



Yunnan Botanee Bio-Technology Group Co. Ltd.

Address: No. 53 Keyi Road, Kunming High-tech Industrial Development Zone, Kunming, Yunnan Province

Tel.: 08716801 3210

Zip code: 650106

Email: ir@botanee.com

 This report is made with eco-friendly recycled paper



This report is printed with soy ink



Botanee Group WeChat account



Botanee Investor Relations WeChat account



Winona Mall

BTN 贝泰妮集团
BOTANEE GROUP

Stock Code: 300957

2023

Sustainability Report & Environmental, Social and Governance Report

Yunnan Botanee Bio-Technology Group Co. Ltd.



CONTENTS

About This Report	01
Message from the Chairman	03
Board Statement	05

About Botanee	06
Summary of the Report	11

01 Upholding Integrity as Cornerstone of Sound Operation

Corporate Governance	17
Sustainability Management	20
Fair Business Environment	27

02 Green Circularity for a Pleasant Environment

Green Packaging	33
Low Carbon Products	39
Green Procurement	42
Green Operations	45
Climate Action	49
Biodiversity	52

03 Technological Empowerment for Skin Health Ecology

Focus on Research and Development	59
Product Quality	67
Chemical Safety and Ingredient Transparency	71
Customer Service	74
Health Ecosystem Creation	80

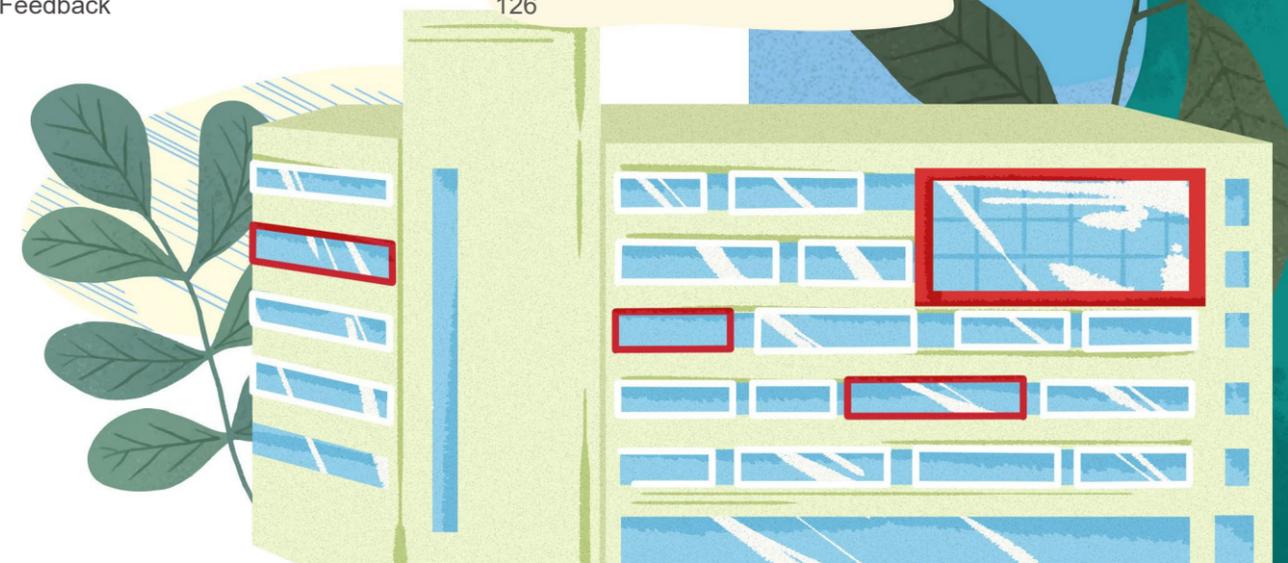
04 Seeking Joint Development in Diversity and Inclusion

Employee Rights and Care	87
Employee Training and Development	93
Employee Safety and Health	97

05 Sharing Wellness and Happiness with Gratitude

Health Accessibility	104
Rural Revitalization	109
Intangible Cultural Heritage Protection	113
Charity Influence	115

Appendix 1: Table of Key Performance Indicators	118
Appendix 2: GRI Standards Index Table	122
Reader Feedback	126



About This Report

This is the third sustainability report & environmental, social and governance (ESG) report released by Yunnan Botanee Bio-Technology Group Co. Ltd. (hereinafter referred to as “Botanee”, “the Company” or “we”) which demonstrates our initiatives and performance in sustainability management in 2023.

Reporting Boundary

The time frame of this report is from January 1, 2023 to December 31, 2023 (hereinafter referred to as the “current year” or “reporting period”). Some data outside of this frame have been included to provide readers with a broader perspective. Social data (such as employees, intellectual property rights, etc.) and financial data (such as operating income, tax payments, etc.) disclosed in this report cover Botanee, its wholly-owned subsidiaries and its holding subsidiaries. Due to gradual improvements in environmental data collection mechanism, the scope of environmental data disclosed for this reporting period has been expanded compared to the previous reporting period, which covers our office areas, warehouses, specialty stores, medical beauty centers, self-owned production bases, and the manufacturing bases of some of our core suppliers. For details, please refer to “Appendix 1: Table of Key Performance Indicators”.

