite removal rate of up to 99.9%, it meets consumers' demands for a healthy lifestyle.</p>



◆ Zhizun Biotech Series



### Introducing the New JingXiang Foaming Body Wash for a Refreshing and Clean Experience

In response to consumers' skincare cleaning needs in personal care, in 2023, Blue Moon developed and launched the JingXiang Foaming Body Wash, using a micron foam with the hydration balance formula to address issues such as dryness and excess oil on the skin, providing consumers with a deep cleansing and mild moisturizing cleaning experience.



The super large, upright micron foam is gentle on the skin, allowing for quick rinsing.



Using an amino acid surfactants formula, with a water retention rate > 95%, keeping the skin moisturized.



◆ JingXiang Foaming Body Wash





## Providing Comprehensive Product Solutions and Professional Care Services, Safeguarding Cleanliness for the World University Games

In 2023, as the exclusive official supplier of cleaning and care products for the 31st World University Games (referred to as the Universiade), Blue Moon formulated the "Universiade Cleanliness Escort Project", which includes comprehensive product solutions, professional clothing care services, and on-site operational support teams. We specially equipped athletes with sports-specific laundry detergents that efficiently "remove and suppress sweaty odors". In areas such as venue showers and athlete dormitories, we also provided the latest developed JingXiang Foaming Body Wash to offer athletes a refreshing and clean bathing experience. Ad-

ditionally, our operational support team conducted venue visits, offline training sessions, and follow-ups on product usage to educate venue staff on the proper use of products and scientific washing knowledge, contributing to the creation of clean venues. During the Universiade, Blue Moon actively leveraged the expertise as cleaning experts, providing high-quality and high-standard comprehensive cleanliness assurance programs to safeguard the cleanliness and health of athletes.



Blue Moon Laundry Care Center



## Upgrading Packaging Design, Advocating Green Consumption

Blue Moon has always adhered to the development philosophy of resource conservation and environmental protection, while focusing on consumer demand. By optimizing and innovating product labeling and packaging, we help users easily control usage, reduce overuse, and aim to design replacement kits that are convenient to use, thereby enhancing the product's green attributes and usability, and promoting green consumption.

### Upgrading quantitative settings for convenient control

We continuously upgrade the quantitative settings of various products, incorporating transparent and intuitive scales onto laundry detergent bottle caps for precise consumer measurement. Additionally, we provide recommended usage amounts on the back labels tailored to different machine types, water levels, and clothing quantities, effectively preventing excessive usage and waste, thereby promoting green and low-carbon washing practices.

### Innovative circular design to support trade-ins

We have developed and launched multiple replacement kits to reduce packaging material consumption. We continuously optimize replacement packaging design based on functional requirements, such as optimizing the original flat pouch into an irregular mouth pouch to achieve diversion function and reduce waste caused by leakage during usage. The Zhizun laundry detergent pump head design standard allows for up to 800 cycles of pressing, equivalent to matching nine refill bottles, improving the pump head's recycling rate to balance environmental protection and economic benefits. We introduce an all-plastic spray gun product to actively advance the recyclability of packaging materials.



Optimization of Flat Mouth Pouch into Irregular Mouth Pouch with Diversion Function



Zhizun Biotech Refillable Bottle

## Enhancing R&D Capability

Research and development ("R&D") and innovation serve as the driving force behind Blue Moon's development. We are committed to product development, fundamental innovation, packaging design, and product application research. We have an independent R&D team, equipped with hundreds of core technicians, and among whom over 70% hold PhD and master's degrees. Our core technical R&D members possess extensive research experience in the household cleaning and care industry.

Meanwhile, we focus on building innovative platforms. In 2023, Blue Moon was approved to establish the "Guangzhou Postdoctoral Innovation and Practice Base", which will focus on the introduction and cultivation of high-level talents, offering an excellent platform for developing a top-tier innovative research team. In the future, the "Guangzhou Postdoctoral Innovation and Practice Base" will become a key carrier for the Company to nurture cutting-edge research projects and accelerate the transfer and transformation of achievements. In the same year, we were also once again awarded the "China Industrial Design Center of Light Industry", which will further propel the Company to design more aesthetically pleasing, user-friendly, and environmentally friendly product packaging.

With our professional R&D team and strong independent R&D capabilities, we have obtained numerous patented technologies in product formulation system research, product application method research, and other areas, achieving significant results. In 2023, we were honored with the "China Light Industry Federation Science and Technology Progress Award Second Prize". Additionally, several products, including laundry detergent, received the "Famous and High-quality High-tech Product of Guangdong Province" accolade and were included in the "Guide for Excellent Innovative Consumer Goods (Light Industrial Products No.10 Batch)", garnering high recognition for our innovative R&D capabilities.



As of December 31, 2023, we have achieved a total of

**274** authorized patents

among which there are 45 invention patents

During the Financial Year, Blue Moon has won:

- China Light Industry Federation Science and Technology Progress Award
- 2023 Famous High-quality High-tech Products of Guangdong Province
- Guangzhou Postdoctoral Innovation and Practice Base
- China Industrial Design Center of Light Industry



We actively participate in the construction of the green product standardization system in the detergent industry, continuously promoting sustainable and high-standard development in the industry. Building upon the improvement of product technology, we advocate for the inclusion of environmental protection and health safety considerations in the formulation of various standards. In 2023, we served as member units of seven standardization technical committees, including the National Standardization Technical Committee for Surfactants and Detergents and the National Technical Committee for Detergent and

Disinfectant for Food Appliances. As the main drafting unit, we actively participated in the formulation of various standards such as the *Technical Specification for Concentrated Detergent Marking Products* and the *Detergents for Infants and Young Children - General Technical Requirements*, continuously leading the detergent industry towards green and healthy development.



Blue Moon Won "China Light Industry Federation Science and Technology Progress Award"

Through research on the rheological control and softening enhancement technology of biodegradable surfactants in fabric softener products, we have obtained multiple national invention patents, providing strong support for the development of efficient and environmentally friendly detergent products for both the enterprise and the industry. In 2023, this project was awarded the Second Prize of the "China Light Industry Federation Science and Technology Progress Award".

As of December 31, 2023, Blue Moon contributed to the formulation of

**3** international standards

**20** national standards

**12** industry standards

**14** group standards

## Driving Industry Development

We maintain close cooperation with industry associations and universities. As of the Financial Year, we have joined 18 industry associations, including the China Cleaning Products Industry Association. We actively participate in industry conferences and exhibitions such as the China Cleaning Industry Annual Meeting and the PCT 2023 Personal Care Technology Convention, continuously absorbing cutting-edge technology while actively sharing experiences and technology. We are committed to promoting innovative cooperation and coordinated development within the industry.



▶ The 43rd (2023) China Cleaning Industry Annual Meeting



▶ Cosmetics Compliance Development and High-Quality Assurance Key Technology Seminar

### Industry-university-research Cooperation

We have established close research relationships with many universities and colleges, adhering to an open innovation approach, continuously promoting resource synergy and technological innovation, and striving to achieve win-win cooperation among multiple parties.

This year, we have cooperated with a renowned university to complete research projects related to low-foaming surfactants. Moving forward, we will continue to promote industry-university-research cooperation, integrating the resources, markets, information, and technologies of enterprises with the talents and research advantages of universities and research institutes. This collaboration will support product innovation iterations and assist in the growth of the young talents.

## Outstanding Quality Assurance

Product quality and safety is the foundation and cornerstone for Blue Moon to move towards a sustainable future, we always adhere to the values of "For consumers we excel", always prioritizing quality and safety, dedicating to providing consumers with products of outstanding quality. We strictly adhere to the requirements of national laws, regulations, and technical standards, building and continuously improving a strict, sound, and appropriate product quality management system. We are accelerating the digitization of quality management, continuously enhancing the maturity of the quality management system, so as to meet and exceed consumers' pursuit of high quality.

### Enhancing quality awareness

We continuously foster a work philosophy and atmosphere that values quality, strengthening employees' awareness of quality risks and responsibilities, and collectively building a solid foundation for quality.

### Quality Training

We organize various professional quality training sessions, tailored to business development and job requirements. These sessions focus on enhancing employees' quality awareness and skills, facilitating continuous and effective implementation of quality improvement projects.

## Strengthening Quality Management

We adhere to the concept of "prevention-based process control and continuous improvement" for quality management and follow the quality management mode of "whole process, whole staff, all elements, and all data". We have set up a whole process management system encompassing product development, production, storage, logistics, sales, and after-sales. This system helps us not only identify and prevent quality risks at all stages, but also strengthen the quality awareness of all employees to continuously enhance the level of digital application and improve the maturity of the quality management system.

### Communication and Advocacy

We establish multiple channels for quality communication and actively engage in various forms of advocacy activities, including sharing quality incidents, issuing quality risk alerts, and organizing quality-themed events.



### Launching "Quality Month" Campaign to Foster a Culture of Quality Excellence

This year, we initiated a special event called "Quality Month" with the theme of "Strengthening Quality Awareness and Solidifying Hygiene Control". This event was conducted across 5 of our product manufacturing factories. It comprised a total of 28 sessions, featuring activities such as knowledge quizzes, themed debates, regulatory advocacy, knowledge sharing, observation of quality behaviors, reporting and improvement of hidden dangers, and leadership feedback sessions. These activities engaged more than 7,300 participants, fostering a rich quality atmosphere from various dimensions, and reinforcing a sense of ownership of quality among all employees.



In 2023, Blue Moon organized over

# 200

quality professional training sessions, with participation from over 4,000 employees.

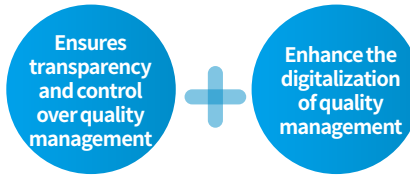
### Preventing quality risks

We attach great importance to quality risk management, continuously monitoring relevant laws and regulations related to product quality management. We regularly review and update the Company's production quality management system documents, refine the implementation details of the product quality system, and conduct regular audits of the quality assurance systems in all Company product manufacturing factories. This helps us find and identify explicit issues and potential risks, and actively improve the system to prevent quality risks and improve product quality assurance.

To further standardize factory production management practices and prevent quality risks, in 2023, we conducted special internal audits focusing on compliance of licensed products. This involved on-site audits of product manufacturing factories across six major modules: quality assurance and control, organization and personnel, factory facilities and equipment management, material and product management, production process management, and product sales management. These audits ensured that production sites and product quality control systems were compliant and robust, effectively enhancing our ability to prevent quality risks.

### Quality management digital transformation

We are accelerating the digital transformation of quality management by establishing a laboratory information management system. This system ensures transparency and control over quality management, enabling us to gradually enhance the digitalization of quality management.



### Accelerating Digital Transformation in Quality Management for Efficient Collaborative Control

In 2023, Blue Moon launched and operated Laboratory Information Management Systems (LIMS) in five product manufacturing factories. These systems were integrated with other systems such as SAP and MES, enabling data exchange and collaboration between laboratories and production sites. This integration enhanced quality monitoring and risk assessment capabilities, facilitating standardization and normalization of laboratory management while improving the reliability and traceability of data.

### Product recall drills

This year, we organized nine batches of product recall drills across five product manufacturing factories in accordance with the requirements and guidelines outlined in the *Product Recall Procedure* and *Product Recall Operation Specification*. The drills encompassed various product categories, including cosmetics, food-related items, and laundry detergent products. All drills were efficiently completed within the specified timeframe, with a recall rate of 100%, ensuring the effectiveness and feasibility of our product recall procedures.



During the Reporting Period:

**No recalls related to product quality occurred in relation to Blue Moon products**



The Company and all manufacturing factories have passed the certification of

# ISO 9001

quality management system

## Controlling Product Safety Strictly

Blue Moon always prioritizes consumer health and safety. Guided by the principles of product safety management, we have established and continuously standardized safety evaluation standards and processes covering the entire lifecycle of our products, from selection of raw material, supplier admission, procurement and acceptance of raw material, manufacturing, storage and transportation of products, and product use, as well as final disposal. We select raw materials that are more environmentally friendly and safer, comprehensively advancing the responsible "product safety management".

We adhere to national regulations and standards such as the *Regulation on the Supervision and Administration of Cosmetics*, *Hygienic Standards for Disinfection Product Manufacturers*, and *GB/T 26396 Technical Specification for Safety of Soaps and Detergents*. Additionally, we reference international regulations including the *United States' Federal Food, Drug, and Cosmetic Act*, the *EU Regulation on Cosmetic Products (EC No 1223/2009)*, *EU REACH Regulation (EC No 1907/2006)*, and the EU Ecolabel of *Commission Decision (EU) 2017/1218*. We stay updated on chemical regulations and promptly implement and enhance our product safety management system to comprehensively enhance product safety performance, safeguarding consumer health in all aspects.



Products Safety Management Principles

- We are committed to minimizing the environmental impact of the products in every stage of the product life cycle.
- We keep optimizing the standard methods for assessing product safety risks to improve management efficiency.
- We transparently disclose and communicate the information about the safe use of products to society in a simple and understandable way to establish and continuously enhance social trust.

### Strict control of raw material entry

Blue Moon controls product safety from the source by strictly stipulating requirements for raw material entry. In 2023, we updated, re-leased, and implemented the *Raw Material Selection Guidelines* clarifying the basic principles of raw material availability, restrictions, and prohibitions, standardizing, and guiding the selection of raw materials. The Guidelines applies to key business nodes such as raw material safety research, raw material procurement risk assessment, and risk assessment of raw material storage and use during product production, achieving full-chain raw material management to better control safety from the source.

We adhere to higher standards to control the performance and safety of products, referring to domestic regulations such as the *Safety and Technical Standards for Cosmetics (2015 Edition)* and *HJ 458-2009 Technical Requirements for Environmental Labeling Products - Household Detergents*, as well as international regulations such as *EU Regulation on Cosmetic Products (EC No 1223/2009)* and *EU REACH Regulation (EC No 1907/2006)*. We continuously adjust the Company's List of *Prohibited and Restricted Raw Materials* to ensure the safety and compliance of selected raw materials.

To better meet consumers' pursuit of natural and green products, we have incorporated amino acid surfactants such as sodium cocoyl glycinate and sodium lauroyl glutamate into our personal care products. Additionally, we have chosen natural plant extracts such as aloe vera, wild chamomile, centella asiatica, and OPUNTIA FICUS-INDICA to provide consumers with greener, environmentally friendly, and safe ingredients.

In 2023, we replaced all isopropanol in a certain raw material with propylene glycol, effectively implementing raw material safety management.



Enhancing raw material safety

Avoiding prohibited ingredients



We strictly prohibit toxic and hazardous raw materials, including but not limited to formaldehyde, methyl alcohol, paraformaldehyde, diethanolamine, and fatty acid diethanolamide, etc. During the Financial Year, the Company added five new ingredients such as lily aldehyde and karanal to the prohibited raw material list, and three new ingredients including DMDM hydantoin to the restricted raw material list.

### Comprehensive safety assessment

We have updated and implemented the *Safety Research Guidelines for Raw Materials*, which enables closed-loop evaluation management for new raw material entry safety assessment, reevaluation of previously approved new and existing raw materials, and safety assessment for the withdrawal of potentially prohibited existing raw materials. This ensures product safety compliance before market launch. After the products are launched onto the market, we keep monitoring safety performance of our products and conduct safety risk monitoring to further ensure product safety performance.

In 2023, we conducted safety assessments on approximately 30 ingredients based on the guidelines provided by the *Technical Guidelines for the Safety Evaluation of Cosmetics (2021 Edition)*, GB/T 41828-2022 *Guidelines for Human Health Risk Assessment of Ingredients of Washing Products*, the European Union's *SCCS Notes of Guidance for the Testing of Cosmetic Ingredients and Their Safety Evaluation*, and the *Safety Research Guidelines for Raw Materials*. These assessments were conducted from various dimensions, including regulatory compliance, health risk assessment, and ecological risk assessment. Additionally, we identified potential safety risks related to ecological safety, toxicology, regulatory standards and trends, major public concerns, or social issues. For any ingredients of high concern, we ensured that all products containing such chemicals were identified, documented, and replaced with environmentally friendlier and safer alternatives.

### Ingredient transparency disclosure

We continue to broaden the channels for disclosing the ingredients of hand sanitizers and detergents for food, further strengthening the trust with consumers. Currently, in accordance with the latest product labeling standards for each category, we have completed full ingredient labeling for hand sanitizers. This year, we simultaneously disclosed basic information about some raw materials in the chemical section of the Blue Moon official website, further enhancing transparency regarding ingredient information and ensuring consumers' right to know about product ingredients.

### Scientific guidance and popularization

We actively promote a healthy and clean lifestyle to consumers by providing extensive information through "Scientific Washing" column on our official website, establishing a WeChat public account and a 24/7 consumer hotline. Through these channels, we offer consultation services on the safety and functionality of our product ingredients, empowering consumers to use our products in a more scientifically sound and healthy manner. This initiative aims to provide consumers with a more reassuring and secure user experience.



#### Transparent Disclosure of Product Information, Establishing Strong Market Trusts

In early 2024, we added a "Strict Product Safety" section to the Blue Moon official website, disclosing the Company's principles and specific management measures in overall product safety management from three major dimensions: "Our Approach", "Our Products", and "Our Ingredients". This was aimed at showcasing our raw materials and product safety research processes in a more intuitive and systematic manner, including restricted and prohibited ingredients. Additionally, we provided specialized educational content on commonly used ingredients such as amino acid-based surfactants and alkyl polyglycoside (APG), aiming to help consumers gain knowledge of product ingredients.



## High-Quality Services Experience

Blue Moon upholds the principle of "High-quality Services, Pursuing Excellence", committed to providing consumers with high-quality service experiences. We adhere to responsible marketing, always safeguarding the legitimate rights and interests of consumers. We keep communication channels open with consumers, strengthen the protection of consumer information security, and always strive to "provide quality service with craftsmanship". This dedication aims to help consumers enjoy a pure, fresh, warm, romantic and clean world.

### Optimization of Service Quality

Blue Moon is committed to providing consumers with professional, high-quality, and timely service experiences. We continuously optimize service standards, processes, and content based on internal regulations such as the *Procedures for Handling Customer Inquiries and Complaints*. We consistently expand customer service channels and efficiently respond to customer needs, ensuring that consumers receive accessible and thoughtful service experiences at all times.

#### Green Consumption

In the consumer service process, we proactively recommend concentrated products, bottle-bag combination packages, etc. to consumers. We actively promote the use of replacement packaging methods to consumers, encouraging them to reuse original product packaging such as bottles, pumps, and racks, advocating for energy conservation, emission reduction, and sustainable environmental protection concepts.



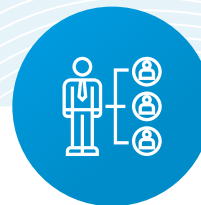
#### Customer Service

We provide one-on-one services to consumers through online service channels, a 400 service hotline, WeCom, and public accounts. We actively educate consumers on scientific laundry methods for purchased products and provide relevant explanations based on product characteristics.



#### Consumer Surveys

We invite consumers to participate in surveys on washing needs and cleaning habits, offering free trials of professional home cleaning services. We pay attention to consumer needs and pain points, gather opinions and suggestions on products and services, and continuously improve products and optimize services.



#### Enhancing service experience

We continuously update and improve the functions and scope of the consumer service center. In addition to providing Q&A about cleaning, product inquiries, and sharing scientific washing skills and tips, we have added pre-sale and after-sales handling, intelligent quality inspection, and other services to provide consumers with comprehensive solutions, continuously improving service efficiency and quality. Furthermore, through enhanced training, conducting product tutorials, and organizing limited-time interactive games, we enhance the skills of service personnel in product knowledge and customer communication, gradually raising service standards and quality.

### Providing smooth communication channels

We have built an integrated offline and online consumer service system to help consumers deal with visible stains and eliminate invisible troubles. During the annual Blue Moon Festival, our "Cleanliness Consultants" share cleaning knowledge with consumers through e-commerce live streaming, community events, supermarkets, and other channels, demonstrating the correct use of products and promoting a scientific laundry knowledge and clean lifestyle.

We deliver 24/7 consumers support all over China. By iterating call systems, service personnel can work remotely, reducing the impact of factors such as office locations and network issues on customer service communication, ensuring a comprehensive, multi-channel, and instant premium service experience. As of 2023, we have opened a total of 31 consumer communication channels, including voice hotlines, WeChat official accounts, WeChat mini-programs, Weibo, official websites, apps, and multiple social media platforms, while continuously strengthening the protection of consumer personal information, making communication more timely, smoother, and service more considerate.

### Improving consumer satisfaction

We have established a comprehensive customer complaint handling mechanism, including standard processes for complaint handling, product testing, laundry service, home visits, expense reimbursement, and follow-up visits. For consumers facing laundry challenges, we not only arrange cleanliness consultants to provide assistance but also establish a laundry technology center. With a professional and high-standard laundry service process, we address various laundry problems such as dyeing, stubborn stains, and rough fibers for consumers who use our laundry service, earning widespread praise. This year, we have updated the process for coordinating laundry services by implementing a systematic transmission of images for pre-wash inspection and post-wash

quality inspection. This improvement aims to reduce the need for complaint handling personnel to manually review and operate procedures, thus enhancing the efficiency of complaint resolution and providing timely feedback on the progress of handling. To address the issues frequently reported by consumers, we conducted specialized research projects and carried out customer follow-up visits to understand their product usage experiences. Subsequently, we generated research reports based on these visits, incorporating feedback and improvement suggestions across various departments to enhance customer satisfaction.

In addition, this year, we conducted satisfaction surveys across three aspects: the call center, online system, and follow-up visits. These surveys covered dimensions such as product satisfaction, satisfaction with the resolution process, and satisfaction with customer service. We gathered comprehensive feedback from consumers to continually improve our products and services.



### Launching an Intelligent Quality Inspection System to Improve Customer Service Quality Inspection Efficiency

In 2023, Blue Moon introduced an intelligent quality inspection system, enhancing quality inspection capabilities within both the call system and online system. Currently, the intelligent quality inspection system has been integrated into every interaction handled by customer service representatives. It provides personalized guidance and feedback to customer service personnel based on their communication differences and shortcomings, enabling accurate assessment of customer service quality and better resolution of consumer issues. Since the system's implementation, the daily quality inspection rate has increased from 20%, as with traditional manual inspections, to 100%. This significant improvement in inspection efficiency has enabled better resolution of consumer queries, effectively boosting customer satisfaction and loyalty.



During the Financial Year, Blue Moon's consumer service is as follows:

Call system satisfaction

96.2%



Online system satisfaction

95.4%



Average satisfaction from follow-up calls

97.3%



Consumer complaints conclusion rate

100%





## Responsible Marketing

Blue Moon adheres to the bottom line of marketing, strictly abiding by relevant laws and regulations such as the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, the *Advertising Law of the People's Republic of China*, and the *Anti-Monopoly Law of the People's Republic of China*. We conduct responsible marketing activities with a standard of accountability, transparency, and compliance to protect consumer rights and interests comprehensively.

We have revised the *Compliance Guidelines for E-commerce Livestreaming Business*, providing guidance and tips on common issues, potential risks, and key compliance points in livestreaming business. Additionally, we have developed a new template for livestreaming business contracts to regulate and standardize areas such as short video cooperation and livestreaming content authorization, promoting the legal, compliant, and efficient operation of our livestreaming business. Moreover, in response to the new regulations on Internet advertising management, norms for promotional activities, and legal regulations on unfair competition, we have revised the *Guidelines for Advertising Marketing and Competition Compliance*, providing clear guidance for legally and compliantly conducting advertising campaigns, price promotions, and product competitions.

### Responsibility marketing training

We conduct comprehensive marketing training sessions for our marketing team and communication center, covering topics such as legal compliance, case studies, and common risk alerts. These trainings enable us to conduct advertising campaigns, price promotions, and other marketing activities in a more responsible and efficient manner. We conduct weekly training sessions for new recruits and ongoing training for existing staff to ensure they are well-versed in product knowledge and equipped to assist consumers in making informed purchasing decisions, especially in the context of e-commerce livestreaming business.

### Preventing marketing risks

We diligently review and audit the product descriptions, advertising copy, and image copyrights of online and offline advertising materials. Additionally, we conduct quarterly compliance reviews and corrective actions on product pages and advertising campaigns across various e-commerce channels to ensure compliance. This includes verifying the accuracy and authenticity of packaging labels and product information, ensuring they comply with national standards, and rejecting any false or misleading content to provide consumers with truthful, accurate, and complete information.



## Customer Privacy Protection

Blue Moon strictly complies with laws and regulations such as the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and formulated and implemented several internal policies and systems, including the *General Guidelines for Information Security*, the *Process for Assessing Impact on Personal Information Security*, *Personal Information Protection Management System* and *Customer Information Protection System*, to strengthen the standardized management of Company-wide data throughout the lifecycle and fully protect both Company data security and consumer privacy.

### Information security management

We continuously conduct campaigns on compliance of data security and information security, rectify and improve related information security management work. During the Financial Year, in response to national requirements and regulations regarding the filing of mobile internet applications, we have established application filing lists and procedures, and filed all Company apps and mini-programs to ensure their secure and compliant operation. We have established a data leakage emergency response team and implemented the *Customer Information Leakage Emergency Response Process* to promptly and effectively control, mitigate, and eliminate the harm and losses caused by information security emergencies to customers. Additionally, we have conducted special work on data export, conducted investigations and inspections on data export scenarios, aligned with legal regulatory requirements, improved internal data permission management for various information systems and applications, and strengthened the legal and compliant control of relevant data permissions.



### EC System Obtained Information System Security Level Protection Certification

The Blue Moon EC system handles data integration with various e-commerce platforms, including stores, customers, distributed products, orders, etc. During the Financial Year, we have conducted internal security emergency drills and security assessment certifications. The Blue Moon EC system has been renovated according to the Network Security Level Protection Standard System and has obtained the Information System Security Level Protection Certification.



◆ Ministry of Public Security Information System Security Level Protection Certification

### Ensuring privacy and security

We prioritize the protection of user privacy and continuously optimize consumer information compliance management. We strengthen platform privacy security control measures, dynamically update privacy policies, user agreements, and provide consumers with options for voluntarily collecting personal information. Through signing *Network Security and Data Protection Commitment* agreements or confidentiality agreements with partners, we regulate the source of information. Guided by the principles of "legitimate necessity, informed consent, clear purpose, security assurance, and lawful use", we strictly adhere to legal requirements for the storage, use, and disclosure of personal information. This ensures that measures related to consumer information collection and privacy protection comply with regulatory requirements and prevent risks of consumer information violations, fully respecting consumer privacy protection.

In 2023, we continued to conduct Personal Information Protection Impact Assessments (PIA), comprehensively reviewing scenarios involving personal information protection. For external consumer scenarios, we identified personal information risks, recorded traces, and comprehensively promoted rectification, strictly safeguarding consumer privacy and information security.

There were no violations of laws or regulations related to customer privacy and data security during the Reporting Period.

## Building a Sustainable Supply Chain

Blue Moon has always been committed to practicing responsible procurement principles, aiming to build a sustainable supply chain. We actively strengthen communication and cooperation with suppliers, striving for mutual progress through intensive cooperation to build healthy and mutually beneficial partnerships.

### Advocating Responsible Procurement

We actively adhere to the concept of responsible procurement, advocating for upstream and downstream partners to jointly fulfill social responsibilities. We actively promote green procurement of raw materials, striving to build a green supply chain.

#### Responsible supply chain development

We strictly adhere to social responsibility assessment standards for supplier, evaluating supplier compliance in areas such as environmental responsibilities, chemical safety, occupational health, child and forced labour, and business ethics. We closely monitor suppliers' performance in areas such as diversity and equality, energy conservation, and emissions reduction. We include energy conservation and emissions reduction policies and measures as key audit items, advocating for our collaborative suppliers to actively engage in energy and greenhouse gas emission management initiatives. Under mutual agreement, we collect greenhouse gas emission-related data from suppliers and jointly assess and explore various possibilities for reducing emissions.

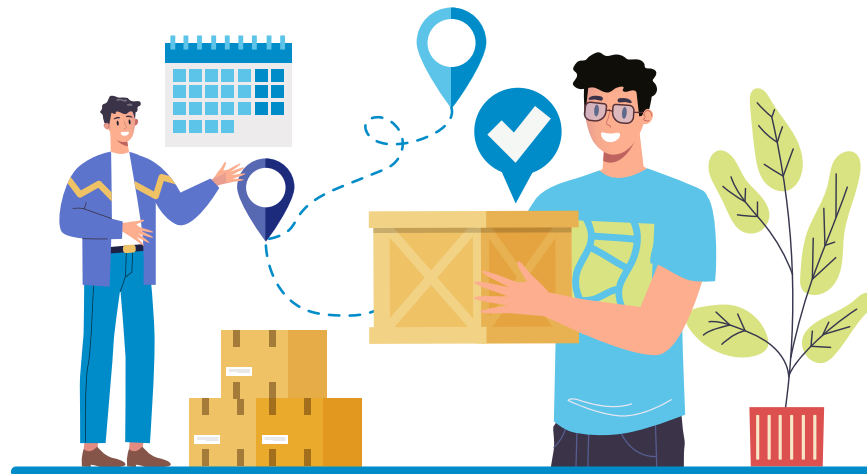
In 2023, we completed social compliance assessments for a total of 54 raw material suppliers, with 100% of them passing the evaluation.

#### Sustainable raw material procurement

We highly prioritize the environmental benefits of products throughout their lifecycle and continuously explore sustainable raw material management with suppliers. Adhering strictly to the Company's *Raw Material Selection Guidelines* and related principles for product R&D design, we procure raw materials that meet green and safety requirements. We work together with suppliers to explore greener, environmentally friendly, and low-carbon solutions, actively promoting green procurement initiatives.

In terms of packaging material procurement, we continue the concepts of lightweight, green, and recyclable packaging materials, actively seeking and procuring environmentally friendly packaging materials. Meanwhile, we value the upstream supply chain's impact on ecological resources such as forests and closely monitor the progress of paper packaging suppliers in FSC forest certification.

Given the attributes of our product components, we do not directly use or purchase palm oil, but some raw materials are derived from palm oil. Therefore, we place importance on managing the sources of palm oil from suppliers and actively explore the feasibility of sustainable palm oil certification research. We closely monitor suppliers' progress and attitudes toward Roundtable on Sustainable Palm Oil (RSPO) certification, encouraging and supporting suppliers in obtaining RSPO certification.



## Promoting Win-win Cooperation

We continuously explore win-win cooperation with suppliers, establishing an open and trustworthy communication platform, sharing industry development trends, and collaborating on technological innovation and improvement breakthroughs. We actively create a mutually empowering upstream and downstream ecosystem.



### Specialized Exchanges with Partners to Promote High-quality Development of Upstream and Downstream

In 2023, we conducted a total of 42 specialized exchanges with our partners, focusing on regulations, technical directions, and specialized projects. We shared insights and discussions on changes in regulations and policies in the daily chemical industry, with a particular emphasis on sustainable raw material development and the collaborative promotion of new industry technology directions. These efforts were aimed at driving high-quality development both upstream and downstream in our supply chain.



### Collaboration with Suppliers on Product Technology Research to Enhance Product Performance

In the project of the new JingXiang Foaming Body Wash, launched in 2023, we addressed technical challenges commonly faced by foam pump heads in the market. We collaborated closely with our suppliers to gain deep insights into consumer needs and conducted research and exploration into product technology. Together, we tackled challenges and resolved pain points, collaborated on product formulation development, and collectively enhanced the product usage experience. As a result, we achieved a comfortable and dense foam sensation while improving the reliability of the pump head performance. This collaboration contributed to the successful launch of the new product by Blue Moon.

## Optimizing Procurement Management Mechanism

We adhere to a full lifecycle control system for suppliers from admission to exit. In 2023, we continued to optimize the management mechanism in both new supplier admission and existing supplier management processes.

- Based on a rigorous supplier admission evaluation procedure, we optimized the *Supplier Business Audit Standards*, encouraging the selection of suppliers with outstanding performance in energy conservation and emission reduction during the screening process. We included carbon reduction measures as an assessment criterion for supplier admission. Through multidimensional evaluation criteria, we refined assessment methods and technical details, actively introducing high-quality suppliers committed to sustainable development.
- We continuously improve the supplier performance evaluation system, conducting annual reviews and updates to the *Supplier Performance Evaluation Model*. This guides suppliers in continuously improving management capabilities and enhances the reliability of supply and delivery.
- We enhanced the supplier process control mechanism by implementing graded management for suppliers. We conducted targeted supplier quality checks to jointly improve the reliability of product quality processes. We continued to collaborate with suppliers on special improvement projects, initiating 10 improvement projects in 2023. For key projects, we conducted on-site systematic and professional exchanges to mutually promote growth and achieve common progress.



## Environmentally Friendly and Green Development

Blue Moon persists in integrating corporate development with environmental protection and incorporating green environmental protection into the Company's business operation principles. Upholding the environmental management policy of "prevention from source, control at all stages", we have continuously introduced environmentally friendly green products. The Company is committed to practicing clean production, transitioning to green energy, managing carbon emissions, promoting sustainable packaging, and implementing low-carbon logistics. We have constantly improved climate resilience, actively responding to national "carbon peaking and neutrality" goals as well as contributing to protecting green ecology.



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

## Creating Green Products

As a professional provider of home cleaning solutions in China, Blue Moon has been applying the concept of environmental friendliness into the whole life cycle of products, promoting the R&D of environment-friendly products, advancing the concentration of products, and steering the green development of China's detergent industry. We have demonstrated a leading role in the industry by continuously obtaining certifications for China Green Product Certification, Certification of China Environment Labeling, and China Water Conservation Certification for several years. We remain committed to crafting environmentally friendly and green-safe high-quality products.

In 2023, we have been honored with certifications for China Green Product Certification and China Water Conservation Certification, again receiving recognition for our achievements in green development.

Seven new products from our Kunshan Factory obtained the China Green Product Certification, including Deep Cleaning Care Liquid Laundry Detergent, Underwear Special Laundry Detergent, Bacteria and Odor Removal Liquid Laundry Detergent, Hand Wash Special Laundry Detergent, Pre-Treatment & Hand Wash Dual-Use Laundry Detergent, Shirt Collar Cleaner, and Green Fabric Softener.

Four new products received the China Water Conservation Certification, including Men's Underwear Liquid Laundry Detergent, Sportswear Liquid Laundry Detergent, Sportswear Liquid Laundry Detergent (for Quick-dry Fabrics), and Zhizun Sportswear Liquid Laundry Detergent (for Quick-dry Fabrics).

As of December 31, 2023, all product manufacturing factories of Blue Moon had passed a total of 48 certifications of China Environment Labeling, with 15 products for the China Water Conservation Certification, 25 products for China Green Product Certification, and 3 products for China Concentrate Plus Certification.



Blue Moon Products Certified with China Green Product Certification



## Practicing Cleaner Production

Blue Moon strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other national and local laws and regulations of the places where our operations are located. We integrate the concept of green and low-carbon operations throughout the entire production process, focusing on improving equipment efficiency, optimizing process technology, and using clean energy. We adhere to environmentally friendly processes and technologies, systematically promote energy conservation and consumption reduction, practice clean production, and contribute to the achievement of the country's "dual carbon" goals.



- The Guangzhou Factory, Tianjin Factory, Kunshan Factory and Yonghe Factory **passed the cleaner production audits**
- The Chongqing Factory and Tianjin Factory **were certified as national Green Factory**
- The Guangzhou Factory **was honored as a water conservation benchmark enterprise in Guangdong Province** and the **first batch of "Zero Waste Factories"** in the Huangpu District of Guangzhou
- The Tianjin Factory **was recognized as a "Water Efficiency Frontrunner"** in Tianjin City
- The Kunshan Factory **was awarded as a "Water Efficiency Frontrunner"** in Jiangsu Province, a **circular economy demonstration enterprise in Kunshan City**, and a **"Zero Waste Factory"** in Kunshan City
- The Chongqing Factory **was awarded the title of "Chongqing Water Efficiency Fore-runner Enterprise" and "Water Efficiency Frontrunner"** in the Banan District of Chongqing City



The Chongqing Factory, Tianjin Factory and Yonghe Factory have passed the certification of

# ISO 50001

energy management system



The Company and all manufacturing factories have passed the certification of

# ISO 14001

environmental management system

## Enhancing Resource Efficiency

Blue Moon actively responds to the call for building a resource-saving society by applying energy-saving technologies and digital tools to complement resource management techniques. This helps to better leverage the efficiency and value of resources, thereby achieving optimal utilization of production resources. This year, we are implementing distributed photovoltaic construction to accelerate the pace of energy transition, aiming to enhance the environmental friendliness of the production process.

### Energy management

We have established energy management systems such as *Resource and Energy Control Procedures*, *Comprehensive Management Standard of Energy Conservation and Emission Reduction*, and *Equipment Management Standard* to continuously optimize management measures and regulate energy use. Additionally, we set energy usage targets and establish clear energy control measures to enhance energy utilization efficiency.

We have established a well-functioning energy management system, through regular inspections, continuous data monitoring and evaluate the operating status and energy consumption intensity of equipment in time, so as to ensure the efficient and stable operation of equipment, thereby reducing energy consumption and enhancing economic benefits.

By 2030

Objectives for  
Energy Use



High-efficiency equipment accounts for more than 98%



Build and put into operation photovoltaic power generation equipment in factories



Renewable electricity use accounts for more than 50% in factories



Phase out self-owned boilers to produce steam in more than 50% of factories

In 2023, we continued to implement special improvement projects for energy management in all of our product manufacturing factories:

### Introduce high-efficiency production equipment



Give priority to the procurement of energy-saving and consumption-reducing equipment, to continuously increase the proportion of high-efficiency equipment, phase out four high-energy-consuming devices in the Tianjin Factory this year.

### Equipment energy-saving transformation



Adjusting and optimizing the operation time, parameter settings, and equipment performance of factory boilers, air compressors, lighting systems, and air conditioning systems to reduce unnecessary energy consumption. Two chillers in the Tianjin Factory have been updated, saving 280,000 kWh of electricity.