Basis for Compilation

This report is compiled by referring to the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange* (revised in January 2022), the *Guidelines on Self-regulation by Companies Listed on the Shenzhen Stock Exchange No. 1 – Regulated Operation of Companies Listed on the Main Board*, the *Guidelines on Self-regulation by Companies Listed on the Shenzhen Stock Exchange No. 17 - Sustainability Reporting (Trial)*, the Global Reporting Initiative (GRI) Standards, the United Nations Sustainable Development Goals (SDGs) and more.

Information Sources

Unless otherwise specified, the information and data cited in this report come from Botanee’s official documents, statistical reports, financial reports and relevant public documents. Botanee promises there are no false records, misleading statements or major omissions in this report, and the Board of Directors is responsible for the authenticity and accuracy of the content herein. All amounts in this report are presented in CNY.

Access to the Report

You may visit the website of Botanee (<https://www.botanee.com.cn>) or the Shenzhen Stock Exchange (<http://www.szse.cn>) or www.cninfo.com.cn to read or download this report.

The report is published in Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

Stakeholders and the public’s suggestions and comments on this report are much appreciated. For any inquiries or suggestions, please contact our Board Secretary’s Office via the following means.

Address: No. 53 Keyi Road, Kunming High-tech Industrial Development Zone, Kunming, Yunnan Province

Zip code: 650106

Tel.: 08716801 3210

Email: ir@botanee.com

Message from the Chairman



The market is characterized by tremendous vitality and fierce competition, and only those who are courageous and adventurous will emerge as leaders. Botanee made steady progress in the challenging yet opportunistic year of 2023. We took a solid step towards building a skin health ecosystem through advancements in product portfolio, R&D, innovation, and branding. During the reporting period, our new central factory was officially put into operation; our first research center in France, a cutting-edge international laboratory, was established; we established research center in Japan; we obtained approval on multiple new raw materials, and we finished strategic acquisition of Pure & Mild and Za. These milestone events showcased our steady development and unwavering confidence in the future.

Those who seek distant horizons must tap into their deepest wellspring. We understand that as a company deeply rooted in skin health ecosystem, our responsibility lies not only in providing excellent products to meet consumers' pursuit for healthy skin, but also in seeking innovations in research, production and partnership via relentless efforts. We aim to contribute to Healthy China 2030 strategy, China's skin health industry, and even global skin health ecosystem.

Adhering to principles in fulfilling social responsibilities

We integrate sustainable development and corporate social responsibility into our business operations, having released ESG reports for two consecutive years. Driven by the global trend of sustainable development, key guidelines such as the *IFRS Sustainability Disclosure Standards* (ISDS) developed by International Sustainability Standards Board (ISSB) and the *Guidelines on Self-regulation by Companies Listed on the Shenzhen Stock Exchange No.17 – Sustainable Development Reporting (Trial)* have been introduced one after another. We view them as action guides and references by which we gradually improve our ESG governance. During the reporting period, our Board of Directors welcomed the second female director, which not only enhanced board diversity, but also brought new perspectives and richer ideas for decision making. The Board of Directors and the Strategy Committee under it supervise ESG-related matters including climate risks and opportunities and biodiversity. This further ensures ESG factors are taken into account during strategic planning and decision making. To understand the concerns of stakeholders, we conduct annual reviews and updates on material ESG issues, and fully listen to their opinions through interviews and questionnaires.

Relentlessly pursuing R&D and innovation

Botanee has always regarded R&D and innovation as an important driving force for corporate development and a key factor in maintaining our leading position and meeting ever-changing consumer demands. Through industry-academia-research-healthcare collaboration, we have developed an efficient, rigorous, and complete R&D and innovation system. We own several platforms including Yunnan Specialty Plant Extraction Laboratory, Yunnan Postdoctoral Research Workstation, and Yunnan Enterprise Technology Center, as well as a professionally structured multidisciplinary team. During the reporting period, we established our first research center in France, which marked the first step of our global industry-academia-research-healthcare collaboration. On the same year, we established a research center in Japan. With these moves, we increase international technological cooperation with an innovative spirit and an open attitude, and advance our skin health undertakings from a global perspective.

Leveraging the unique advantages of Yunnan Specialty Plant Extraction Laboratory, we develop effective cosmetics, functional food, and pharmaceutical products using Yunnan's specialty plants while protecting local biodiversity. We are committed to transforming Chinese specialty plants into safe and effective "Chinese ingredients". Since 2023, we have obtained approval on 7 new raw materials including extract of *Ludwigia adscendens* and *Salvia plebeia* from China's National Medical Products Administration, ranking top among companies in the same industry. This demonstrates our innovation power in the deep application of plant ingredients. Our differentiated R&D capabilities enable the creation of safer and more effective products, and provide momentum for delivering better product efficacy and experiences to consumers.