### Optimization of operational methods



Continuously optimizing operational methods based on actual conditions, monitoring workshop environmental temperatures, combining product production process characteristics with the high summer temperatures in the Guangzhou area, the Yonghe Factory optimized air conditioning operation control, resulting in a saving of 59,000 kWh of electricity compared to the entire year of 2022.

As of December 2023, the proportion of high-efficiency equipment in Blue Moon reached

**98.1%**



### Comprehensive Promotion of Energy Management Digital System to Support Dual Energy Consumption Control

In 2023, we implemented the Energy Management System (EMS) in our manufacturing factories. The EMS allows real-time monitoring of energy consumption, including water, electricity, and gas. It compares the actual energy consumption with pre-set theoretical energy usage data, triggering automatic alerts if the consumption exceeds the reasonable range. This

enables timely assessment and improvement measures. We promote the continuous optimization of energy-consuming factors by regularly specializing in the analysis of data, so as to establish a robust foundation for digital energy management.



Energy Environmental Management System

### Energy transition

We are expanding our renewable energy sources and accelerating the research and construction of photovoltaic power generation. We will implement photovoltaic power generation projects in various factories in stages to increase the proportion of clean energy use.

Additionally, we have signed green electricity purchase agreements for 2024. We will implement the purchase of green electricity at our factories in Guangzhou, Chongqing, and Yonghe, continuously optimizing our energy structure and promoting the transition to clean energy.



### Deployment of Distributed Photovoltaic Power Generation to Promote Renewable Energy Development

In 2023, Blue Moon completed the installation of a distributed photovoltaic power generation system at Tianjin Factory. The project was designed based on the concept of "self-use with surplus electricity to the grid", with an annual electricity generation capacity of no less than 600,000 kWh, expected to save approximately 240 tonnes of standard coal. Calculated based on the 25-year life cycle of the photovoltaic power station, the total expected electricity generation is approximately 14.39 million kWh.



Distributed Photovoltaic at Tianjin Factory



## Water resource management

Blue Moon insists on protecting water as a consistent initiative and improving the utilization rate of water in production and operations. In compliance with the *Water Law of the People's Republic of China*, we have formulated the Water Management Standards to pinpoint the requirements for water management in all areas. The water we use in production and operations is sourced from municipal tap water, so we can make sure there is no risk in water source selection or water withdrawal.

We conducted water usage analysis and developed water conservation action plans for all product manufacturing factories. By collecting and analyzing water usage data, we systematically established a water conservation measures and action list, and progressed according to the plan. This year, all factories established 136 water conservation measures, implemented 81 of them. As of December 2023, 31 water conservation measures have been completed.

### Objective for Water Management

By 2030, water utilization ratio in all product manufacturing factories will be improved by **25%** compared to 2020



### Source design for water conservation

We have achieved the source water conservation through efficient water production process equipment and facilities, and selection of water conservation equipment and appliances, hygienic process system design and efficient water conservation cleaning process design.



### Operational management for water conservation

We introduced an EMS digital management system and equipped it with four-level intelligent meters to monitor water usage in real time and alert to any anomalies. We recorded water usage at all stages, scientifically coordinated all water usage stages, formulated tailored water conservation action plans for each factory, and promoted the effective implementation of water conservation actions.



### New technology for water conservation

We applied water conservation technologies for water collection and reuse, achieving water resource recycling. This includes concentrated water reuse systems, reclaimed water reuse systems, rainwater collection systems, etc. By collecting, purifying, and reusing various types of water resources that were previously discharged directly, we increased the utilization rate of water resources and protected water resources.



During the Financial Year, all of Blue Moon's product manufacturing factories recycled a total of

**13,038** tonnes  
of concentrated water

During the Financial Year, all of Blue Moon's product manufacturing factories reused a total of

**6,704** tonnes  
of reclaimed water

### Case

### Invited to Attend Water Conservation Achievement Exhibition to Exchange Learning on Water Resource Conservation

From November 15th to 17th, 2023, the 2nd National Conference on Innovative Development of Water Conservation Industry was held at the Shenzhen World Exhibition & Convention Center. Blue Moon was invited to participate in the exhibition, where it shared excellent practical cases and solutions at the Water Conservation Achievement Exhibition and exchanged advanced management experiences with outstanding water conservation enterprises.



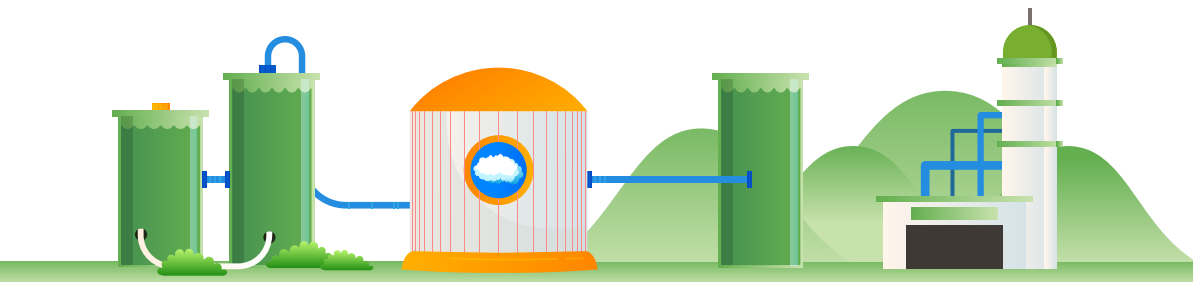
Water Conservation Achievement Exhibition Site

## Strict Emission Management

Blue Moon strictly adheres to relevant national environmental protection laws and regulations. We have established management systems such as the *Environmental Protection Management Standard*, *Environmental Monitoring Management Procedure*, and *Environmental Factor Impact Assessment Control Procedures*. Starting from the source reduction, process optimization, and recycling, we rigorously control and manage the generation and discharge of various pollutants to reduce the environmental impact during production and operation processes, promoting green development. During the Reporting Period, our business activities did not have significant impacts on the environment and natural resources, and no incidents violating environmental protection laws and regulations occurred.

### Exhaust gas management

We comply with the laws and regulations related to exhaust gas emissions in each operation location and have formulated management systems such as the *Standardized Management Specification for Exhaust Gas Treatment and Key Control Points for the Operation of Exhaust Gas Treatment Facilities* to scientifically manage exhaust gas emissions. We implemented standardized management and normalized operation of all exhaust gas treatment equipment and facilities in factories. We established a comprehensive tracking checklist for Volatile Organic Compounds (VOCs), oily fume and other exhaust gases emitted by the factories. By formulating a special rectification list, we followed up and reviewed the disposal of exhaust gases and determined the activated carbon replacement cycle of all exhaust gas disposal facilities to ensure the effective operation of various facilities. We have conducted our boiler renovation and elimination work in product manufacturing factories, effectively reducing exhaust gas emissions.



### Promoting the Replacement of Self-owned Boilers with External Steam Supply

In 2023, the Kunshan Factory initiated a project to replace self-owned boilers with municipal steam. Through the renovation and installation of steam pipelines within the factory premises and the elimination of self-owned boiler equipment, municipal steam heating was fully adopted. The project involved laying over 300 meters of steam pipelines. Upon completion of the renovation, it is expected to significantly reduce direct emissions of particulate matter, nitrogen oxides, sulfur dioxide, and other pollutants from gas boilers.



◆ Municipal Steam Pipelines Have Been Fully Laid

## Wastewater management

We have established the *Standardized Management Specification for Sewage Stations*, the *Operating Methods and Key Control Points for Daily Operation Management of Sewage Treatment*, and other systems to standardize the management of wastewater in such areas as source, treatment and re-use. We combine optimized production scheduling, process upgrades, equipment maintenance and renewal, and management optimization to control and reduce sewage generation at source and, at the same time, to strengthen the professional management of the sewage treatment process.

This year, we introduced the Standards for Testing Key Control Parameters of Sewage Treatment, which clarifies the requirements for parameter formulation, testing, data analysis, and application to ensure the stable operation of sewage treatment stations and the treatment process is standardized and efficient.

We reused the biochemically treated water for localized recycling within the wastewater station.

### Objective for Wastewater Reduction

By 2030, wastewater emission per unit output in all product manufacturing factories will be reduced by

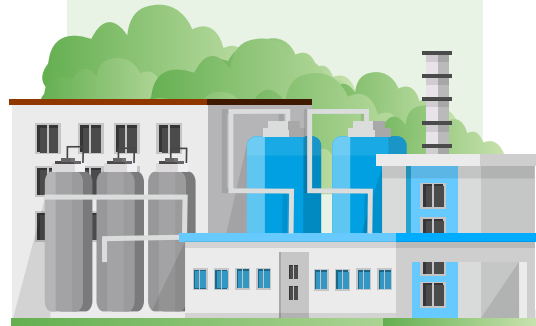
**15%** compared to 2020



In 2023, a total of

**2,910 tonnes**

of recycled treated water were reused in the sewage stations of our manufacturing plants.



## Waste management

This year, we complied with the *Integrated Solid Waste Management Standard*, the *Hazardous Waste List* and other regulations. In accordance with national laws and regulations, we have strictly adhered to the standardization management of internal waste in accordance with national laws and regulations, included detailed information on the types, properties, quantities, and corresponding disposal methods of waste, clarified the management standards for various wastes, emphasizing the resource utilization of recyclable waste and implementing strict management procedures for the disposal of hazardous waste. This ensures the proper handling of waste generated during production and operations. We are committed to continuously reducing the amount of hazardous and non-hazardous waste generated per unit.



General waste

Upholding the principle of reducing waste at the source, making the most of resources, and promoting full recycling. In 2023, we continued to implement recycling channels such as reusing paper boxes and strengthened the management of circulating materials. We focused on implementing effective measures to reduce sludge at our Tianjin and Chongqing factories. As a result of these efforts, we achieved a 14.7% reduction in waste emissions this year.



Hazardous waste

In accordance with the newly revised national laws and regulations, we promptly update the list of hazardous waste and strictly control compliance with hazardous waste generation, collection, labeling, storage, and transportation processes. During disposal, we rigorously review the professional qualifications of disposal units, regularly follow up, and verify the disposal process. In addition, we conduct annual emergency drills for hazardous waste leaks and other sudden environmental incidents to prevent problems before they occur and enhance emergency response capabilities. In 2023, a total of 6 special emergency drills for hazardous waste on-site were conducted.

## Green Low-carbon Logistics

Blue Moon closely checks the impact of logistics on the environment. We actively work on reducing carbon emissions in transportation route optimization, warehouse management, and various transportation stages, striving to build a green and low-carbon logistics transportation system. We also recognize that promoting suppliers to improve their level of green development is a crucial aspect of developing green logistics. In the stages of logistics supplier admission and evaluation, we consider a series of indicators related to delivery timeliness and quality, including delivery cycle, timely delivery and damage rate, and other delivery efficiency and quality indicators. We choose the best options and further assess their environmental and social performance, continuously collaborating with suppliers to implement energy-saving and emission-reduction measures.

### Route optimization

We continuously optimize logistics distribution routes by streamlining processes and shortening transportation distances to save energy consumption. We decreased carbon emissions by further integrating orders from the same route at different times for full-truckload shipments. We have set up pre-e-commerce warehouses in more than 10 major core hub cities to improve the delivery timeframe, and at the same time achieve carbon reduction, cost reduction, and efficiency improvement.

### Packaging reuse

We promote packaging redesign by raw material suppliers to reuse cardboard boxes for packaging and shipping in the factory's e-commerce warehouse. We continuously promoted the application area and scope of recyclable material crates.

### Energy-saving warehousing

We adopt a natural light warehouse design and continue to retrofit warehouse lighting systems, air conditioning, and equipment to improve warehouse energy usage efficiency. We use energy-saving LED fixtures, high-efficiency air conditioners, and replace high-energy-consuming motors with high-efficiency motors. We also advocate electricity conservation, raise employee awareness, and continue to promote energy conservation and emission reduction in warehousing, reducing energy consumption per unit of shipment by 4.3% compared to 2021.

### Carbon reduction in transportation

We optimized the proportion of road transportation in the transportation process. Collaborating with suppliers to promote carbon reduction in raw material transportation, encouraging suppliers to produce and supply goods locally, and promoting suppliers to increase the proportion of new energy trucks to reduce carbon emissions.



### Taking Multiple Measures and Collaborating with Suppliers to Promote Carbon Emissions Reduction in Transportation.

We have proactively advanced carbon reduction in transportation. Blue Moon continues to explore energy-saving and emission-reducing methods that integrate localization, transportation optimization, and the use of new energy vehicles to decrease the carbon footprint in logistics processes.

We are increasing the proportion of electric vehicles for intra-city deliveries in Beijing and Tianjin, aiming to achieve a 30% usage rate of new energy vehicles for deliveries within Tianjin by 2024. For long-distance orders, we are increasing the usage of natural gas trucks.

We continuously optimize the transportation structure by promoting the use of more railway or waterway transportation to replace conventional road transportation. In 2023, we increased the use of waterway transportation for raw materials at the Chongqing Factory by over 20%.

Promoting  
new energy  
transportation

Proximity  
sourcing

Optimizing  
the share of  
road trans-  
port

Improving  
loading effi-  
ciency

We procure the majority of raw materials from suppliers located near Blue Moon bases. By encouraging foreign suppliers to establish domestic production and domestic suppliers to supply goods from nearby factories, we will continue to expand the proportion of nearby sourcing.

We encourage suppliers to improve packaging methods, resulting in a 40% increase in loading efficiency for a bottled packaging at the Yonghe Factory. This initiative led to a 28.6% reduction in transportation trips, saving approximately 2,800 liters of petrochemical fuel annually.

## Sustainable Packaging

Blue Moon implements end-to-end management in packaging design, manufacturing, usage, and disposal, emphasizing the use of environmentally friendly materials, streamlining unnecessary packaging designs, and collaborating with partners to enhance plastic packaging recycling. We continuously improve the utilization rate of packaging materials and the greening of packaging material to reduce the environmental burden caused by packaging materials. We advocate that everyone is an actor, increasing publicity at the consumer and employee levels to awaken awareness of environmental protection and practice the concept of green living.

### Greener packaging materials

We prioritize the use of environmentally friendly materials in the product design phase and conduct research on the application of environmentally degradable and recyclable APET plastic materials in packaging materials. We accelerate the complete replacement of APET to enhance the environmental friendliness of packaging materials. Meanwhile, we continue to conduct research on single-material packaging design to achieve simplified packaging processes and ease of recycling for win-win outcomes. Currently, the trial production of 500g single-material stand-up pouches has been completed and initially introduced to the market. We are continuously advancing the research and application of single-material stand-up pouch technology in more specifications.

### Packaging material recycling

We actively explore and continuously promote the recycling of packaging materials, conducting ongoing research on the application of PCR technology. We collaborate with suppliers to advance the recycling and reuse of discarded packaging bottles within the factory, promoting the use of PCR materials in product packaging to gradually achieve recyclability and regeneration of packaging materials.

### Reducing and lightweighted packaging

We start by redesigning and improving packaging, continuously promoting packaging reduction to minimize resource waste caused by excessive and unnecessary packaging. We achieve this by utilizing lightweight and functional packaging materials to reduce the overall usage of packaging materials.

#### Reducing plastic packaging

Eliminating the use of transparent tape for products dedicated to specific channels and e-commerce channels to reduce the usage of transparent tape; adopting thinner wrap films to replace the original wrap films, successfully reducing the usage of plastic wrap films by 30%.

#### Reducing paper-based packaging

Introducing online printing equipment for outer boxes to reduce the use of thermal paper blank labels; optimizing the material and structure of paper boxes and inserts, expanding the application scope of lightweight packaging paper boxes, and reducing the usage of packaging materials.

#### Optimizing packaging specifications

We are committed to improving the packaging process for raw materials, studying the transition of solid raw material packaging specifications from small packaging to ton bags to reduce the usage of raw material packaging bags.



### Collaborative Project with Suppliers for Intra-facility Recycling of Discarded Packaging Bottles

In 2023, we partnered with supplier allies to initiate a project for the recycling and reuse of discarded packaging bottles within the facility. By collecting and granulating discarded packaging bottles and turning them into PCR materials, they were incorporated into packaging bottles for certain Blue Moon product lines, facilitating the internal recycling of discarded packaging bottles. As of December 31, 2023, approximately 10.3 tonnes of plastic packaging bottles are recycled, which can produce over 1.5 million PCR packaging bottles.



In 2023, Blue Moon achieved the following reductions:

Reduced cardboard box usage by

**212** tonnes

Reduced PVC tape usage by

**588,000** meters

Reduced transparent packing tape usage by

**1,950,000** meters

Reduced bubble bags usage by

**109,000** square meters

Reduced thermal paper blank label usage by

**3,000** square meters

## Promoting green ideals

We collaborate with various partners to engage in environmental initiatives. Through publicizing, we deepen the awareness of our employees and the general public regarding the recycling of plastic packaging, awakening a greater sense of environmental consciousness. Within the Company, we encourage employees to volunteer for charity services, such as the "Recycling Green Booth", to cultivate environmental awareness through practice. Externally, we also redesign the packaging of existing products in batches and add "recyclable mark" on the outer packaging of products, encouraging consumers to sort and dispose of the used bottles for recycling. Additionally, we vigorously promote refillable options, urging consumers to reuse original product packaging such as bags, pump heads, or stands, thereby increasing the utilization of packaging materials. This not only makes products more cost-effective but also enhances consumers' sense of environmental participation, advocating for the green lifestyle concept.



◆ Zhizun Liquid Laundry Detergent Concentrate Plus Replacement Kit



◆ Jingxiang Moisturizing Foaming Hand Wash Replacement Kit



## Sustained Implementation of the "Recycling Green Booth" Initiative to Strengthen Employee Environmental Awareness

In 2023, we continued our "Recycling Green Booth: One Bottle, One Item" recycling campaign and optimized the operational mode. We developed a dedicated mobile application for depositing recyclables, making it more convenient for employees to participate. Additionally, we incentivized employee engagement by offering monthly prizes, encouraging them to contribute their recyclable materials to the "Recycling Green Booth" and turn waste into valuable resources. This initiative aims to continuously enhance employees' environmental consciousness and reinforce the importance of environmental protection.



◆ "Recycling Green Booth" Initiative

From March 2022 to December 2023, the "Recycling Green Booth" collected a total of 1.6 tonnes of recyclable materials, including a variety of recyclable resources such as yellow cardboard, plastics, and metals.

## Addressing Climate Change

### Carbon Emission Control

Blue Moon continues to explore carbon reduction models, actively promoting carbon emissions management and product carbon footprint certification. We continuously upgrade and optimize our corporate carbon emissions management system, research and update emission factors and parameter settings, conduct carbon accounting across the entire value chain, and explore the carbon footprint of different product categories. Through these efforts, we aim to continuously enhance the scientific and precise management of carbon emission data.

#### Conducting corporate carbon inventory

Following the *ISO 14064-1:2018 standard*, we conducted greenhouse gas inventories for all of our product manufacturing factories, compiling three years (2020-2022) of carbon emissions comparative data. This allowed us to further understand the carbon intensity and trends of our product manufacturing factories. Based on the results of the carbon inventories and analysis of carbon emissions data, we preliminarily identified the focal points and challenges of carbon reduction work. This provided the basis for scientifically formulating "dual-carbon" goals, designing carbon reduction roadmaps, and tracking and verifying the effectiveness of carbon reduction efforts.



#### Calculating product carbon footprint

In accordance with international standard *ISO 14040/14044 for the Life Cycle Assessment (LCA)*, and with reference to the *EU Product Environmental Footprint (EU PEF)*, the *EU Product Environmental Footprint Category Rules (EU PEFCRs)* and other standards, we calculated the carbon footprint of eight core products in five categories, such as liquid laundry detergent and liquid soap. We analyzed the carbon emissions from different stages of the product lifecycle and their impact on climate change to identify carbon reduction potential. Our research focused on calculating the carbon footprints of different product categories, particularly understanding the carbon emissions during the production phase of various cleaning products, providing data support for future participation in relevant standard-setting activities.

**As of 2023, Blue Moon has obtained "Product Carbon Footprint Certification Certificate" issued by the Guangzhou CEPREI Certification Body for four of the core products.**



#### Objective for GHG Emission Reduction

By 2030, greenhouse gas emission per unit product will be reduced by

**30%** compared to 2020



Through conducting lifecycle carbon inventories, we identified that carbon emissions from raw material acquisition and processing stages accounted for 85%-95% of the product lifecycle. To mitigate the environmental impact throughout the entire product lifecycle, we continue to focus on and gradually conduct research on the upstream impact of raw materials on Blue Moon's product carbon footprints.

## Climate Risks and Opportunities

In recent years, with the increase in frequency of extreme weather events and the exacerbation of global climate risks, addressing climate change has become a global consensus. Blue Moon actively responds to the risks and impacts of climate change by establishing a climate change risk management process. We conduct identification and assessment of climate risks and opportunities, develop climate assessment matrices, and formulate action strategies to address climate change.

### Climate change risk management

Blue Moon has hired professional third-party consulting firms to conduct climate risk and opportunity awareness seminars for the Company' management team. Additionally, we organize annual climate-related training sessions for the Board to enhance their understanding of climate change risk management.

Furthermore, we convene special seminars on climate change, inviting various responsible departments to participate in discussions on climate action strategies, with the aim of comprehensively enhancing our climate risk resilience and preparing for climate opportunities.

This year, Blue Moon further improved the climate risk management efforts by establishing a climate risk assessment and management process mechanism, forming a closed-loop management system for climate risk identification, assessment, response, and control.





## Climate risk assessment scenario parameters

Climate scenario analysis enables businesses to explore and understand the physical and transitional risks posed by climate change, as well as how climate change affects the business models, financial performance, and financial condition of the enterprise. The Hong Kong Stock Exchange requires issuers to disclose their ability to operate and withstand climate-related changes, developments, and uncertainties, and to use climate-related scenario analysis methods for assessment. Blue Moon selected two climate scenarios, low temperature and high temperature, to conduct climate-related risk and opportunity analysis.

Table Climate Risk Assessment Scenario Parameter Selection

	Low Temperature Scenario (1.5°C)	High Temperature Scenario (>4°C)
Selection reason	Low-temperature scenarios were selected to assess the impact of climate action to meet the 1.5°C target of the Paris Agreement.	High-temperature scenarios were selected to assess the impacts of increased climate change resulting from the lack of effective climate action.
Scenario description	<ul style="list-style-type: none"> <li>In the low-temperature scenario, greenhouse gas emissions will decrease to a lower level by the end of the century. Future warming will be limited to within 2°C, and socioeconomic development will move towards sustainability and low carbon.</li> <li>Climate change-induced physical risks (such as extreme weather events, sea level rise, etc.) will have minimal impact.</li> <li>There is more pressure and radicalization of the transition, and countries will introduce more stringent policies to move the transition process forward more quickly.</li> </ul>	<ul style="list-style-type: none"> <li>In the high-temperature scenario, the global average temperature will increase significantly, possibly exceeding 4°C above pre-industrial levels. Socioeconomic development will heavily rely on fossil fuels and high carbon emissions.</li> <li>Climate change-induced physical risks (such as extreme weather events, sea level rise, etc.) will have particularly significant impact.</li> <li>There is less pressure and incentive to transition, and countries will maintain the current level of policy pressure, making the transition slow.</li> </ul>
Main reference parameters	Physical risks: SSP1-2.6 Transition risks: Delayed transition	Physical risks: SSP5-8.5 Transition risks: Current policies

**Climate risk assessment results**

This year, we engaged a third-party consulting organization to continuously carry out climate risk assessment, screened out the risks and opportunities currently faced by Blue Moon in accordance with macro policies, industry policies and regulatory requirements, and identified climate-related physical risks and transition risks with material impact on the Group's business by taking into account the likelihood of occurrence, severity and degree of impact of the risks under low-temperature and high-temperature scenarios, respectively. Through the climate risk assessment, we identified 4 physical risks and 2 transition risks, and drew climate risk heat maps based on the severity of the risks under different scenarios and different periods.

Table Physical Risk Heatmap

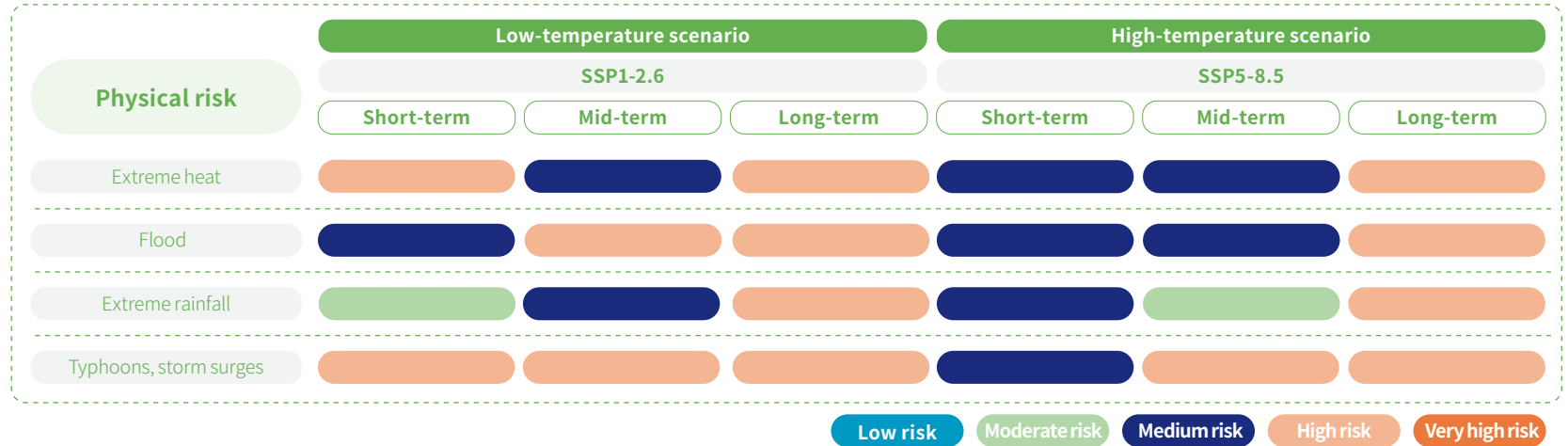


Table Transition Risk Heatmap



Short-term: 1-3 years  
 Mid-term: 4-10 years  
 Long-term: 11-30 years

## Key Risks and Opportunities

Based on the assessment of climate risks, Blue Moon fully recognizes the impact of climate risks and opportunities on its operations. We are actively responding to the identified 6 climate change risks and are highly attentive to 3 climate change transformation opportunities. We endeavor to integrate these opportunities into our daily operations and strategies, aligning with the changing trends in transformation.

Table Key Physical Risks

Risk Category	Risk Name	Impact on Value Chain Stage	Impact Period (High Temperature Scenario)	Impact Period (Low Temperature Scenario)	Risk Description	Mitigation Measures
Acute Risk	Extreme Heat	Raw Material Suppliers, Factory Production, Warehousing Logistics	Long-term	Long-term	<ul style="list-style-type: none"> <li>Extreme heat refers to weather with temperatures of 35°C and above. Extreme heat may lead to impacts on employee health and safety, as well as damage to machinery and equipment performance. Additionally, power outages caused by extreme heat may pose risks of work stoppage for the company</li> </ul>	<ul style="list-style-type: none"> <li>Formulated an emergency plan for heat stroke, established an emergency management team with sufficient resources, and conducted regular emergency drills, including emergency handling of heat stroke and fainting</li> <li>Set up a market research team to study and analyze extreme weather-related situations, and formulated specific countermeasures, such as a business security operation control plan, to reduce the impact of extreme weather on business</li> <li>If necessary, adjust the factory production strategy, optimize scheduling, start generators and photovoltaic power generation as a supplemental power supply</li> <li>For personnel working in high temperatures, carried out cooling control and work time control measures, and issued corresponding preventive and control materials</li> </ul>
Acute Risk	Flooding	Raw Material Suppliers, Factory Production, Warehousing Logistics	Long-term	Long-term	<ul style="list-style-type: none"> <li>Flooding refers to the rising of water bodies in river and coastal areas, exceeding normal water levels; flooding directly threatens the safety of factory premises, submerging factory equipment will cause risks such as damage to machinery and threats to employee safety; at the same time, flooding events will also pose risks of work stoppage</li> </ul>	<ul style="list-style-type: none"> <li>Formulated an emergency plan for flood control, established an emergency management team with sufficient resources, and conducted regular emergency drills</li> <li>Set up a market research team to study and analyze the situation related to extreme weather, and formulated specific countermeasures, such as the operation control plan for business protection, to reduce the impact of extreme weather on business</li> <li>Renovated and raised indoor low-lying areas, installed waterproof panels and pumps at basement entrances and exits, and regularly inspected the effectiveness of flood prevention facilities to increase flood prevention capacity</li> </ul>
Acute Risk	Extreme Rainfall	Raw Material Suppliers, Factory Production, Warehousing Logistics	Long-term	Long-term	<ul style="list-style-type: none"> <li>Extreme rainfall refers to changes in precipitation patterns or heavy rainfall during the flood season caused by climate change. Large-scale rainfall in the short term will prevent the factory area from making adequate preparations, leading to risks such as threats to employee safety, damage to machinery and equipment, and threats to employee safety. Additionally, extreme rainfall also poses risks of work stoppage</li> </ul>	<ul style="list-style-type: none"> <li>Formulated an emergency response plan for rainstorms, established an emergency management team with sufficient resource inputs, and conducted regular emergency response drills</li> <li>Set up a market research team to study and analyze extreme weather-related situations, and formulated specific countermeasures, such as a control plan for business support operations, to reduce the impact of extreme weather on business</li> <li>Paying attention to weather forecast information, monitoring rainfall in a timely manner, making advance judgment and reasonable management of extreme precipitation events, and reserving supplies in a timely manner</li> </ul>
Acute Risk	Typhoons, Storm Surges	Raw Material Suppliers, Factory Production, Warehousing Logistics	Long-term	Long-term	<ul style="list-style-type: none"> <li>Typhoons and storm surges refer to a type of tropical cyclone that occurs over tropical or subtropical ocean surfaces, causing sustained strong winds and heavy rainfall. Typhoons may cause risks such as instability and damage to equipment in the factory area, as well as threats to employee safety. Additionally, typhoons also pose risks of work stoppage</li> </ul>	<ul style="list-style-type: none"> <li>Formulated an emergency plan against windstorms, established an emergency management team with sufficient resource inputs, and conducted regular emergency drills</li> <li>Set up a quotation research team to study and analyze extreme weather-related situations, and formulated specific countermeasures, such as a control plan for business security operations, to reduce the impact of extreme weather on business</li> <li>Paying attention to typhoon warning information and keeping sufficient emergency supplies</li> <li>Conducted quality and wind resistance tests on buildings and facilities, such as assessing the wind and seismic resistance of dangerous goods warehouses</li> </ul>

Table Key Transition Risks and Opportunities

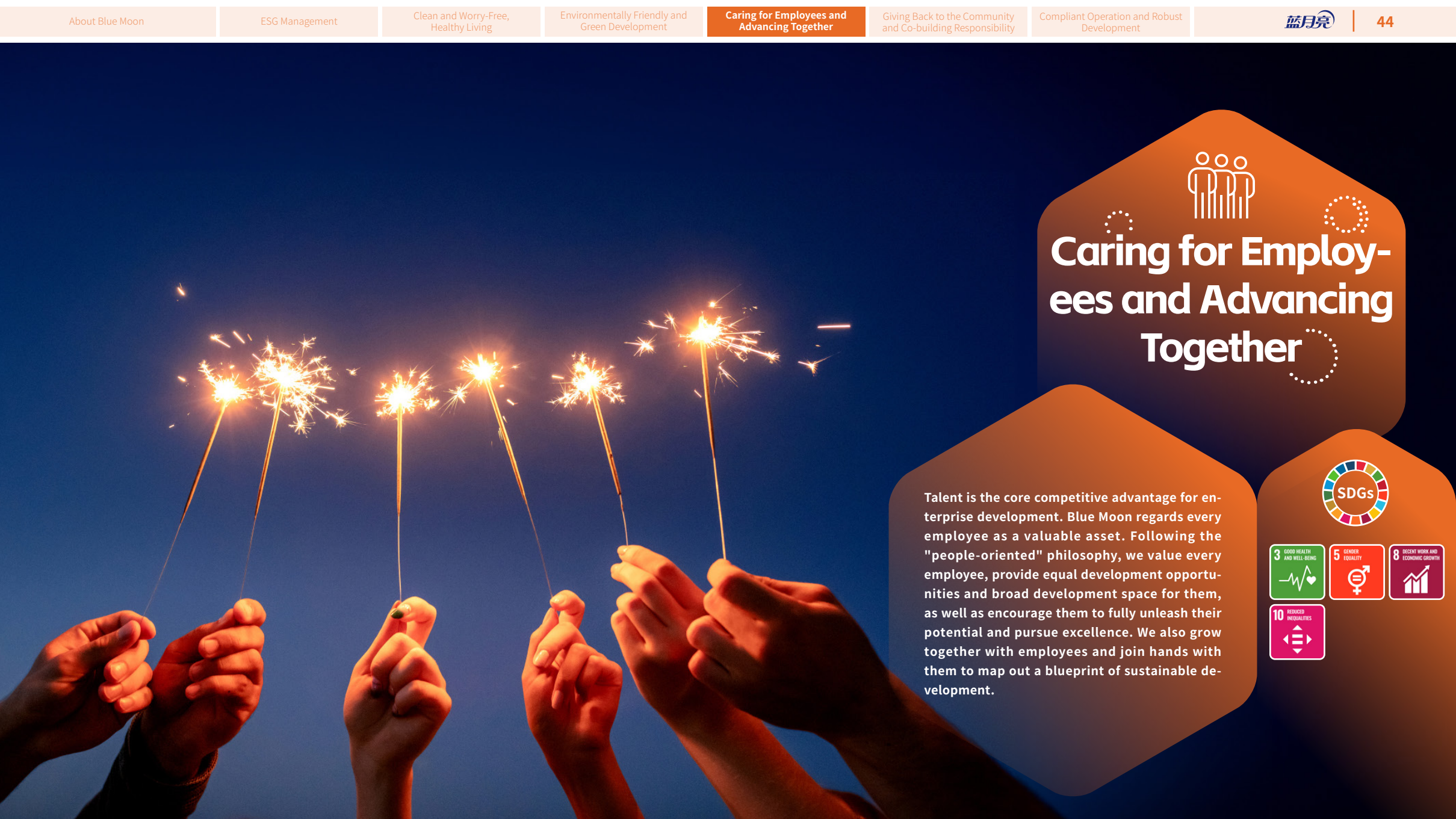
Risk/ Opportunity Category	Risk/ Opportunity Name	Impact on Value Chain Stage	Impact Period <small>(High Temperature Scenario)</small>	Impact Period <small>(Low Temperature Scenario)</small>	Risk/Opportunity Description	Mitigation Measures
Policy and Legal	Carbon Pricing	Factory Production, Warehousing Logistics, Investors, Supply Chain Upstream and Downstream	Mid-term	Short-term	<ul style="list-style-type: none"> <li>With the establishment of carbon trading markets at all levels and the popularization of various types of carbon assets, carbon pricing has become a means for governmental departments to control carbon emissions for enterprises and enterprises to control carbon emissions for business departments. If the company fails to pay attention to the relevant contents in time and carry out carbon asset management and internal carbon pricing, it may face the pressure caused by insufficient preparation after the compliance requirements are raised</li> </ul>	<ul style="list-style-type: none"> <li>Widely deploy distributed photovoltaic and other new energy constructions to reduce carbon emissions while enhancing internal carbon asset management. Keep abreast of developments in the Chinese carbon trading market and the resumption of CCER, maintain close contact with companies capable of relevant project development, and seek cooperation opportunities</li> </ul>
Reputation Risk	Greenwashing Accusations	Investors, General Public, Employees, Supply Chain Upstream and Downstream	Long-term	Mid-term	<ul style="list-style-type: none"> <li>The public has become increasingly concerned about corporate environmental responsibility and has therefore placed higher demands on the authenticity and accuracy of corporate environmental responsibility disclosure. If a company fails to take appropriate ways to publicly disclose environment-related information, it may cause the public to misunderstand the company's environmental performance or performance, which in turn may face the risk of being accused of greenwashing by investors and the public, and negatively affect the brand's reputation and image</li> </ul>	<ul style="list-style-type: none"> <li>Strictly control the information disclosed by the company, eliminate false information, ensure that the information disclosed is in line with the actual situation, and establish a more prudent and responsible corporate image on the basis of the actual implementation of the company's work</li> </ul>
Opportunity	Resource Efficiency	Raw Material Suppliers, Factory Production	Long-term	Long-term	<ul style="list-style-type: none"> <li>Energy is one of the main indirect costs of enterprise factory operations. Improving energy, water resources, and waste management efficiency will reduce the impact of fossil energy and various resource supply risks and reduce operating costs in the medium and long term</li> </ul>	<ul style="list-style-type: none"> <li>Establish multiple energy management systems, improve the comprehensive energy efficiency of equipment, establish a complete energy consumption management process, standardize energy use management, conduct regular inspections, and continuously monitor the energy consumption of energy-using equipment. At the same time, gradually optimize the processing technology and equipment, reduce clean water and wastewater discharge, and improve the water utilization</li> </ul>
Opportunity	Products and Services	General Public, Supply Chain Upstream and Downstream, Employees	Long-term	Long-term	<ul style="list-style-type: none"> <li>With the deepening of green consumption concepts, consumers are increasingly inclined to environmentally friendly and low-carbon products. Companies should continuously launch innovative products and services to enhance the ability to meet the changing preferences of consumers, which bring new opportunities to expand the market and increase business sales</li> </ul>	<ul style="list-style-type: none"> <li>Continuously develop environmentally friendly products to reduce the impact of products on the ecological environment and promote product concentration and reduce the use of packaging materials per unit of product. At the same time, attach importance to optimizing product packaging, and enhance the recyclable reuse rate of packaging materials. Continuously develop and promote lightweight, recyclable packaging materials</li> </ul>
Opportunity	Market	Investors, General Public	Long-term	Long-term	<ul style="list-style-type: none"> <li>Pay close attention to and participate in carbon trading and green financial markets to reduce sensitivity to changes in carbon regulatory costs, obtain lower-cost project funds, help companies improve competitiveness, and obtain more development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Continuously pay attention to the carbon market trend in order to prepare for carbon trading layout in advance. Pay attention to potential green tools such as energy-saving technological transformation and photovoltaic laying in the company, package and issue green financial instruments at opportune times to reduce financing costs</li> </ul>

## Goals and Progress

Blue Moon establishes and regularly tracks progress on ESG-related goals to ensure the Company steadily improves the ESG performance and gradually achieves sustainable development. We set 2030 as the target year and have established quantitative targets in energy use, greenhouse gas emissions, water resource management, and wastewater management.