To meet personalized, diversified needs from more consumers, we have expand our brand portfolios and product lines through strategic investments and mergers and acquisitions, and launched a variety of professional products targeting different skin problems and needs to further improve skin health ecosystem. We also explore extensive product application in the field of aesthetic nursing through R&D and technological innovation. Our newly launched acne treatment brand Beforteen combines AI with acne diagnosis and treatment, having opened up new areas in "AI + acne treatment" and "technology + skincare".

Practising green ideas in everyday operations

We are firmly committed to building an environmentally friendly enterprise that upholds green and low-carbon development. Endeavors are made to create a health ecosystem through green, circular, low-carbon manufacturing practices and operations. We have established a green supply chain management system and an energy target management system following the principle of low-carbon-driven product lifecycle. Our new central factory officially put into operation in 2023 is built with low-carbon and environmentally friendly materials, and equipped with a photovoltaic system. Run in accordance with green factory standards and processes, it further supports the green performance of our products. Additionally, we promote green consumption through using green raw materials, advocating for product recycling, and adopting sustainable packaging. Our core brand Winona not only initiated a recycle and be rewarded campaign in chain pharmacies and sales counters, but also launched a mini-program for this campaign titled "Save the Earth: Recycle and Be Rewarded". Consumers can scan a QR code to participate.

Contributing to social progress and well-being

While offering premium products, we also give back to society through charity activities and spread positive energy. Guided by social value, we have launched a range of charity programs including "Winona Sunshine Program", "May 25 Skincare Day", "Botanee Project Hope Public Baths", and "Baby Program" for children with atopic dermatitis (AD). We hope to help more people progress towards their health and beauty goals through initiatives such as skin health education, free consultations with professional doctors, and donations of skincare products. Furthermore, we show care and support in diverse areas such as intangible cultural heritage preservation and student assistance. In 2023, Botanee's total investments in charity exceeded CNY16.73 million in value (including monetary and material contributions).

Only by exploring new frontiers can we venture far. In 2024, Botanee will set its sights on creating new milestones in skin health, and usher in a new era of skin health to bring health and beauty to more people. We will firmly reshape our corporate values through practical actions in environmental, social, and governance (ESG), keep enhancing our core competitiveness, and consolidate our foundation so as to contribute to high-quality sustainable development of the economy and society. We aspire to be a pioneer and leader, transcending the boundary of growth cycles to deliver sustainable value for consumers, the industry, society, and the country.

Guo Zhenyu

Chairman and President of Botanee

April 2024

Board Statement

The Board of Directors attaches great importance to sustainability management and has built an effective mechanism for this purpose in accordance with the *Code of Corporate Governance for Listed Companies* released by the China Securities Regulatory Commission. We exert continued efforts to improve our sustainability governance structure, enhance the Board of Directors' supervision and participation in sustainability-related matters, and actively take sustainability management into account in our decision making and business practices to foster stable long-term corporate development.

As the decision-making body for Botanee's operations, the Board of Directors assumes overall responsibility for the Company's environmental, social, and governance strategies and reporting. It authorizes the Strategy Committee to supervise and manage sustainability-related matters, who coordinates these matters through the Board Secretary's Office.

The Board of Directors takes seriously the significant impact that ESG risks may have on the Company. It improves sustainability management on a regular basis through identifying ESG risks, analyzing macro policies and hot spots, and benchmarking with leading companies in the industry. Interviews, surveys, and expert assessments are performed to obtain the materiality of ESG issues, thereby ranking their priority and clarifying the focuses of Botanee's sustainable development.

During the reporting period, the Board of Directors reviewed the materiality of ESG issues and the sustainability report for 2023. This report provides detailed disclosure of above-mentioned environmental, social, and governance-related issues, which have been deliberated and approved by the Board of Directors on April 24, 2024.

About Botanee

Company Overview

Established in 2010, Botanee is a leading group company in the big health industry dedicated to skin health in the internet+ era. It integrates R&D, production, and marketing, aiming to build a sustainable ecosystem for skin health and boost the development of China's skin care industry. The Company was listed on the Shenzhen Stock Exchange's ChiNext Board on March 25, 2021, with a stock code of 300957.