The progress towards this year's targets is as follows:

Dimension	Goals and Progress
 <p><b>Energy use</b></p>	<ul style="list-style-type: none"> <li>▶ <b>By 2030, achieve a proportion of high-efficiency equipment exceeding 98%</b> Factories have developed plans to replace high-energy-consuming equipment with high-efficiency ones. As of December 2023, the percentage of energy efficient equipment is 98.1%, indicating that the target has been achieved.</li> <li>▶ <b>By 2030, construct and commission photovoltaic power generation equipment in factories</b> The distributed photovoltaic project in the Tianjin Factory was officially commissioned in January 2024 and will be gradually extended to other factories, contributing to the achievement of the goal.</li> <li>▶ <b>By 2030, renewable energy usage in factories to exceed 50%</b> Expansion of renewable energy sources, including solar power and green energy procurement:             <ol style="list-style-type: none"> <li>1. From January to February 2024, the Tianjin Factory's photovoltaic project generated a total of 59,641 kWh, the annual electricity generation is expected to exceed the design target;</li> <li>2. In 2024, the Yonghe Factory plans to purchase 330,000 kWh of green energy, the Guangzhou Factory plans to purchase 450,000 kWh of green energy, and the Chongqing Factory has submitted a green energy procurement application, gradually increasing the proportion of renewable energy usage.</li> </ol> <p>The proportion of renewable energy usage is expected to reach 7% by the end of 2024.</p> <p>In the future, we will gradually promote photovoltaic and green power projects to advance the goal in an orderly process.</p></li> </ul>
 <p><b>Greenhouse gas emissions</b></p>	<ul style="list-style-type: none"> <li>▶ <b>By 2030, achieve a 30% reduction in greenhouse gas emissions per unit of product compared to 2020</b> <ol style="list-style-type: none"> <li>1. Conducting a full lifecycle carbon audit to identify the proportion of carbon emissions from raw material acquisition and processing, and conducting research on the impact of upstream raw materials on the product's carbon footprint;</li> <li>2. Utilizing energy-saving technologies and digital tools to improve energy efficiency, optimize equipment operation, deploy and promote photovoltaic power generation, and continuously reduce greenhouse gas emissions during the production stage;</li> <li>3. Optimizing the distribution network to shorten transportation distances, expanding waterway and railway transportation methods, increasing load rates, and reducing greenhouse gas emissions in the logistics process.</li> </ol> <p>In 2023, the greenhouse gas emissions per unit of product within the Scope 1 and 2 decreased by more than 17.5% compared to 2020, progressing steadily towards achieving the target.</p></li> </ul>
 <p><b>Water resource management</b></p>	<ul style="list-style-type: none"> <li>▶ <b>By 2030, achieve a 25% improvement in water resource utilization rates across all product manufacturing factories compared to 2020</b> Implemented the "One Factory, One Strategy" initiative to promote a special water-saving action plan. Conducted water usage analysis and developed action plans for water conservation measures. In 2023, a total of 136 water-saving measures were studied and analyzed, with implementation plans formulated for 81 of them, and 31 water conservation measures have been completed.</li> </ul> <p>As of 2023, the water resource utilization rate increased by 18.3%. Further efforts will be focused on advancing towards the goal in an orderly manner.</p>
 <p><b>Wastewater reduction</b></p>	<ul style="list-style-type: none"> <li>▶ <b>By 2030, achieve a 15% reduction in the discharge of wastewater per unit of production across all product manufacturing factories compared to 2020</b> Implemented various technologies such as concentrated wastewater reuse, treated water reuse, and harvested rainwater collection for reuse to effectively reduce wastewater discharge.</li> </ul> <p>In 2023, the discharge of wastewater per unit decreased by 35.7% compared to 2020, indicating that the target has been achieved.</p>



# Caring for Employees and Advancing Together

Talent is the core competitive advantage for enterprise development. Blue Moon regards every employee as a valuable asset. Following the "people-oriented" philosophy, we value every employee, provide equal development opportunities and broad development space for them, as well as encourage them to fully unleash their potential and pursue excellence. We also grow together with employees and join hands with them to map out a blueprint of sustainable development.



# Protecting Employees' Rights and Interests

We ensure that employees' legal rights and interests in equal employment, diversity and inclusion, compensation and benefits, career development, and workplace safety are safeguarded. We have established a comprehensive system for compensation, benefits, and performance evaluation, providing competitive compensation levels. We continuously facilitate communication channels for employees to share in the achievements of the Company's development.



AAAA-level Enterprises  
with Harmonious Labour  
Relations

Guangzhou Municipal  
Human Resources and  
Social Security Bureau, etc.



## Blue Moon Received Several Employer Brand Awards

In 2023, Blue Moon's employer brand continued to receive recognition from regulatory authorities and major professional human resources organizations, winning multiple employer brand awards.



China Best Employer  
Nationwide TOP 100

ZHAOPIN.COM



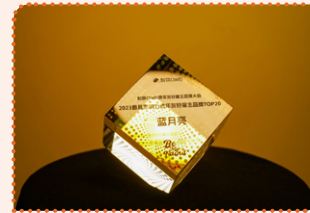
Campus Recruitment  
Case Award

ZHAOPIN.COM



Human Resources  
Excellence Award

HRoot



Top 20 Most Influential  
and Youthful Employer  
Brands

CIWEI Campus  
Recruitment



Youth Friendly  
Employer Award

CIWEI Campus  
Recruitment



Most Influential  
Employer of the year  
Haitou

HAITOU



Outstanding  
Employer

51JOB.COM



Most Attractive  
Employer

SHIXISENG



Most Preferred  
Employer Brand by  
College Students

MOKA



Campus Recruitment  
Excellence Award

YONYOU

## Protecting Employees' Rights and Interests

Blue Moon strictly abides by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other relevant laws and regulations. We have formulated internal management systems such as the *Employee Handbook*, the *Employment Management System of Blue Moon*, the *Personal Information Protection Management System* and the *Conflict of Employee Interest Management System*, in an attempt to safeguard the rights and interests of employees in terms of employment, development, compensation, benefits, health, and safety.

We strictly abide by the *Law of the People's Republic of China on the Protection of Minors* and the *Provisions on the Prohibition of Using Child Labour* and other related laws, and resolutely put an end to child labour and forced labour. We strictly prohibit the recruitment of employees under the age of 16 and require strict identity verification in the recruitment process. We respect employees' reasonable working time and willingness to work, and will not force anyone to work under the threat of punishment in any illegal or unethical form. If malpractices of child labour or forced labour are identified, the Company will immediately cease the employment relationship and take measures instantly to hold relevant personnel accountable. During the Reporting Period, the Company was not involved in any violations regarding child labour or forced labour.



### Actively Building High-Quality and Harmonious Labour Relations

Blue Moon has been deeply engaged in the "Creation of Harmonious Labour Relations" initiative, striving to construct standardized, mutually beneficial, harmonious, and stable labour relations. We have been consecutively recognized as a harmonious labour relations enterprise for several years:

**Blue Moon (China) Co., Ltd. has been rated as a AAA-level comprehensive harmonious enterprise for four consecutive years from 2019 to 2022. Guangzhou Blue Moon Industrial Co., Ltd. has been rated as a AAA-level comprehensive harmonious enterprise for five consecutive years from 2018 to 2022. Blue Moon (Tianjin) Co., Ltd. has been rated as a harmonious labour relations enterprise for eight consecutive years from 2016 to 2023.**

**In 2023, Blue Moon (China) Co., Ltd., and Guangzhou Blue Moon Industrial Co., Ltd. were awarded AAAA-level Enterprise with Harmonious Labour Relations.**



◆ Certificate of AAAA-level for Guangzhou Blue Moon Industrial Co., Ltd.



◆ Certificate of AAAA-level for Blue Moon (China) Co., Ltd.



## Diversity and Inclusion in the Workplace

Blue Moon fosters a culture of diversity and inclusion where employees are treated equally regardless of factors such as ethnicity, gender, religion, age, health status, or nationality. We will have a "zero-tolerance" policy towards discrimination and harassment in the workplace, and any instances of such behavior are promptly addressed and corrected.

We have taken the initiative to provide equal and convenient working conditions for female employees by giving attention to women's employment, and we do not differentiate the remuneration and promotion development of our employees on the basis of gender considerations.

We actively concern about the employment of persons with disabilities, adhering to relevant laws and placement policies to safeguard their employment rights. In 2023, we successfully employed and placed 75 individuals with different levels of disabilities, exceeding the national requirement for the employment of persons with disabilities.

We also prioritize the employment and career development of university graduates, expanding our recruitment efforts through campus recruitment and collaborations with educational institutions to facilitate high-quality employment opportunities for graduates. Additionally, we continue to offer positions for international students, attracting talent with diverse cultural backgrounds and international perspectives to enrich our team's cultural diversity and create a more diverse workplace environment.



As of December 31, 2023

Blue Moon had a total of  
**7,957** employees

**50%**  
of directors are women

Among the management personnel, female managers comprised

**42.3%**  
of the management team

Female employees accounting for  
**52.9%**  
of the workforce



## Strengthening School-Enterprise Cooperation to Promote High-Quality Employment

Blue Moon continuously explores opportunities for cooperation with universities. In 2023, we collaborated with more than 20 prestigious universities nationwide, actively engaging in over 40 school-enterprise cooperation activities. These activities included company visits, university student career planning competitions, resume guidance sessions, career counseling sessions, and workplace challenge competitions. Throughout these activities, we interacted with students from universities across the country, providing them with practical career skills and platforms for hands-on experience.

Company visit

University student career planning competition

Resume guidance session

Career counseling session

Workplace challenge competition



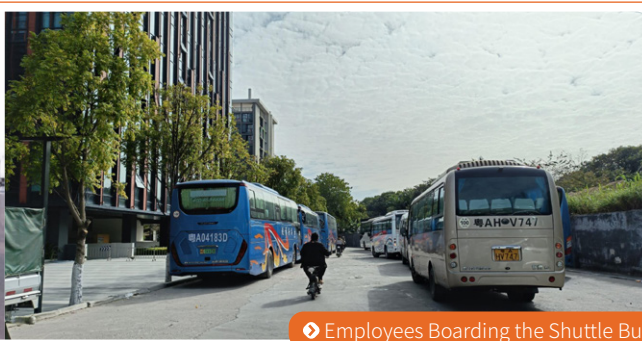
Company Visit

## Compensation and Benefits

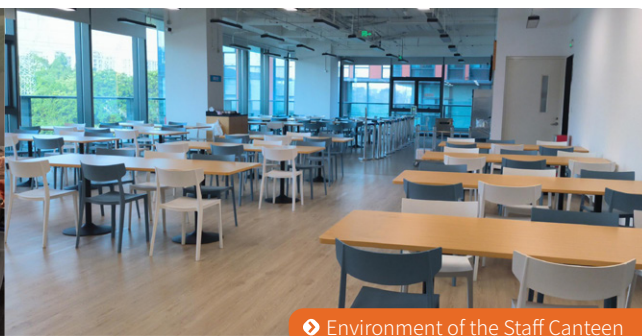
Blue Moon strictly adheres to the *Labour Law of the People's Republic of China* and related regulations, respecting the value of every employee, and striving to provide a fair, reasonable, and motivating level of compensation and benefits. We are committed to the development of a scientific compensation system, continuously improving differential compensation mechanisms that align with job positions and value contributions. Our compensation includes base salary, performance bonus, allowances, overtime pay, and benefits, etc. Additionally, we have established mid to long-term incentive system for profit-sharing between employees and the Company, prudently promoting employee stock ownership to retain high-quality talent and support the Company's high-quality development. We also focus on implementing effective performance management. We employ various performance evaluation methods to assess employees' task completion and fulfillment of job responsibilities. In 2023, we introduced the advanced performance tool to strengthen goal management, enhance managers' overall business perspective, help employees better understand team and organizational goals, and unleash their potential.

We fulfill our obligations in accordance with the law by signing labour contracts with employees and timely paying social insurance and housing provident fund contributions. In 2023, the Company achieved a 100% labour contract signing rate and a 100% social insurance coverage rate for employees. We comply with legal requirements for maternity

leave, work-related injury compensation, and retirement pensions. Additionally, we provide employees with supplementary benefits such as regular physical examination, staff canteens, staff dormitory, meal allowance, and holiday gifts to enhance their well-being.



Employees Boarding the Shuttle Bus



Environment of the Staff Canteen

## Provide Smooth Communication Channels

Blue Moon respects the right of employees to express their opinions, ensuring smooth communication between employees and the Company by establishing, improving, and maintaining channels for employee communication. Employees can give feedback or opinions to the Company management via instant messaging tools such as WeChat and Enterprise WeChat, official email, complaint and reporting phone, and other channels.

The Workers' Congress serves as a bridge and vital platform for communication between employees and the Company's management. We actively leverage the role of the labour union in safeguarding the rights and interests of employees, focusing on addressing practical issues related to their immediate concerns, and promoting the construction of harmonious labour relations. In 2023, through the Workers' Congress, we passed the revision of the *Performance Appraisal Management System*, which played a significant role in safeguarding employee rights and promoting enterprise development. We actively support union activities, continuously improve the system of the Workers' Congress, and sign comprehensive collective contracts and special wage collective contracts with the union and employee representatives.

In 2023, Blue Moon conducted an employee satisfaction survey to scientifically and objectively understand the work status of employees, build respectful, equal, and positive employee-company relationships. The survey covers various aspects, including management systems, employee development, employee care, and employee benefits, etc. Employees are invited to make suggestions on employee management from their own practical point of view, in order to continually improve employee value recognition and sense of belonging, and continuously enhance employee satisfaction.

## Occupational Health and Safety

Blue Moon has always adhered to the guiding principle of "safety first, nip problems in the bud", with the goal of achieving "zero accidents". We strictly comply with the requirements of laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, continuously improve the safety production and occupational health management systems, and carry out safety and occupational health related training, hidden danger investigation and management, risk source identification and emergency drills according to the plan, so as to ensure that employees work in a safer and healthier environment.

### Tightening Up on Safety

We strictly adhere to both external and internal regulations related to occupational safety and health and have formulated and perfected a series of management system standards and requirements, including the *Management Specification for Special Equipment and Operators*, *Pre-Startup Safety Review Management Specification*, *Emergency Response Plan Management Guidelines*, *EHS Management Requirements for Supplier Work Sites*, and *General EHS Agreement for Suppliers*. These measures establish a comprehensive safety management system covering our own operations, suppliers, and contractors, and fostering an environment of health and safety from within.

In 2023, in accordance with the regulation GB 30871-2022 *Safety Specifications of Special Work in Hazardous Chemicals Enterprises*, we conducted a comprehensive update of the *Management Specification for High-Risk Operations*. We have strengthened the management requirements for hazardous chemicals and high-risk operations. Additionally, we have strengthened the safety acceptance of new, modified, or expanded equipment, processes, and materials before their commissioning. Furthermore, we issued the *EHS Emergency Plan Management Guidelines* to enhance the integrity, relevance, and scientific basis of EHS emergency plans.

#### Health and safety management system

We continuously optimize our Company's EHS management structure and establish a localized safety management model and mechanism. We continue to operate the Health and Safety Management System along with the Maturity Assessment Program (MAP), and through the effective operation of the Health and Safety Management System and the traction provided by the maturity assessment of system elements, we continuously optimize and enhance our operational management capabilities.

#### Safety culture construction

We prioritize the implementation of three key elements of safety culture: "Safety Organization and Responsibilities", "Incentives and Safety Perception", and "Audits and Observations". In our quarterly EHS-themed activities, we utilize various initiatives such as poster campaigns, thematic training sessions, and knowledge-sharing events to assist all employees in better understanding and adhering to safety-related regulations and institutional requirements. This approach aims to foster a deep-rooted awareness of safety culture among all staff members.



#### During the Reporting Period,

- The Blue Moon Yonghe Factory was recognized as **"Advanced Unit in Safety Production by the Lianhe Street, Huangpu District, Guangzhou"**
- The Blue Moon Tianjin Factory was recognized as **"Advanced Unit in Safety Production by the Xiqing Economic Development Zone, Tianjin"**
- The Blue Moon Chongqing factory was recognized as **"Outstanding Unit in Fire Safety by the Banan District, Chongqing"**

#### Strengthen risk management

Through optimizing procedural documents, refining management requirements and responsibilities for executing risk controls, we ensure the systematic and comprehensive nature of risk management. By conducting regular comprehensive inspections, coaching, and audits, we facilitate the implementation of risk management strategies and ensure the effective execution of safety measures, thereby ensuring the Company's risks are manageable.

This year, we focused on constructing and enhancing the operational capabilities of two major elements of risk management: "Emergency Response and Firefighting" and "High-Risk Activity Management", with strict drills and closed-loop management. We have improved and solidified emergency preparedness and response from four aspects: procedures, organization, resources, and capabilities, ensuring the essential guarantees for factory emergency response and firefighting management.

## Solid implementation of safe production

We strictly adhere to the self-contained operation of each factory, promptly eliminating potential safety hazards within the factories through various levels of inspections. Additionally, we conduct two annual internal audits on EHS regulatory compliance and the maturity of safety and health management system elements. Through cross-audits of factories, we thoroughly identify and address issues, comprehensively enhancing accident risk prevention capabilities.

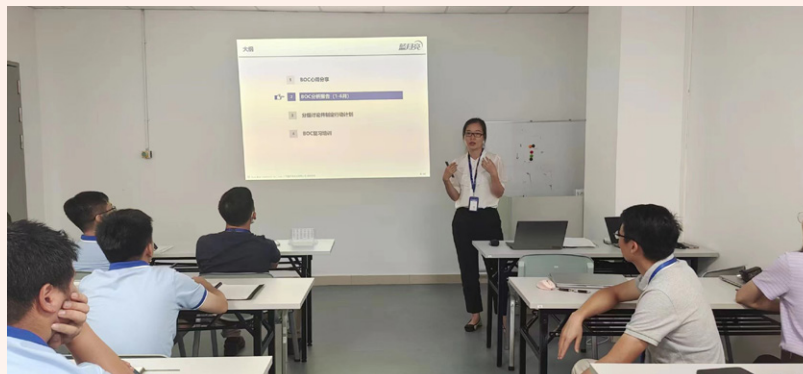
Furthermore, we have further standardized safety management for all personnel entering the factory premises, including supplier employees. For contractors, we verify their qualifications, insurance, and conduct pre-entry training and safety briefings. We perform pre-entry checks on equipment and tools for integrity and implement specialized control measures for special and high-risk operations, ensuring the safety and orderliness of all personnel's activities within the factory premises.

We internalize the safety production awareness of "everyone talks about safety, and everyone knows emergency response" among employees. We have developed detailed operational procedures and regularly conduct training and emergency drills in factories. Training completion rates and qualified completion rates of drills are included in the assessment indicators for professional teams, thus fulfilling safety production management responsibilities.