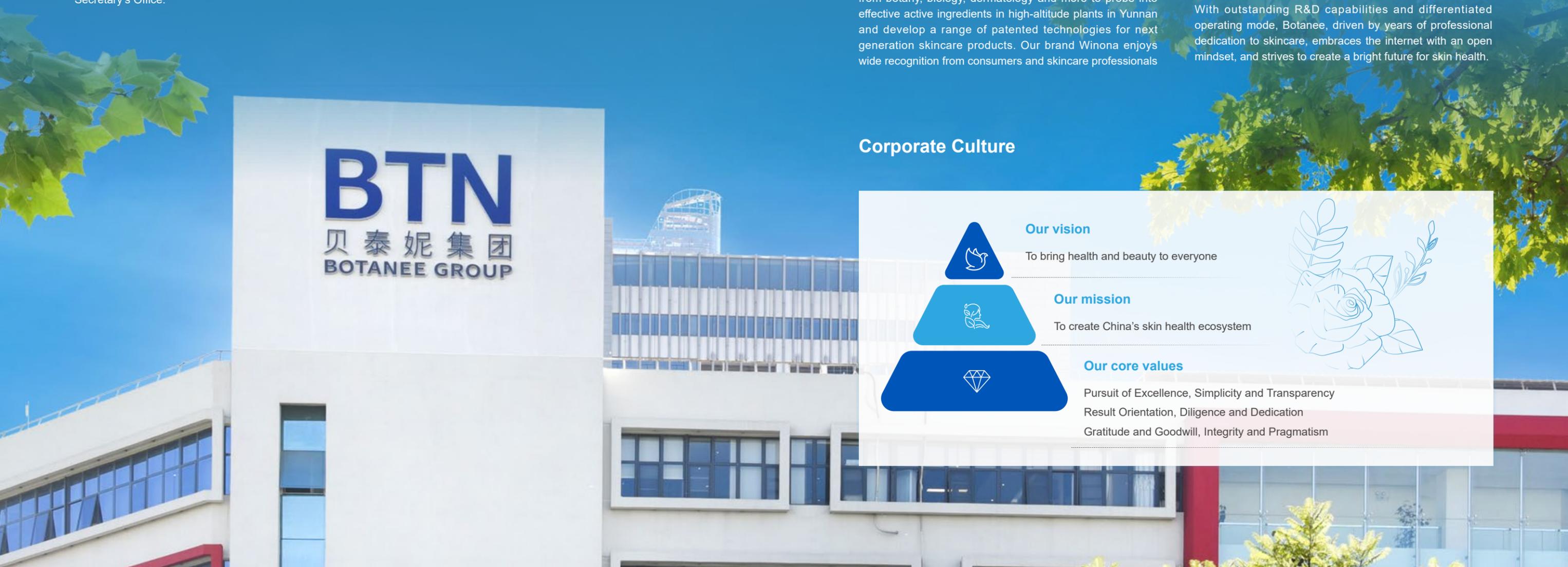
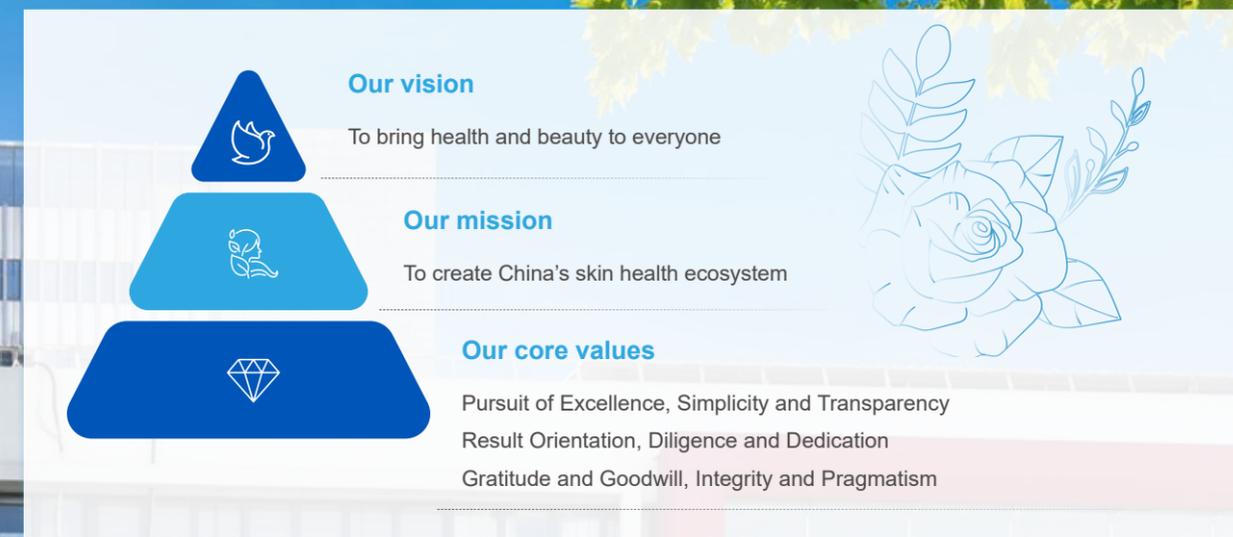
Botanee has been identified as a national high-tech enterprise, and awarded the title of innovation team by the Ministry of Education. Our Research and Development Center combines academic research with industry innovation and healthcare. It integrates cutting-edge technologies from botany, biology, dermatology and more to probe into effective active ingredients in high-altitude plants in Yunnan and develop a range of patented technologies for next generation skincare products. Our brand Winona enjoys wide recognition from consumers and skincare professionals

for the effectiveness and safety of its products. It applies a number of patented technologies, adopts dermatological level mild formulas, and abides by Good Manufacturing Practices (GMPC) widely recognized by the United States and the European Union.

Following the strategy of enhancing foundation through offline pharmaceutical channels and achieving full online coverage, and by leveraging the internet and new technologies such as AI, we have created a new retail system with omnichannel capabilities and successfully realized online-merge-offline (OMO) marketing. This makes Botanee a leading company in China's big health sector in terms of internet+.

With outstanding R&D capabilities and differentiated operating mode, Botanee, driven by years of professional dedication to skincare, embraces the internet with an open mindset, and strives to create a bright future for skin health.

Corporate Culture



Main Business and Brands

As a professional cosmetics manufacturer, we provide professional mild skincare products based on plant-derived active ingredients under the core brand Winona, and specialize in addressing sensitive skin concerns. In terms of product sales, we deeply integrate with online channels with offline channels. Our product portfolio includes skincare

products such as creams, toners, masks, serums, and lotions, as well as makeup products such as sunscreens, BB creams, and makeup removers. We also offer medical products for the protection and care of barrier damaged skin after minimally invasive procedures, such as hyaluronic acid-based biofilms and hyaluronic acid-based dressings.

Botanee brand matrix

<p>WINONA 薇诺娜 Winona</p> <p>Based on dermatological theories, Winona is a professional skincare brand that employs research results and innovative technologies in biology, botany, and other fields to target the root causes of sensitive skin. It repairs the skin barrier and helps users achieve healthy and beautiful skin.</p>	<p>WINONA Baby Winona Baby</p> <p>Inheriting the genes of its parent brand Winona, Winona Baby is a professional infant and child skincare products provider based on pediatric dermatology. It adopts plant extracts from abundant resources in Yunnan, and is dedicated to providing professional skincare products for fragile baby skin.</p>
<p>AOXMED 瑗科缦 AOXMED</p> <p>AOXMED is committed to providing effective and safe professional beauty solutions and ultimate skincare experiences. Supported by cutting-edge R&D and advanced formula technologies, the brand focuses on multidimensional skin rejuvenation, giving the skin youthful vitality and continuous energy through professional anti-aging technologies.</p>	<p>Beforteen 贝美汀 Beforteen</p> <p>Beforteen is a professional acne treatment brand that takes big data of skin diseases in China as its research foundation. By combining top medical research and AI deep learning, the brand has developed integrated and precise solutions for acne treatment.</p>
<p>石姬芮 Za</p> <p>Za specializes in base makeup and aims to provide consumers with an easy-to-use and lightweight makeup experience. The brand offers lightweight base makeup and stylized cosmetics suitable for Asian women.</p>	<p>PURE&MILD 泊美 PURE&MILD</p> <p>Pure & Mild is a plant-based skincare brand designed for Chinese women. It focuses on natural moisturization, allowing the skin to retain its youthful softness, clearness, and beauty, just like pure water.</p>
<p>Clinmate 科凝美 Clinmate</p> <p>Integrating software, hardware, products and marketing, Clinmate is committed to building a smart ecology for skin diagnosis and treatment.</p>	

In recent years, Botanee is present in large shopping centers in Shanghai, Beijing, Hangzhou, Hainan, etc., having become a showcase of Chinese brand retail.

 <p>Winona store at Kunming Changshui International Airport</p> <p>Opened in June 2021</p>	 <p>Winona store at West Lake Intime Department Store, Hangzhou</p> <p>Opened in December 2021</p>	 <p>Winona store in Haikou International Duty Free City</p> <p>Opened in October 2022</p>
 <p>Winona store at Raffles City Shanghai</p> <p>Opened in November 2022</p>	 <p>AOXMED store at Hanguang Department Store, Beijing</p> <p>Opened in January 2023</p>	 <p>Winona store at Nanjing Central Plaza</p> <p>Opened in January 2023</p>
 <p>AOXMED store at Saga International Shopping Mall, Xi'an</p> <p>Opened in March 2023</p>	 <p>AOXMED stores at Wulin Intime Department Store and West Lake Intime Department Store, Hangzhou</p> <p>Opened in September 2023</p>	





Milestones of the Year

March 2023

Our central factory was officially put into operation, which emphasizes product quality management and implements green manufacturing, striving to achieve sustainable development.



April 2023

Winona successfully held the 4th China Sensitive Skin Summit



May 2023

AOXMED Aesthetic Skin Rejuvenation Summit grandly opened



June-December 2023

Our Yunnan Specialty Plant Laboratory was China National accredited to possess CMA and CNAS inspection and testing agency qualification



August 2023

As a strategic partner of the 7th China-South Asia Expo, Botanee made a stunning appearance with its four brands.



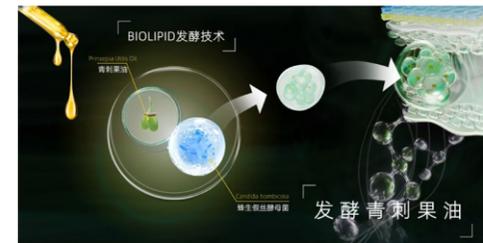
August 2023

We launched acne treatment brand Beforteen which combines AI with acne diagnosis and treatment. This brand opens up new areas in "AI + acne treatment" and "technology + skincare".



July 2023 - now

Seven raw materials were successfully filed and approved, which marked major breakthroughs in our R&D of specialty plants.



July 2023

We attended World Congress of Dermatology for the third time, and successfully held 2023 Botanee International Skin Health Summit



September 2023

Botanee presented its research results on skin anti-aging at the 33rd IFSCC Conference



September 2023

Winona initiated "Save the Earth: Recycle and Be Rewarded" campaign, and created a WeChat mini-program for it.