## Conducting BOC Training and Enhancing Professional Capabilities in Safety Management

In 2023, We have comprehensively carried out training and retraining on Behavior Observation and Communication (BOC). In addition to the training and certification, we also input BOC data into the system to conduct timely analysis. By tracking and reviewing BOC data, we continuously improve the quality of BOC completion.



BOC Training Scene

## Occupational disease prevention

In accordance with the requirements of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other regulations, we have formulated and published the *Occupational Health Management Standards*. Through continuous construction and optimization of a safe and clean working environment, we ensure the working environment for employees. Additionally, we continually optimize equipment and facilities, carry out ongoing prevention of occupational disease hazards at the source, and strengthen process controls to reduce hazards. This effort aims to improve and enhance working conditions for employees, ensuring their occupational health and safety. We actively conduct occupational health assessments and occupational disease prevention work, implementing pre-employment, during-employment, and post-employment occupational health monitoring for specific positions. This approach aims to eliminate risks before employment, control occupational disease risks during employment, and ensure the health of employees.



The Company and all manufacturing factories have passed the certification of

# ISO 45001

occupational health and safety management system

## Focusing on Employee Safety

Blue Moon places a strong emphasis on the occupational safety and health protection of employees. We provide a diverse range of health management services covering regular physical examinations, psychological support, health education, and wellness activities. These services aim to assist employees in achieving a better balance between work and life.

### Medical health plan

We prioritize the physical health of all employees by providing comprehensive welfare medical examinations. Tailored examination items are formulated for employees of different genders to help them better manage their health risks. We collect and combine employees' medical examination reports to address any queries, and invite specialist doctors to the Company to provide one-on-one interpretation services for employees, guiding them to better understand their health status and providing scientific guidance for healthy living and work.

### Health knowledge popularization

Through our official WeChat account "Health Management", we provide employees with the latest health information to help them understand professional health management knowledge and skills. Additionally, we host seminars on first aid knowledge, and offer free allergy testing to popularize health and medical knowledge for our employees and enhance their self-health awareness.

### Balanced diet

To promote healthy eating habits, we conducted an online balanced diet quiz, with prizes awarded to encourage employees to learn about healthy food combinations, totaling 1,154 participants. Additionally, we conducted a satisfaction survey on the Company canteen and promptly adjusted the catering services based on employee feedback. We aim to ensure that employees eat healthily and enjoy their meals.



Organized Annual Medical Physical Examination for Employees

## Supporting Employee Growth

Blue Moon consistently regards talent development as one of the significant strategic initiatives for business growth. We constantly improve a comprehensive employee training and development system, creating diverse channels for career development and promotion. We provide employees with platforms to enhance their professional qualities and abilities, encouraging and assisting them in creating greater value.

## Talent Promotion and Development

We respect the individualized development of employees, and utilize diverse methods for conducting personnel skill assessments, also provide employees with various working opportunities and platforms tailored to their needs. We continuously refine our performance appraisal mechanisms to ensure that employees' work results and contributions are fairly evaluated, thereby offering excellent employees more opportunities for growth and promotion. We actively engage in professional qualification certifications and assessments for employees, supplemented by a corresponding reward mechanism. We have established scholarships for academic advancement to assist frontline technicians and management personnel in making the most of their spare time for self-improvement. This helps them enhance their educational qualifications and personal capabilities, enabling them to better apply their skills and knowledge to their work and production.



### Frontline Staff Skills Competition

The frontline staff skills competition is an excellent event for enhancing professional skills, promoting inter-factory exchanges, and showcasing the demeanor of employees. The "Blue Moon Third Frontline Staff Skills Competition" was successfully held in July 2023. With the theme "Breaking Bottlenecks with Ingenuity, Demonstrating Excellence in Practice", this competition emphasized focus on quality, highlighting the importance of prioritizing quality and safety, while also emphasizing efficiency and speed. The competition included seven major categories: maintenance, machine operation, packaging, forklift operation, mixing, laboratory testing, and packaging inspection. From the preliminary rounds to the finals, from theoretical knowledge to practical skills, after intense competition, a total of 49 contestants from five factories stood out and overcame various challenges to win individual awards, highlighting the emergence of numerous professional elites who diligently study professional skills, continuously hone their craft, and strive for sustained improvement.



Frontline Staff Skills Competition Scene

## Valuing Employee Development

Blue Moon places great importance on developing the professional abilities of employees. We have devised tailored talent development plans and training plans for different types of employees.

In 2023, Blue Moon achieved a training participation rate of

# 77.9%

with an average training duration per employee of

# 13.5 hours



Management Trainee Training Scene



## Aligning with Business and Strengthening Management Trainee Development

For many years, Blue Moon has been committed to internal talent development. In order to help recent university graduates quickly adapt to the work environment and realize their own value, each business module has implemented management trainee development programs based on its own business characteristics. These programs offer various forms of training and provide mentorship and coaching roles to guide management trainees in all aspects of work, career development, and life.

We guide new employees to know the new requirements of the workplace, enabling them to transition from students to independent professionals. Additionally, we teach them essential knowledge, tools, and skill methods to equip them with the ability to work independently.



## Enhancing Employee Value and Energizing Employees

Blue Moon has long been focused on employees' technical expertise and project experience, striving to create platforms for learning and exchange. In 2023, Blue Moon continued to recognize outstanding projects and achievements, with a total of 25 project outcomes receiving commendations.

Additionally, to unearth successful cases, accumulate and promote excellent experiences, Blue Moon organized project seminars, technical exchange sharing sessions, and debates, among other exchange activities. Employees updated their knowledge through experience sharing and learning, while enhancing their own value and sense of achievement through exchange, thereby sparking innovative vitality.



R&D Outstanding Achievement Award Ceremony



Project Seminar



Technical Exchange Sharing



Debate Scene

## Caring for Employee Well-being

Blue Moon advocates for a positive and healthy work atmosphere, aiming to balance employees' work and personal lives through various cultural and sports activities, continuously enhancing their sense of happiness and satisfaction.

### Organizing fitness activities

We prioritize the physical and mental health of our employees. In our office areas, we have installed fitness equipment and organized a variety of sports activities, including marathons fun runs, health running groups, various ball game training sessions, and internal and external sports competitions, etc. These initiatives encourage employees to cultivate healthy exercise habits.



Fun Sports Meeting



Team Outreach Activities



Employee Basketball Game



### Launching the "Wu" Leadership Badminton Training Class to Promote a Sporting Atmosphere

In 2023, the "Wu" leadership badminton training class was launched for managers at all levels and key business personnel of the Company. The aim of this training class was to enhance participants' physical fitness and professional skills in sports through professional coaching, ultimately achieving the goal of "strengthening the body and refining the spirit".



"Wu" Leadership Badminton Training Class



### Organizing Health Running Groups to Foster Running Habits among Employees

We continued to organize health running group activities aimed at helping employees develop a habit of running. We also formed a staff running group consisting of 60 employees to participate in the Guangzhou Huangpu District Marathon Fun Run. They showcased their spirit and courage, leaving a striking sight along the racecourse.



Huangpu Marathon Group Photo



### Organizing special holiday events

In order to enhance team cohesion and boost their sense of happiness, we organized a variety of colorful holiday events that incorporated elements of Blue Moon's culture. This created a warm atmosphere where employees feel like they are part of a family.

### Caring for female employees

With female employees comprising 52.9% of our workforce, Blue Moon provided more personalized benefits tailored to their needs. This includes dedicated maternity rest rooms, nursery rooms, nutritious mother-and-child meals, and reserved seats for pregnant women on company shuttles. We prioritize the health of our female employees by organizing various seminars on women's health and establishing the green channel of HPV vaccination, providing them with additional care and support.



▶ Tree-Planting Activity

▶ Mid-Autumn Festival Activity



▶ Spring Festival Activity

▶ Maternity Rest Room





# Giving Back to the Community and Co-building Responsibility

Blue Moon actively shoulders social responsibilities and sincerely gives back to society. Leveraging the strengths, the Company has initiated a series of charitable activities, covering various areas such as childcare, women's support, education assistance, emergency relief, and rural revitalization. Through practical actions, Blue Moon demonstrated the responsibility and commitment, working hand in hand with society to build a better future.



## Clean and Healthy Action

Blue Moon is committed to promoting a clean and healthy lifestyle to the public and advocating for a healthy home environment. We work closely with the China Women's Development Foundation (CWDF) and the China Children and Teenagers' Fund (CCTF) to enhance awareness of cleanliness and health among women and children. We aim to improve handwashing and hygiene conditions for children in underdeveloped areas and continuously promote the concept of cleanliness and health, bringing cleanliness and warmth to every family.

## Caring for Children's Growth



### Implementing the "I'm a Little Health Angel" Charity Program to Promote Health Education in Families

Since 2001, Blue Moon has cooperated with China Family Education Society (CFES) and China Children and Teenagers' Fund (CCTF) successively to support and carry out the "I'm a Little Health Angel" Program for family education of children's health every year. Focusing on children and families, the project helps and guides children and families establish scientific, healthy, and safe living concepts, through parent-child interactive activities such as children's health walks and parent classes and relying on educational materials and teaching aids as mediums.

In 2023, the "I'm a Little Health Angel" project was carried out in over 190 kindergartens and more than 100 community health service centers in 25 cities, including Beijing and Guangzhou. Through activities such as "Children's Health Habits Formation" classes and the distribution of *I'm a Little Health Angel* promotional brochure, the project directly benefited over 2.12 million people.



▶ Launch Event of the "I'm a Little Health Angel" Project



▶ The "I'm a Little Health Angel" Activity



## Hosting the "Hand" Protects the Future, A Caring Campaign to Safeguard Children's Health and Growth

Since 2022, the Blue Moon Charity Foundation has partnered with the China Children and Teenagers' Fund (CCTF) to jointly organize the "Hand" Protects the Future caring campaign for two consecutive years. This project delves into underdeveloped areas and primary and secondary schools, conducted a series of health and hygiene classrooms, donated handwashing sinks, and provided handwashing products. The activity aims to provide scientific health knowledge guidance and services for children and their families, to enable students to learn and master health knowledge in a fun way, to improve their handwashing and hygiene conditions, to create a healthy environment, safeguard children's healthy growth and, support rural health education.



In 2023, the project covered  
**100** schools  
in Bijie City and Zunyi City



donated  
**60**  
handwashing sinks



conducted  
**64**  
expert health and hygiene  
classrooms



provided  
**480,000**  
handwashing and cleaning  
products

A total of over 60,000 teachers, students, and families directly benefited.



◆ Health and Hygiene Classroom

## Caring for Women



### Continuous Implementation of the "Wise Women, Healthy Families" Project to Promote Clean and Healthy Concepts

Since 2013, for 11 consecutive years, Blue Moon has partnered with the China Association of Marriage and Family Studies (CAMF) and the China Women's Development Foundation (CWDF) to organize the "Wise Women" series of public welfare activities. Through thematic advocacy events, community outreach activities, and distribution of educational materials, the program disseminates knowledge about clean and healthy living to countless families and women. In 2023, the program was held in key cities such as Beijing and Tianjin. Through a various form of publicity and media dissemination, like thematic advocacy events, mobile classrooms, and distribution of the *Exercise Health and Home Cleaning Guide* manual, the program reached over 1.33 million women and families.



◆ Launch Event of the "Wise Women and Healthy Family" Program in 2023



### "Beautiful Countryside, Clean Families" Initiative in Rural Areas to Promote Beautiful Rural Development

In 2023, the Blue Moon Charity Foundation partnered with the China Women's Development Foundation to launch the "Beautiful Countryside, Clean Families" public welfare project, aiming to promote knowledge of family hygiene and health in underdeveloped rural areas, so as to advance rural construction. The project targeted 33 villages in Bijie and Zunyi cities, conducted knowledge dissemination activities to encourage women to change their lifestyles and hygiene habits. By focusing on women as agents of change, the project aimed to promote healthy lifestyles within families, improve the appearance of villages, and cultivate a new trend of rural health and cleanliness. Overall, more than 30,000 women and families directly benefited from the project.



◆ "Beautiful Countryside, Clean Families" themed Advocacy Event

# Engaging in Community De- velopment

Blue Moon is deeply committed to fulfilling corporate social responsibility by actively participating in charitable activities. We wholeheartedly contribute to areas such as cultural and sports education, emergency relief, and rural revitalization. Proactively addressing social issues, we continuously seek points of convergence for mutual development with society, striving to support community building and enhance the well-being of residents.

## Support for Cultural and Sports Education

Blue Moon supports the development of culture and sports education by establishing scholarships in multiple schools and has been continuously supporting the Graduates Art Fair for 10 consecutive years and Guangzhou Huangpu Marathon for 5 consecutive years.



### Continuous Sponsorship of the Graduates Art Fair to Promote the Healthy Development of Youth Art

Since 2014, Blue Moon has served as the chief sponsor of the Graduates Art Fair for ten consecutive years, dedicated to nurturing the innovative power of Chinese youth and supporting the youth art cause. By 2023, Blue Moon has provided nearly 24,000 pieces of art by about 7,300 artists with museum-level exhibition opportunities. It has directly purchased and collected over 1,000 pieces of artwork, providing significant spiritual encouragement and direct economic support to young creators. This support has helped the new generation of artists to embark on their dreams and has actively promoted the healthy development of youth art in China.



Graduates Art Fair & Blue Moon: "Ten Years Together, Walking the Art Path" Special Zone

## Emergency Relief Assistance

Blue Moon closely monitors the impact of natural disasters on the public and takes swift action when disasters occur. We actively demonstrate leadership by promptly initiating response mechanisms during emergencies such as the floods in Beijing and Hebei and the initial outbreak of the earthquake in Gansu. We took immediate action and actively raised funds and materials to provide support to frontline disaster relief efforts to the best of our abilities.



### Supporting Areas Affected by "Super Typhoon Doksuri", Charity Aid Receives Multiple Awards

In August 2023, affected by "Super Typhoon Doksuri", continuous heavy rainfall occurred in North China and other areas, triggering floods and geological disasters. The flood control situation in many places in Beijing and Hebei was severe. Blue Moon Charity Foundation was highly concerned and actively participated in the relief efforts. Through charitable organizations such as the Hebei Charity Joint Federation and the Beijing Charity Association, Blue Moon donated disinfection, sterilization, and clean protective materials worth RMB 10.16 million to the disaster-stricken areas in Hebei and Beijing. This aid supported frontline flood control and disaster relief efforts, as well as post-disaster sanitation and preventive disinfection work. Blue Moon's timely assistance received the "Outstanding Contribution Award" from the Hebei Charity Federation and appreciation letters from the Department of Civil Affairs of Hebei Province, Yixian County Government in Hebei, Beijing Charity Association, and the Hebei Charity Federation.



Award Medal from the Hebei Charity Federation



Appreciation Letter from Beijing Charity Association

### Appreciation Letter from Civil Affairs of Hebei Province



Appreciation Letter from Hebei Charity Federation

Appreciation Letter from Yixian County Government in Hebei

## Boosting Rural Development

Blue Moon actively responds to the call of the Party and the state, fulfilling corporate responsibilities, contributing to the consolidation of the achievements of poverty alleviation and promoting rural revitalization. Blue Moon carries out various assistance activities, to promote the traditional virtues of benevolence and poverty alleviation, and to further enhance the role of public welfare and charity in achieving common prosperity.



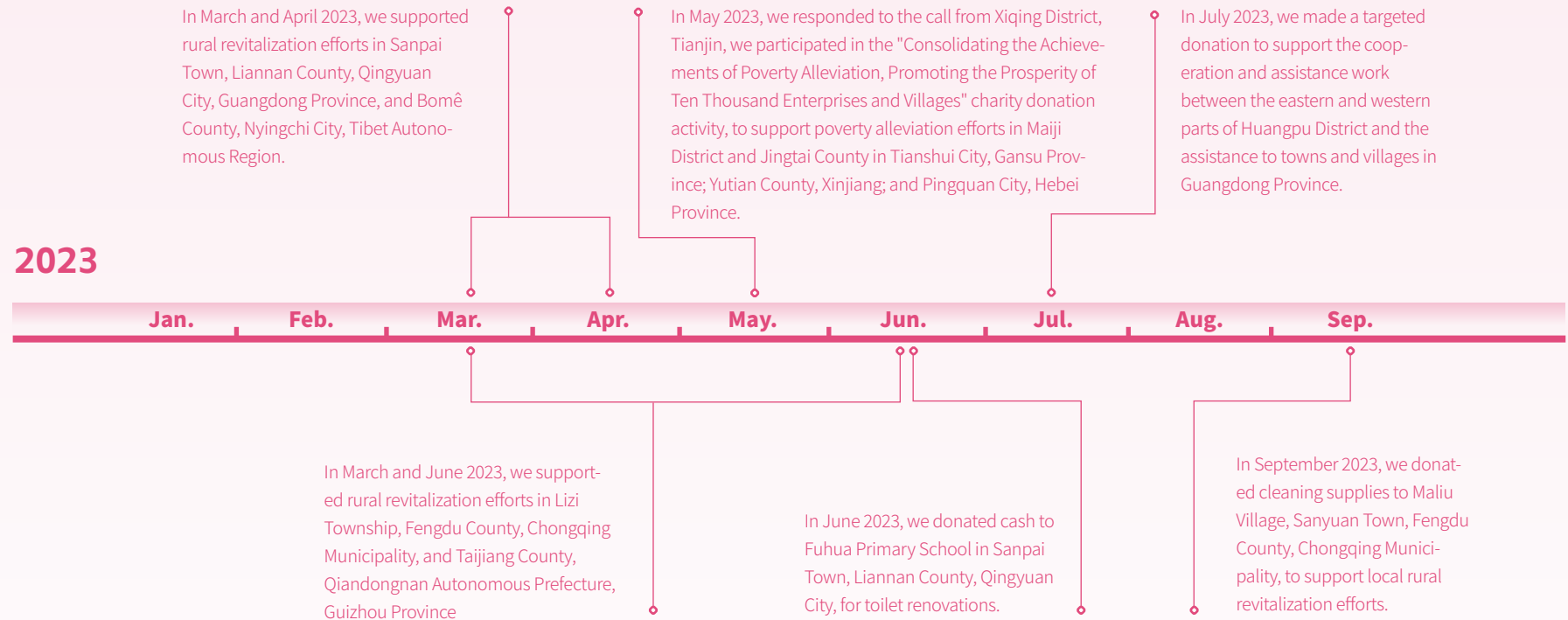
During the Financial Year, the total investment in rural revitalization projects amounted to approximately

**RMB 3.2 million**



### Consolidating the Achievements of Poverty Alleviation, Supporting Rural Revitalization

To help consolidate and expand the achievements of poverty alleviation and promote rural revitalization in poverty-stricken areas, the Blue Moon Charity Foundation has carried out various activities, including providing financial support and donating cleaning supplies to assisted areas:





## Compliant Operation and Robust Development

Business ethics are the cornerstone of the robust development of enterprises. Blue Moon continuously strengthens risk prevention and control, implements intellectual property protection, effectively safeguards the Company's legal and compliant operation, continuously improves corporate governance, and establishes a clean, efficient, fair and just corporate image.