November 2023

We held a signing ceremony with Skin Research Center of Saint-Louis Hospital in Paris, at which Botanee's research center in French was officially established. This marked the Company has started global industry-academia-research-healthcare collaboration.



December 2023

Winona launched "Winona Intangible Heritage Protection Campaign" to rejuvenate Jia ma woodblock printing, an intangible cultural heritage in Yunnan, creating more possibilities for the inheritance of traditional culture.



Summary of the Report

Botanee is committed to building China's skin health ecosystem. Upholding the vision "to bring health and beauty to everyone", we fully integrate sustainability into our development strategy and the entire manufacturing and operation process, and strive to create sustainable economic, environmental and social benefits, trying to be a responsible corporate citizen. We have created a diversified communication mechanism and a material issue assessment system under the guidance of the United Nations Sustainable Development Goals. This is the third sustainability report and ESG report released by us, in which we actively respond to stakeholders' concerns in corporate governance, green development, technological R&D, product quality, employee care, charity and more.

With good corporate governance as the cornerstone, we lay a solid foundation for sustainable development.

Our ESG management is headed by the Company's Chairman, with the Board of Directors and the Strategy Committee as the highest governance bodies and the Board Secretary's Office as the responsible body, so as to comprehensively promote the realization of sustainable development goals from top to bottom.

Taking green, low-carbon circular development as our own responsibility, we contribute Botanee solutions to global challenges.

We actively identify and manage risks and opportunities related to climate and nature, and make addressing climate change and protecting biodiversity a core part of our sustainable development. The principles of health, green life and environmental protection are incorporated into the entire product lifecycle including design, manufacturing, sales, and recycling. Through responsible procurement of raw materials, plastic reduction, packaging material recycling, carbon footprint assessment, empty bottle recycling, and other effective actions, we continually optimize various links to achieve environmental friendliness and efficient use of resources.

Focusing on quality excellence, we empower health and beauty with technological R&D.

We keep increasing investments in R&D, cultivate technological talents, deepen industry-academia-research-healthcare collaboration, and run R&D platforms such as the specialty plant extraction laboratory in Yunnan and the laboratory in France to enhance the "science content" of the Company and create international competitive edges.

We uphold "business for the good", and deliver goodness to employees, consumers, partners, and communities in a people-centric manner.

Offering diversified career paths, a complete salary and welfare system, and a safe and friendly workplace, we strive to become a most popular company among employees. Besides, multiple specialized funds have been established to boost social welfare. By providing in-depth guidance to primary medical teams, giving skin care classes, donating supplies, building Hope Bathrooms, supporting children with atopic dermatitis (AD) and more, we help rural areas improve medical strength and children's skin health.

In 2023, we continued our sustainable development efforts based on long-termism, solidified our path of honest and prudent operations, and led the way in promoting green and healthy environmental concepts, striving to contributing to a harmonious shared society.

Key Figures for 2023

Operations

Achieved CNY
5.52217 billion of operating revenue

a year-on-year growth of
10.14% ↑

Created CNY **756.80** million of net profit attributable to Botanee's shareholders

Distributed CNY **783.8** million of dividends in three years

which accounted for **31.89%** of total net profit attributable to Botanee over the three years

Paid CNY **658.11** million of taxes
a year-on-year growth of **5.09%** ↑

Invested CNY **335.44** million in R&D
represented a year-on-year growth of
20.57% ↑

which accounted for **6.07%** of our operating revenue

Ranked **No.1** in China for sales volume of functional skincare products
Stood as the only Chinese brand among top 10 beauty and cosmetics brands on Tmall Double 11 for **7 consecutive years** from 2017 to 2023

31.63 million registered members across all platforms (Winona and Winona Baby)

35%

Overall repurchase rate (Winona and Winona Baby)

Environment

Emitted
0.98 tons of carbon dioxide equivalent/CNY million
Greenhouse gas emission density in 2023 (based on operating revenue)

1.59 megawatt-hours/CNY million electricity consumption density (based on operating revenue)

0.013 Thousand m³/CNY million water consumption density (based on operating revenue)

0.008 ton/CNY million diesel consumption intensity (based on operating revenue)

329,859 Valid empty bottles recycled

79% ↑
year over year increase

Society

Patents granted:
193
Consumer satisfaction:
96.97 points

CNY **16.73** million donations

for **27** charity projects which benefited nearly **200,000** people

3,852 employees in the Company

54.94% presence of female managers

Approximately **9.19%** of our employees are from ethnic minorities

We had **498** R&D personnel

who took up **12.93%** of our total employees

16 Botanee Project Hope Public Baths

78,811.92 hours training offered

External Recognition

Ministry of Industry and Information Technology

National Technology Innovation Demonstration Enterprise

Yunnan Provincial People's Government

5th Yunnan Provincial People's Government Quality Award

Hurun Group

Winona ranked 66th in the Hurun Most Valuable China Brands 2022 and topped skincare category

Yicai

2023 China Consumption Growth 50 Brand List

China General Chamber of Commerce

2023 Science and Technology Award - First Prize of National Business Science and Technology Progress Award

Cailianshe

Annual Most Valuable Investment Award

Vipshop

Sales Champion Award

Jiemian News

- 1. Gold Medal - Annual Board Secretary
- 2. Annual Business Leader
- 3. Annual ESG Practice

China Association for Public Companies

Best Practices in Investor Relations Management of Public Companies



Ministry of Industry and Information Technology

National Industrial Design Center



The Paper

Annual ESG Responsibility Practice Award



Tmall Little Black Box

Winona was named "Annual Classic Renewal Brand" by Tmall Little Black Box



Alimama

Annual Breakthrough Growth Award



Quanjing.com

"Outstanding IR Team" and "Best Institutional Communication Award" for 2022



Securities Times

14th China Listed Companies Investor Relations "Tianma" Award



China Securities Journal

- 1. 2022 Golden Bull Most Valuable Investment Award
- 2. First Guoxin Cup · ESG Golden Bull Award Top 100



Yicai

Annual Competitive Enterprise China Green Point - Sustainable Practice Case of the Year 2023



Listed Chain Company Awards

Excellent Strategic Partner of Jianzhijia Pharmaceutical Chain Group Best Partner of LBX Pharmacy Strategic Partner of Yixintang Pharmaceutical Group



China Health Ecology Organization (CPEO)

Winona was included in "Health Industry Brand List" and won CPEO Gold Award



International Roadshow Center

7th Excellent IR - "Best ESG Award"



Yunnan Construction Industry Association

Yunnan Provincial Quality Engineering Award



China Association for Public Companies

ESG Excellent Practice Case for Listed Companies



Tencent Advertising

2024 Tencent · Meeting Beauty Awards - Best Brand Influence



Tencent Smart Retail

2022 Full-domain Operations Benchmark 2022 Industry Benchmark



TMall Beauty Awards

Annual Moisturizer Annual Facial Mask Annual Sunscreen Winona won Tmall Beauty Awards for the 6th consecutive year



Douyin (Chinese version of TikTok)

Douyin Top 100 Beauty Power List - Home Beauty Salon 2023 Golden List Product



Kuaishou Gravity Conference

- 1. "Peak Brand of the Year in the Beauty Industry"
- 2. Annual Premium Product Award
- 3. Annual Outstanding Marketing Award



China Newsweek

2023 Youyisi Lifestyle Conference - Annual Youyisi ("Fun") Brand



VOGUE

VOGUE Beauty Awards 2023 - Best Sunscreen



Bazaar

Annual Serum



ELLE

ELLE Beauty Star-Professional Sensitive Skin Repair Award



InStyle

Beforteen was featured in the October edition of InStyle



Fashion COSMO

- 1. Annual Beauty Awards - Annual Acclaimed Repair Cream
- 2. Annual Beauty Awards - Annual Sensitive Skin Beloved Repair Serum



"Reassuring Consumption in Kunming" Action Leadership Office

Kunming Top 10 Demonstration Organizations for Reassuring Consumption 2023



Yunnan Provincial Department of Human Resources and Social Security, and Yunnan Provincial Administration for Market Regulation

First Prize of Yunnan Provincial Patent Award for "Sunscreen Stabilization Compound, Sunscreen Spray Preparation, and Preparation Method"



Cosmetic Newspaper

- 1. 2023 Annual Star Listed Company
- 2. 2023 Outstanding Chinese Cosmetics Brand - Moisturizer/Emulsion
- 3. 2023 Outstanding Chinese Cosmetics Brand - Sunscreen
- 4. 2023 Outstanding Chinese Cosmetics Brand - Sensitive Skin



Jumeili.cn

China Cosmetics Black Swan Award - Annual Scientific Brand



TMTPost

- 1. Best Internal Governance Listed Company - Golden Parasol Tree Award
- 2. 2023 Edge Awards Global Innovation Award - Annual Consumer Brand



36Kr

- 1. 2023 Potential Innovative Company
- 2. Future Business King - Annual Enterprise



01

Upholding Integrity as Cornerstone of Sound Operation

Botanee adheres to the core values of integrity and pragmatism, and uses them as behavioral norms for management. We require every employee to maintain bottom-line integrity, establish a solid compliance foundation for sustainable development, and work with partners to create a compliant and trustworthy business environment. Together, we boost a fair, just, honest, and transparent business ecosystem to safeguard sustainable corporate development.

Material topics addressed in this chapter

- Corporate governance
- Sustainability management
- Fair business environment

SDGs addressed in this chapter



Corporate Governance

Philosophy

Following the goal of ensuring sustainable and healthy development of the Company, we have developed a professional, regulated, and transparent governance structure that provides organizational support for the development of the Company through mutual supervision and restraint among investors, the Board of Directors, the Board of Supervisors, and managers.

Strategy

Botanee strictly complies with relevant regulations and guidelines including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*. We effectively implement internal governance systems such as our *Articles of Association*, and adopt a regulated corporate governance structure established in the light of our actual manufacturing and operations that features clarified responsibilities and authorities in decision-making, execution, and supervision.