## Practicing Business Ethics Management

Blue Moon adheres to relevant laws and regulations such as the *Civil Code of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. We formulated internal management requirements such as the *Code of Compliance on Business Conduct*, the *Anti-Corruption Compliance Management System*, the *Conflict of Employee Interest Management System*, the *Accountability System for Falsehood* and the *Integrity Work Management System*. Blue Moon insists on applying ethical standards such as integrity, transparency, and honesty to business activities, strengthens integrity construction, and safeguards the integrity operation of the enterprise.

### Upholding Integrity in Business Operations

Integrity in business operations is the cornerstone of Company's existence. We continuously strengthen the systematization of business ethics management, improve supervision mechanisms and internal systems, establish standardized processes, and actively promote the spirit of integrity. We guide all employees to uphold the values of honesty and trustworthiness, thereby enhancing the overall level of business ethics management within the Company.

#### Optimizing management mechanisms

At the supervisory level, we have established a three-tier supervision mechanism covering the Board, the Audit Committee, the Dedicated Audit and Monitoring Department to oversee the Company's business ethics and responsible conduct. The Audit Committee, along with the ESG Committee as a subsidiary committee of the Board, is responsible for corporate governance functions, including formulating, reviewing, and supervising the conduct guidelines and compliance regulations of all employees of the Company. The ESG Committee is responsible for reviewing and regularly improving policies related to business ethics, conducting regular reviews, and continuously monitoring the Company's business ethics through specialized audits of business ethics standards and anti-corruption policies.



#### Formal Release and Implementation of the *Code of Compliance on Business Conduct* to Improve Corporate Business Ethics Management

To ensure the Company's integrity and compliance in operations, we have established business compliance standards and ethical requirements that employees must adhere to and ensure the sustainable and healthy development of the Company's business partners. In 2023, we officially implemented the *Code of Compliance on Business Conduct* to establish a comprehensive compliance and business ethics framework. This system applies to all departments and employees of the Company and encourages business partners (including but not limited to suppliers, customers, and professional consultants) to comply. It guides employees and partners to cultivate a positive and law-abiding work atmosphere, ensuring that while pursuing economic benefits, actively fulfill social responsibilities, pay attention to long-term social interests, and achieve a win-win situation between the Company and society.

#### Strengthening cultural promotion

To ensure that the relevant business ethics-related systems are known, understood, and implemented by the Company's management and employees, we have formulated the *Management Regulations for the Exercise of Authority for Legal Representatives, Directors, Supervisors and Senior Management Personnel*, which clarify the duties and powers of legal representatives, directors, supervisors, and senior management personnel of each legal entity. They are required to sign the *Management Compliance Commitment Letter*, pledging to abide by laws, regulations, and the Company's policies, perform their duties within the compliance scope, accept the Company's supervision, and adhere to compliance management in business activities and processes actively, protecting the Company's interests. According to the *Conflict of Employee Interest Management System*, we require all employees to declare conflicts of interest and read the compliance commitment. This year, a total of 6,178 employees have completed the conflict-of-interest declaration, and 6,765 individuals have read and understood the *Employee Compliance Commitment*. Additionally, 2,217 employees have signed the *Six Red Lines Commitment Letter*.

We closely monitored the dynamics of national, provincial, and municipal efforts in protecting commercial secrets. We have revised the employee confidentiality agreement in 2023, elaborated on the content of confidentiality and the clauses regarding breach of contract responsibilities, and further strengthened our management process for business ethics, preventing insider trading, money laundering, and protecting commercial secrets. We standardized the transmission, collection, and management of insider information to eradicate insider trading. We also required employees to report any potential suspicious transactions or behavior related to money laundering and preserve relevant evidence.

We followed the policy of the *Employee Reward and Punishment System* and linked ethical business conduct with employee rewards and penalties. Employees who made significant contributions to compliance were rewarded, while those engaged in misconduct were strictly penalized, particularly for embezzlement. We have newly introduced the *Compliance Training Management System*, continually educating executives, new hires, and existing staff on legal responsibilities and risks in areas such as commercial secrets, business procurement, and live marketing. We have updated the *Anti-Monopoly Compliance Guidelines* and invited external lawyers to provide specialized training on anti-monopoly practices for employees. This aimed to enhance the overall understanding of corporate compliance among all staff, prohibiting all forms of monopoly and unfair competition to effectively uphold market fairness and competition.

During the Reporting Period, the Company was not involved in any concluded legal cases of corruption, bribery, extortion, fraud or money laundering.



## Consolidating the Foundation of Integrity

We integrate the concept of integrity into all aspects of corporate operations, striving to eradicate corruption from the source. We have established various systems such as the *Accountability System for Falsehood*, the *Integrity Work Management System*, the *Anti-corruption Compliance Management System*, the *Conflict of Employee Interest Management System* and the *Supplier Code of Conduct*. These policies strictly regulate the behavior of internal employees, suppliers, and partners, collectively contributing to the creation of an environment conducive to honest business behaviors.

### Enhancing integrity review

Blue Moon has established an auditing and supervision department tasked with incorporating integrity management into routine audits, special audits, and investigative activities. Through these audit activities, we aim to prevent and detect any fraudulent or corrupt behavior, as well as violations of integrity and anti-corruption policies. In accordance with the *Anti-corruption Compliance Management System*, the auditing and supervision department conducts anti-fraud investigations upon receiving reports or complaints, or upon discovering any irregularities during routine inspections. This ensures that integrity requirements are consistently upheld throughout our daily management and supervision processes.

We advocate for maintaining integrity in business practices and strive to achieve this together with our partners. In our sales contracts, we include an appendix titled the *Anti-Bribery Commitment*, which outlines the guidelines for commercial transactions, emphasizing fair, just, honest, and clean dealings. Furthermore, we enhance the integrity management of our suppliers. According to the *Supplier Code of Conduct*, we require all suppliers to comply with anti-corruption and anti-bribery laws, prohibiting the offering or acceptance of bribes and inappropriate benefits. We conduct regular audits of supplier social responsibility, focusing on the business ethics of all collaborating suppliers. The audit terms require suppliers to establish anti-corruption policies and include requirements for disseminating anti-corruption policies to their employees and providing reporting channels. In 2023, we conducted a special procurement audit related to suppliers' business ethics audit, and none of the suppliers covered by the audit violated the relevant standards of business ethics.



### Conducting integrity dissemination

We conduct integrity culture promotion among all employees through various channels such as the Company's portal, corporate WeChat official account, and other platforms. We require potential suppliers to read and adhere to the guidelines, and for formally engaged suppliers, we mandate the signing of a commitment to integrity. We carry out integrity advocacy campaigns for all collaborating suppliers, regularly sending out integrity promotion emails. During major holidays, we disseminate anti-corruption and integrity notifications to suppliers through internal systems and conduct on-site verbal integrity promotion for significant suppliers with whom we are engaging for the first time.



Conducted

# 49

training sessions on anti-corruption and anti-fraud for directors, executives and all employees, covering anti-corruption-related laws and regulations and internal requirements

with a total participation of

# 134,168

person-time

Organized

# 17

integrity culture training sessions for suppliers

## Whistleblowers Protection

We effectively implement whistleblowing mechanism and whistleblower protection, by establishing and continuously optimizing the *Supervision and Reporting Management System*, the *Employee Reward and Punishment System*, the *Supervision Work Management Norms*, the *Employee Violation Investigation and Handling Norms*, and other regulations. We established multiple reporting channels, including a whistle-blowing hotline, reporting e-mail address, the official WeChat account "Incorruptible Blue Moon". Upon receiving reports, we promptly conduct specialized investigations and provide feedback, when violations are confirmed, we handle them in accordance with regulations. Employees, suppliers, and business partners all have the right to report complaints.

At the same time, we highly prioritize protecting the privacy of whistleblowers. In the *Business Conduct Compliance Guidelines*, we pledge to take strict action against any retaliatory behavior towards whistleblowers and ensure full protection for employees who submit complaints or reports. Regarding complaint and whistleblower information, we establish specialized access privileges limited to surveillance investigators and audit managers. All complaint and whistleblower information, along with their analysis and investigation results, encryption control to effectively safeguard the rights of whistleblowers.

## Strengthening Risk Management

Blue Moon continuously improves the risk management and internal control review mechanisms, continuously strengthening legal compliance risk prevention. The Audit Committee under the Board is responsible for effectively monitoring and reviewing the risk management performance at the operational level. Risk management functional departments such as internal control, audit, and legal regularly inspect the risk management work and effectiveness of various departments and business units, promptly track improvements, and report to the audit committee, ensuring the Company's development is safeguarded.

In strict accordance with the *Corporate Governance Code* of the Stock Exchange of Hong Kong Limited, we have formulated the *Risk Management Control Procedures*, the *Legal Risk Management System*, the *Compliance Evaluation Management Standards and Control Procedures*, the *Internal Audit Management Standards* and other management systems, and established the risk management process covering risk identification, risk assessment and risk management.

In 2023, we further improved our risk management system by issuing new guidelines such as the *Construction Contract Risk Interpretation and Avoidance Guide* and the *Lease Dispute Handling Guidelines*, enhancing compliance in areas such as construction contracts and leasing operations, refining risk management focal points, and safeguarding the Company's legal rights and interests.

### Risk assessment and management

The Board conducts ongoing oversight of the risk management and internal control system and ensures that the risk management and internal control system should be reviewed once a year. We carry out risk assessment for the business of the entire Company annually, and identify company-wide potential risks that the Company may face during specific periods in the future, such as within a year. In 2023, we continued to enhance the Group's risk database, identifying 23 secondary risks and updating and confirming the eight key risks for the year. We retained risks such as fraud risk and distributor inventory management risk, while also identifying new risks related to legal and regulatory compliance. All business departments proactively took measures to address the identified risks and promptly tracked and improved them to enhance the Company's risk management capabilities.

### Internal control and compliance management

We have established an internal control review and management process. Through the annual internal control process compliance review, we control and prevent operational risks within the Company. In 2023, we conducted 12 internal control audit projects covering procurement, inventory, quality, assets, infrastructure projects, information security, and expenses. We identified a total of 266 internal control issues and achieved a completion rate of 98% for rectifying these issues. In conjunction with internal audit supervision, we conducted supervisory inspections to further prevent corporate risks. At the same time, this year we also formulated an annual audit plan based on the *Internal Audit Standards*, covering key areas such as procurement, warehousing, sales, expenses, information, and compliance across all operating units, achieving full coverage of the Company's operation scope.

In addition, to further prevent and control corporate legal risks, we conduct annual, quarterly, and special legal compliance reviews, maintaining a high level of attention to legal risks at all times. In the legal risk due diligence conducted this year, we introduced external lawyers for the first time and conducted compliance interviews with various business modules including research and development, production, procurement, logistics, sales, media, engineering, administration, IT, human resources, corporate governance, consumer services, and finance. We comprehensively and objectively identified 618 legal risk items, an increase of 41% compared to last year, further refining the granularity of risk items. For identified risks, we establish dedicated project teams for follow-up and responsibility, conduct semi-annual legal risk reviews, strengthen communication with relevant departments, and revise relevant systems to refine management regulations and optimize business processes. Additionally, we conduct training and dissemination of legal risk compliance points and assessments for key personnel. For e-commerce advertising promotion, application programs, and system data compliance business, we conduct quarterly review and supervision, and publish quarterly compliance reports to relevant departments, promoting compliance rectification for non-compliant departments.

**During the Reporting Period, Blue Moon did not incur any administrative penalties.**



## Conducting Multiple Special Auditing Projects to Enhance Risk Management Capabilities

In 2023, we focused on conducting internal audit projects in several departments, specifically targeting procurement, information security, and compliance to identify and analyze corporate risks.

### Procurement special audit project

This project aimed to examine the compliance of inventory and procurement execution, with a focus on reviewing the fairness of suppliers and detecting any instances of corruption or bribery in procurement. We also audited the relevant aspects of procurement contracts to prevent administrative procurement risks. Based on the audit results, we improved the procurement management system and processes in supplier selection, contract maintenance, and tracking.

### Tax compliance special audit project

We conducted spot checks on business tax payment situations, obtained business data, consulted relevant tax regulations, and verified tax-related issues to prevent tax compliance risks.

### E-commerce sales invoice special audit project

This project evaluated and verified any anomalies related to invoices and based on internal audit results, optimized related management processes to enhance accuracy and timeliness and prevent invoice compliance risks.

### Personal information security compliance audit project

In accordance with the provisions of the *Personal Information Protection Law of the People's Republic of China*, we established a checklist of 137 security compliance checks. Based on this checklist, we conducted compliance checks on the major software and WeChat mini programs developed by the Company or commissioned by it. We identified a total of 17 compliance audit issues and tracked improvements to promote completion of the rectification process.



## Conducting Multiple Legal Compliance Review Projects to Strengthen Corporate Risk Control and Prevention

In 2023, we conducted specialized reviews in various areas such as corporate governance, information security, EHS system, domestic service, and license management to strengthen the Company's risk control requirements.

### Corporate governance compliance special project

We produced reports on corporate governance, including the *Study Report on the Legal Responsibilities of Legal Representatives, Directors, Supervisors and Senior Management Personnel*. We also drafted the *Management Regulations for the Exercise of Authority for Legal Representatives, Directors, Supervisors and Senior Management Personnel*, and the *Management Compliance Commitment Letter*, aiming to enhance awareness of corporate governance and management responsibility among legal representatives and senior executives.



### Information security compliance special project

We advanced the upgrade of the EC system to meet the standards of network security level protection and obtained certification from the Ministry of Public Security. We conducted activities such as APP filing, personal information protection impact assessment, and special projects on data export, identifying risks related to data and privacy security and driving improvements. We also strengthened security management mechanisms to consolidate our security management capabilities.



In 2023, Blue Moon conducted the following activities for various business departments:

Conducted

**10** sessions of internal control and compliance training

total number of participants reached

**330** individuals

total training duration amounted to

**13.5** hours

Conducted a total of

**31** legal compliance training covering various topics including labour compliance, marketing compliance, advertising compliance, data compliance, contract compliance, intellectual property protection, anti-monopoly, engineering construction, and property leasing

with a total number of participants over

**3,600** individuals

## Protecting Intellectual Property Rights

### Enhancing the intellectual property protection system

Protecting intellectual property rights is the driving force behind enterprise innovation. We strictly comply with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other relevant laws and regulations. We have improved our intellectual property management system and strengthened the protection of trademarks, patents, copyrights, and other intangible assets. Timely rights confirmation for the Company's R&D achievements protects our innovative accomplishments, empowering Blue Moon's high-quality development.

We comprehensively upgrade our management concepts and measures, adhering to the requirements of the *Enterprise Intellectual Property Compliance Management System Requirements*. We improve and optimize the existing intellectual property management system, deploying intellectual property prevention and control measures in various business processes such as project initiation, R&D, design, creation, procurement, production, service, sales, after-sales, and contract management. We strengthen intellectual property compliance reviews in areas such as background checks on intellectual property personnel and intellectual property risk control in various contracts.

This year, we introduced innovative management concepts for the first time, benchmarking against the ISO 56005 standard for innovation and intellectual property management. We conducted a comprehensive review of the innovation system and intellectual property management research reports and formulated corresponding implementation measures. For key areas such as intellectual property management methods and information resources management, we have enhanced them through system or procedural regulations. We have consistently implemented systematic management, ensuring close integration of intellectual property, innovation, and business processes. This ensures the synergy among the three elements and standardizes the integration of intellectual property management with the innovation process, thereby optimizing the full lifecycle management of intellectual property from creation and utilization to protection and transformation.

### Protection of independent intellectual properties

Blue Moon employs various measures to protect its own and others' intellectual property rights, fostering favorable atmosphere for social innovation. In 2023, we focused on revising patent-related regulations, thoroughly reviewing and updating key regulations such as the *Patent Application Process*, the *Patent Management System*, and the *Innovation Incentive System*, clarifying provisions related to patent implementation, standard setting, technological project innovation, and intellectual property rewards. Additionally, we introduced a series of new intellectual property control procedures covering aspects such as intellectual property maintenance, human resources, product research and development, sales and after-sales service, and legal information resources, thereby enhancing our intellectual property management capabilities.

We further expanded our patent management framework by developing the *Patent Navigation Guide*, which detailed operational guidelines for various types and scenarios of patent projects, including investment object evaluation, technology cooperation and development, technology introduction, and product development. We also optimized patent data management and revised the *Patent Maintenance Control Procedures*, refining the patent inventory mechanism to ensure clear workflow, precise measures, and efficient execution in patent management activities. Moreover, we developed a patent navigation analysis model related to enterprise operations and research and development, establishing patent analysis guidelines for five major business objectives and evaluating methods for research and development projects. We created patent navigation reports and templates to promote the professionalization and standardization of patent navigation work.

In 2023, we strengthened our online rights protection management to combat infringement of Blue Moon's intellectual property and unfair competition in e-commerce. We actively handled over ten thousand counterfeit and infringing links on various online platforms and strengthened the counterattack against unfair competition with a combination of complaints, achieving a success rate of over 95% in complaints on mainstream e-commerce platforms. We initiated hundreds of rights protection lawsuits against trademark infringement, actively cooperated with law enforcement agencies nationwide to normalize and refine the work of protecting intellectual property rights and combating infringement. We focused on prevention as a priority, combining prevention with enforcement, to effectively protect the rights and interests of enterprises and consumers and purify the business environment.

We continued to demand strict compliance with Company intellectual property requirements from the research and development department, prohibiting the theft, disclosure, publication, or provision to third parties of the Company's unpublished research results. We also enhanced intellectual property-related audits and information collection and analysis, conducting intellectual property infringement risk analysis for products intended for listing and gathering information on the intellectual property protection environment in target markets to assess potential corporate damage. For products already on the market, we conducted intellectual property infringement monitoring and formed reports, aiming to build a comprehensive prevention and control system integrating early warning, monitoring, and protection to effectively safeguard our intellectual property rights.

**Protecting others' intellectual property rights**

We respect and protect the intellectual property rights of third parties, firmly believing that only by respecting intellectual property rights can we promote innovation, progress, and achieve sustainable development. We explicitly prohibit counterfeiting of others' registered trademarks, certification marks, quality marks, or forging of origins, as well as unauthorized use of well-known product-specific or similar names, packaging, decoration, etc. We require that intellectual property licensing and transfer be carried out in accordance with the law, and that third-party intellectual property be used in a standardized manner. Before using third-party intellectual property, permission or authorization must be obtained, and unauthorized use of third-party materials such as fonts, images, audio, and video is prohibited. Advertising and planning materials should be submitted to the legal department for review according to the Company's procedures to avoid infringement of others' intellectual property rights.



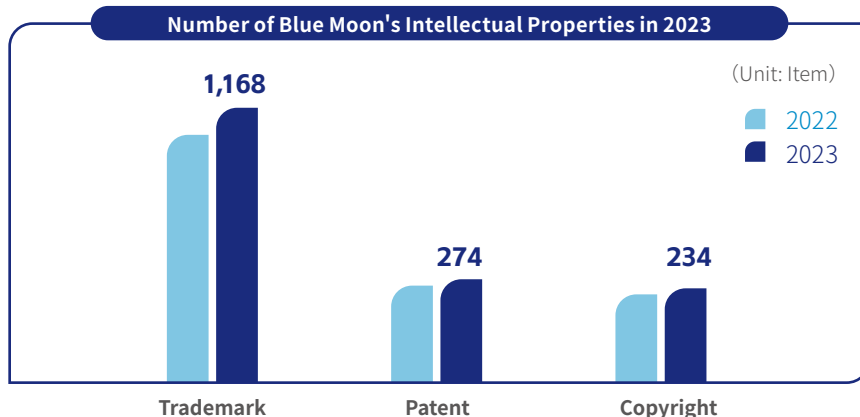
In 2023, Blue Moon obtained the following honors and certifications related to intellectual property:

- The lawsuit against IEKK for unfair competition was recognized as a recommended case for intellectual property learning by the Guangdong Intellectual Property Protection Association in 2022
- The hand sanitizer unfair competition case was selected as an outstanding case in the "Renewal of Old Brands List" of Guangdong Province Trademark Brand Construction Promotion Case in 2023

**Conducting intellectual property right training**

We actively conduct intellectual property compliance advocacy and training to enhance awareness of protection. In 2023, we continued to conduct quarterly advocacy on the compliant use of office software, fonts, images, and music works through various channels such as the Company portal and emails. We required new employees to participate in online legal knowledge training on business secrets, intellectual property protection, and other compliance requirements before completing their probation period, and they must pass the training assessment, thus fostering a culture of intellectual property protection among all employees.

We conduct specialized training sessions for the Company's R&D department, including *R&D Intellectual Property Capability Enhancement Training*, *Patent Navigation Training on the Smart Bud Database*, and *Patent Mining Training*. Through learning about patent literature interpretation, patent retrieval knowledge and skills, and practical patent infringement retrieval, we deepen the understanding of intellectual property among R&D personnel, improve efficiency in patent retrieval and patent literature reading, and cultivate awareness of intellectual property protection and patent mining capabilities. We synergistically promote the Company's intellectual property culture from various aspects such as encouraging employees to apply for patents, protecting R&D innovation, implementing patent incentives, and enhancing capability awareness.



The Company possesses:

A total of **1,168** valid trademarks

with 137 new granted in 2023

A total of **274** valid patents

with 21 new granted in 2023

A total of **234** valid copyrights

with 5 new granted in 2023

## About the Report

Blue Moon Group Holdings Limited presents the environmental, social and governance ("ESG") policy to its stakeholders, and describes specific implementation and performance of the Company in accordance with the *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited ("HKEX").

This Report mainly outlines the environmental and social related policies, measures, and performance of the Group. Other topics including corporate governance and information related to the directors have been disclosed in the relevant sections of the Group's 2023 annual report.

### Reporting Period

This Report covers the environmental, social and governance issues of the Group in China during the period from 1 January 2023 to 31 December 2023 ("Reporting Period" or the "Financial Year") and may trace back or extend to other relevant years as appropriate.

### Reporting Boundary and Scope and Organizational Coverage

This Report focuses on Blue Moon Group Holdings Limited (Stock Code: 6993) and its subsidiaries, and its disclosure scope is consistent with those for the annual report.

Unless otherwise stated, the currency in the Report is Renminbi ("RMB"). There is no significant change in the boundary and scope of this Report from that of the report for the year ended 31 December 2022.

### Reporting References

This Report is prepared in accordance with the *ESG Reporting Guide* issued by the HKEX and has referred to the Global Reporting Initiative's *GRI Standards*.

The Report was prepared in accordance with the requirements set out in the above standards and follows a set of systematic procedures, including industry benchmarking, stakeholder communication, conducting materiality analysis of key issues, collecting relevant materials and data, writing the Report, and review of this Report by the Board, to ensure the content in this Report follows the principles of materiality, quantitative, balance and consistency. Information about the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for ESG KPIs are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating ESG KPIs or any changes that affect a meaningful comparison would be stated.

### Data Source

All information and data used in this Report originate from formal files, statistical reports, and financial reports of the Company. All materials used in this Report are provided by our employees and our partners, which will only be used for reporting the Group's environmental, social and governance progress and not for commercial purposes.

### Abbreviations Statement

For the convenience of expression and reading, "Blue Moon", "Group", "Company", "we", "us" and "our" refer to Blue Moon Group Holdings Limited and its subsidiaries in this Report.

### Language Statement

This Report will be provided in Chinese and English versions. In case of any discrepancy between these two versions, the Chinese version shall prevail.

### Disclaimer

Certain statements in this Report are forward-looking statements about our goals and plans for the future. These forward-looking statements are based on management's current expectations. Uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking statements. The Company is under no obligation to update any forward-looking statement contained in this Report.

### Availability of this Report

An electronic version of this Report is available on the website of the HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)) or the Company's official website ([www.bluemoon.com.cn](http://www.bluemoon.com.cn)).

Full name of main subsidiary	Abbreviation of subsidiary factories
Guangzhou Blue Moon Industry Co., Ltd	Guangzhou Factory
Blue Moon (Tianjin) Co., Ltd.	Tianjin Factory
Blue Moon (Chongqing) Co., Ltd.	Chongqing Factory
Blue Moon (Guangzhou) Co., Ltd.	Yonghe Factory
Blue Moon (Kunshan) Industry Co., Ltd.	Kunshan Factory

# List of ESG KPIs

## Data about environmental responsibility

Indicator	Unit	2023	
<b>A1. Emissions</b>			
A1.1 The types of emissions and respective emissions data			
Exhaust gas <sup>1,3</sup>	NOx emission	Kilogram	954.5
	SOx emission	Kilogram	14.9
	PM emission	Kilogram	205.2
	VOC gas emission	Kilogram	166.7
	Smoke emission	Kilogram	164.6
Waste water <sup>1</sup>	Industrial wastewater emission	tonnes	126,535.7
	Domestic wastewater emission	tonnes	86,999.7
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity <sup>2</sup>			
Greenhouse gas emission <sup>1,4</sup>	Scope 1 greenhouse gas emission <sup>5</sup>	tonnes	3,635.5
	Scope 2 greenhouse gas emission <sup>6</sup>	tonnes	11,849.9
	Intensity of scope 1 greenhouse gas emission	Kilogram/RMB10,000	4.25
	Intensity of scope 2 greenhouse gas emission	Kilogram/RMB10,000	13.86
A1.3 Total hazardous waste produced and intensity <sup>2</sup>			
Hazardous waste <sup>1</sup>	Total hazardous waste	tonnes	21.5
	Intensity of hazardous waste	Kilogram/RMB10,000	0.03
A1.4 Total non-hazardous waste produced and intensity <sup>2</sup>			
Non-hazardous waste <sup>1</sup>	Total non-hazardous waste	tonnes	5,460.6
	Intensity of non-hazardous waste	tonnes/RMB10,000	0.01

### Note

- 1.Data scope covers our Guangzhou Factory, Tianjin Factory, Chongqing Factory, Yonghe Factory, Kunshan Factory.
- 2.The intensity data was calculated based on the gross annual output value of the Company and was denominated in RMB'0,000.
- 3.The exhaust gas emission was calculated by reference to the *Manual of Calculation Methods and Factors for Statistics and Investigation of Sewage from Emission Sources* released by the Ministry of Ecology and Environment and to the *How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs* released by the HKEX.
- 4.Greenhouse gas emission merely refers to the emission of carbon dioxide, excluding the greenhouse gases, such as methane and nitrous oxide, from other emission sources.
- 5.Scope 1 greenhouse gas emission: Greenhouse gas emission from combustion of diesel, gasoline, natural gas and other fossil energies and in industrial production process; scope 1 greenhouse gas emission factors were calculated by reference to the *Accounting Method and Reporting Guide for Greenhouse Gas Emissions of Enterprises in Industry and Other Sectors (for Trial Implementation)* released by the National Development and Reform Commission and to the *How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs* released by the HKEX.

Indicator	Unit	2023	
<b>A2. Use of Resources</b>			
A2.1 Direct and/or indirect energy consumption by type in total and intensity <sup>2</sup>			
Use of resources <sup>1</sup>	Total energy consumption <sup>7</sup>	tce	4,637.1
	Energy consumption intensity	tce/RMB10,000	0.01
	Power consumption	kWh	19,057,438.9
	Steam consumption	tonnes	4,304.6
	Natural gas consumption	m <sup>3</sup>	1,596,011.0
	Diesel consumption	tonnes	22.5
	Gasoline consumption	tonnes	37.4
A2.2 Water consumption in total and intensity <sup>2</sup>			
Use of water resources <sup>1</sup>	Tap water consumption	tonnes	923,594.3
	Tap water intensity	tonnes/RMB10,000	1.08
A2.5 Total packaging materials used for finished products and with reference to per unit produced <sup>2</sup>			
Packaging materials	Total packaging materials used	tonnes	88,372.6
	Intensity of packaging materials used	tonnes/RMB10,000	0.10
	Plastic packaging materials used	tonnes	41,445.5
	Paper packaging materials used	tonnes	46,927.1

- 6.Scope 2 greenhouse gas emission: Greenhouse gas emission due to purchased electricity and heat; among others, the emission factor of electricity in 2022 and 2023 was determined by reference to HBQHH [2023] No.43 *Notice on Doing Well the Work Related to the Management of the Reports on Greenhouse Gas Emissions of Power Generation Enterprises (2023-2025)* released by the Ministry of Ecology and Environment; the emission factor of electricity in 2021 was determined by reference to the HBQHH [2022] No.111 *Notice on Doing Well the Key Work Related to the Management of the Reports on Enterprise Greenhouse Gas Emissions* released by the Ministry of Ecology and Environment; the steam emission factor was determined by reference to the *Accounting Method and Reporting Guide for Greenhouse Gas Emissions of Enterprises in Industry and Other Sectors (for Trial Implementation)*; and the heat enthalpy value was provided by the steam supplier of our Guangzhou Factory.
- 7.Total energy consumption: It was calculated by reference to the *GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption* issued by the State Administration for Market Regulation and the Standardization Administration, and was presented in tonnes of standard coal equivalent ("tce").

## Data about social responsibilities

Indicator	Unit	2023			
<b>B1. Employment</b>					
B1.1 Total workforce by gender, employment type, age group and geographical region <sup>1</sup>					
Total number of employees	People	7,957			
Gender	Number of male employees	3,750			
	Number of female employees	4,207			
Employment type	Number of full-time employees	7,957			
	Number of part-time employees	182			
Age group	Number of employees aged 35 and below	4,624			
	Number of employees aged above 35	3,333			
Geographical region	Number of employees from Chinese mainland	7,957			
	Number of overseas employees	0			
B1.2 Employee turnover rate by gender, age group and geographical region <sup>2</sup>					
Annual employee turnover rate	%	7.5			
Gender	Turnover rate of male employee	8.2			
	Turnover rate of female employee	6.8			
Age group	Turnover rate of employees aged 35 and below	7.2			
	Turnover rate of employees aged above 35	7.8			
Geographical region	Turnover rate of employees from Chinese mainland	7.5			
	Turnover rate of overseas employees	-			
<b>B2. Health and Safety</b>					
B2.1 Number and rate of work-related fatalities occurred in each of the past three years <sup>2</sup>					
Work-related death	Rate of fatalities due to work-related injuries	%	2023	2022	2021
	Number of fatalities related to work	People	0	0	0
B2.2 Lost days due to work injury					
Loss due to work-related injuries	Lost days due to work-related injury	Days	1,229.0		
	Lost workday incident rate per a million working hours <sup>3</sup>	Case/million hours	1.6		
<b>B3. Development and Training</b>					
B3.1 The percentage of employees trained by gender and employee category					
Ratio of trained employees to total employees	%	77.9			
Gender	Rate of trained male employees	47.5			
	Rate of trained female employees	52.5			
Employee category	Rate of trained senior managers	0.6			
	Rate of trained middle managers	4.9			
	Rate of trained employees of other ranks	94.5			
B3.2 The average training hours completed per employee by gender and employee category					
Average training hours for all employees	Hours	13.5			

Indicator	Unit	2023	
Gender	Average training hours for male employees	Hours	13.9
	Average training hours for female employees	Hours	13.1
Employee category	Average training hours for senior managers	Hours	21.0
	Average training hours for middle managers	Hours	24.3
	Average training hours for employees of other ranks	Hours	13.0
<b>B5. Supply Chain Management</b>			
B5.1 Number of suppliers by geographical region			
Information about suppliers	Total number of suppliers	Supplier	863
	Percentage of local suppliers in China	%	>95%
<b>B6. Product Responsibility</b>			
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons			
Product recall	Percentage of products recalled <sup>4</sup>	%	0
B6.2 Number of products and service related complaints received			
Complaints about products and service	Number of products and service related complaints <sup>5</sup>	Parts Per Million (PPM)	33.4
<b>B7. Anti-corruption</b>			
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			
Corruption lawsuit	Number of legal cases regarding corruption practices	Case	0
B7.3 Description of anti-corruption training provided to directors and staff			
Anti-corruption training	Number of anti-corruption training sessions	Session	49
	Number of directors and employees participating in training	Person-time	134,168
<b>B8. Community Investment</b>			
B8.2 Resources contributed to the focus area			
Community investment	Amount of contribution for public welfare <sup>6</sup>	RMB10,000	4,058
	Hours of contribution for public welfare	Hours	3,388

### Note

- Total number of employees: The scope of statistics of the total number of employees as well as the genders, age groups and geographical regions is based on the total number of full-time direct employees.
- Annual employee turnover rate: Annual employee turnover rate = Number of resigned employees during the period / ((number of on-the-job employees at the beginning of the period + number of on-the-job employees at the end of the period) / 2) \* 100%. Number of resigned employees: number of persons who have been discharged from employment with the Company due to dismissal, retirement or death.
- Lost workday incident rate per a million working hours: Lost workday incident rate per a million working hours = Number of lost workday incident(s) / actual total working hours of attendance \* 1,000,000.
- Percentage of products recalled: Percentage of products recalled =  $\Sigma$  (number of units determined to be recalled) /  $\Sigma$  (number of shipped units) \* 100%.
- Number of products and service related complaints: The statistical indicator is the number of units involved in customer complaints per million units =  $\Sigma$  (number of units involved in consumer complaints + number of units involved in complaints made through channels) /  $\Sigma$  (number of shipped product units) \* 1,000,000.
- Amount of contribution for public welfare: Donation entities for contribution for public welfare include Blue Moon Group Holdings Limited and its subsidiaries and the Blue Moon Charity Foundation. The donation amount for the year included cash donations and the value of product donations (the value of products was calculated based on their donation value from each channel).



# ESG Index of HKEX

Subject Areas, Aspects, General Disclosures and KPIs	Location
<b>A: Environmental</b>	
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Environmentally Friendly and Green Development
<b>A1 Emissions</b>	List of ESG KPIs
KPI A1.1 The types of emissions and respective emissions data.	List of ESG KPIs
KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environmentally Friendly and Green Development
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmentally Friendly and Green Development
General Disclosure	Environmentally Friendly and Green Development
Policies on the efficient use of resources, including energy, water and other raw materials	List of ESG KPIs
<b>A2 Use of Resources</b>	List of ESG KPIs
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).	List of ESG KPIs
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmentally Friendly and Green Development
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmentally Friendly and Green Development
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmentally Friendly and Green Development
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	List of ESG KPIs
General Disclosure	Environmentally Friendly and Green Development
Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmentally Friendly and Green Development
<b>A3 The Environment and Natural Resources</b>	Environmentally Friendly and Green Development
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmentally Friendly and Green Development
General Disclosure	Environmentally Friendly and Green Development
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmentally Friendly and Green Development
<b>A4 Climate Change</b>	Environmentally Friendly and Green Development
KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmentally Friendly and Green Development
<b>B. Social</b>	
<b>Employment and Labour Practices</b>	
General Disclosure	
Information on:	
(a) the policies; and	Caring for Employees and Advancing Together
(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.	
<b>B1 Employment</b>	List of ESG KPIs
KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	List of ESG KPIs
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	List of ESG KPIs
General Disclosure	
Information on:	
(a) the policies; and	Caring for Employees and Advancing Together
(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.	
<b>B2 Health and Safety</b>	

Subject Areas, Aspects, General Disclosures and KPIs		Location	
<b>B2 Health and Safety</b>	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	List of ESG KPIs	
	KPI B2.2 Lost days due to work injury.	List of ESG KPIs	
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employees and Advancing Together	
<b>B3 Development and Training</b>	General Disclosure	Caring for Employees and Advancing Together	
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	List of ESG KPIs	
<b>B4: Labour Standards</b>	KPI B3.2 The average training hours completed per employee by gender and employee category.	List of ESG KPIs	
	General Disclosure		
	Information on:		
	(a) the policies; and	Caring for Employees and Advancing Together	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees and Advancing Together	
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Caring for Employees and Advancing Together	
<b>Operating Practices</b>	General Disclosure		
	Policies on managing environmental and social risks of the supply chain.	Clean and Worry-Free, Healthy Living	
	<b>B5 Supply Chain Management</b>	KPI B5.1 Number of suppliers by geographical region.	List of ESG KPIs
		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.	Clean and Worry-Free, Healthy Living
		KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Clean and Worry-Free, Healthy Living
		KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Clean and Worry-Free, Healthy Living
<b>B6 Product Responsibility</b>	General Disclosure		
	Information on:		
	(a) the policies; and	Clean and Worry-Free, Healthy Living	
	(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.	List of ESG KPIs	
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Clean and Worry-Free, Healthy Living	
<b>B7 Anti-corruption</b>	General Disclosure		
	Information on:		
	(a) the policies; and	Operation Compliance and Robust Development	
	(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 employees during the reporting period and the outcomes of the cases.	List of ESG KPIs	
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Operation Compliance and Robust Development	
<b>Community</b>	KPI B7.3 Description of anti-corruption training provided to directors and staff.	List of ESG KPIs	
	General Disclosure		
	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.	Giving Back to the Community and Co-building Responsibility	
<b>B8 Community Investment</b>	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Community and Co-building Responsibility	
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	List of ESG KPIs	

# Feedback

Dear readers,

Hello!

Thank you for taking the time to read the 2023 Environmental, Social and Governance Report of Blue Moon Group Holdings Limited. In order to further enhance our environmental, social and governance management quality, we would like to invite you to fill out the readers' questionnaire and send it back to us through the methods listed below. Your comments and suggestions will be highly appreciated and we look forward to your reply.

**Contact:** Blue Moon ESG management office

**Email:** [kcxzf@bluemoon.com.cn](mailto:kcxzf@bluemoon.com.cn)

**Website:** [www.bluemoon.com.cn](http://www.bluemoon.com.cn)

## 1. What is your overall impression of this report:

- Good    Above average    Average  
 Below average    Poor

## 3. What do you think of the ESG information disclosed in this report in terms of comprehensiveness and completeness?

- Good    Above average    Average  
 Below average    Poor

## 2. What do you think of the accuracy and comprehensiveness of identifying and prioritizing key stakeholders, conducting materiality analysis of key issues relevant to environmental, social and governance in this report?

- Good    Above average    Average  
 Below average    Poor

## 4. What do you think of this report in terms of readability?

- Good    Above average    Average  
 Below average    Poor

## 5. You are welcome to make comments and suggestions on Blue Moon's environmental, social and governance management and environmental, social and governance report:

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