Management Practices

Governance Structure

General Meeting of Shareholders

- The General Meeting of Shareholders exercises decision-making rights on major issues such as the Company's operating policies, fundraising, investment, and profit distribution in accordance with laws and regulations including the *Company Law*, the *Articles of Association*, and the *Rules of Procedure for General Meeting of Shareholders*.

Board of Directors

- The Board of Directors operates in strict accordance with the *Company Law*, the *Articles of Association*, and the *Rules of Procedure for General Meeting of Shareholders*. It exercises management rights and is accountable to the General Meeting of Shareholders. There are four specialized committees under it: the Strategy Committee, the Remuneration and Assessment Committee, the Nomination Committee, and the Audit Committee. Directors attend board meetings in a serious and responsible manner, and diligently fulfill their duties using their rich professional knowledge and industry experience. Independent directors are professionals with expertise in finance, law, management, and other fields. They strictly abide by the requirements of the *Working System for Independent Directors*, safeguard the interests of the Company, and independently and objectively fulfill their responsibilities based on sufficient access to information on important matters.

When selecting director candidates, the Nomination Committee takes into consideration many factors including (but not limited to) gender, professional background, industry experience, and term of service in the light of Botanee's business model and specific needs. As of the end of the reporting period, the Board of Directors consisted of 9 directors, including 6 directors (with 2 females) and 3 independent directors. Female directors account for over 22% of the board.

Category



■ Director ■ Independent director

Gender



■ Male ■ Female

Term of office



■ 3-5 years ■ 1-3 years ■ <1 year

Board of Supervisors

- We have 3 supervisors, including 1 employee representative supervisor. Accountable to the General Meeting of Shareholders, the Board of Supervisors exercises powers such as examining the Company's finance and supervising the actions of directors and senior managers in performing their duties to safeguard the interests of the Company, its shareholders, and employees.

We run grassroots Communist Party of China (CPC) organizations, labor unions, and women's federations, fully leveraging the exemplary role of CPC members and integrating Party work with our corporate culture to safeguard the legitimate interests of employees.



In 2023, we held

1 General Meeting of Shareholders, at which **19** proposals were deliberated

9 board meetings, at which **40** proposals were deliberated

6 meetings of the Board of Supervisors, at which **21** proposals were deliberated.

All meeting procedures were fulfilled legally and compliantly.

Information Disclosure

While earnestly implementing our business strategies and continuously improving operational management, we fulfill our obligations for information disclosure as a listed company, and safeguard the legitimate rights and interests of shareholders. Endeavors are made to ensure that investors, especially small and medium-sized investors, enjoy their legal rights to access information about Botanee, receive asset returns, participate in decision-making on important issues, choose managers and more. Botanee adheres to the principles of truthfulness, accuracy, completeness, timeliness, and compliance in information disclosure.



As of December 31, 2023, we disclosed a total of

74 announcements

Investor Relations

Botanee attaches great importance to investor relations and executes a complete system for investor relations management. We actively engage in communication with investors in a fair, transparent, and equitable manner. Through various channels, we enhance communication

with investors, improve the transparency of corporate governance, actively listen to their opinions and suggestions, and maintain healthy two-way communication interactions with the capital market.

irm.cninfo.com.cn

Timely responded to investors' concerns, answering **203** questions on irm.cninfo.com.cn in 2023.

Investor Relations section on our website

Timely updated information through our website, WeChat public account, and other means to facilitate investors to obtain information.

Online surveys and offline visits for investors

Organized **8** investor exchanges.

Performance communication meetings: After releasing our 2022 annual performances and 2023 quarterly and semi-annual performances, we conducted all-round communication with institutional investors and individual shareholders through multiple forms such as "live broadcast + teleconference", online interactions, etc.

Roadshows: In May 2023, we invited more than 20 organizations to attend our roadshows. In June 2023, we delivered a roadshow at our Qingpu R&D Center.

Collective Reception Day: In May 2023, we attended Collective Reception Day event for listed companies in Yunnan.

Sustainability Management

Guided by the vision "to bring health and beauty to everyone", we incorporate sustainability into our business philosophy and sustainable development philosophy. We strive to create an honest and trustworthy business ecosystem, explore technology-enabled skincare, build

a diverse and inclusive workplace, prioritize talent development, and take practical actions to promote biodiversity conservation and rural revitalization. Solid efforts are exerted to strike a balance between economic value and social value.

Philosophy of Sustainable Development

We follow the plan-do-check-act (PDCA) cycle in sustainability performance review, stakeholder engagement, peer analysis, goal planning, and improvements implementation, and integrate sustainability management with product development, business expansion, and daily operations. By regularly publishing sustainability reports, we actively respond to stakeholders' concerns and fully showcase our sustainability performance.



Our philosophy of sustainable development

Response to SDGs



Guided by the United Nations Sustainable Development Goals (SDGs), we integrate sustainable development into our strategies, and pursue responsible manufacturing and operations, striving to create sustainable economic, environmental, and social benefits in product development, environmental protection, supply chain management, employee welfare, and public welfare. We continuously enhance our sustainability and become a responsible corporate citizen.

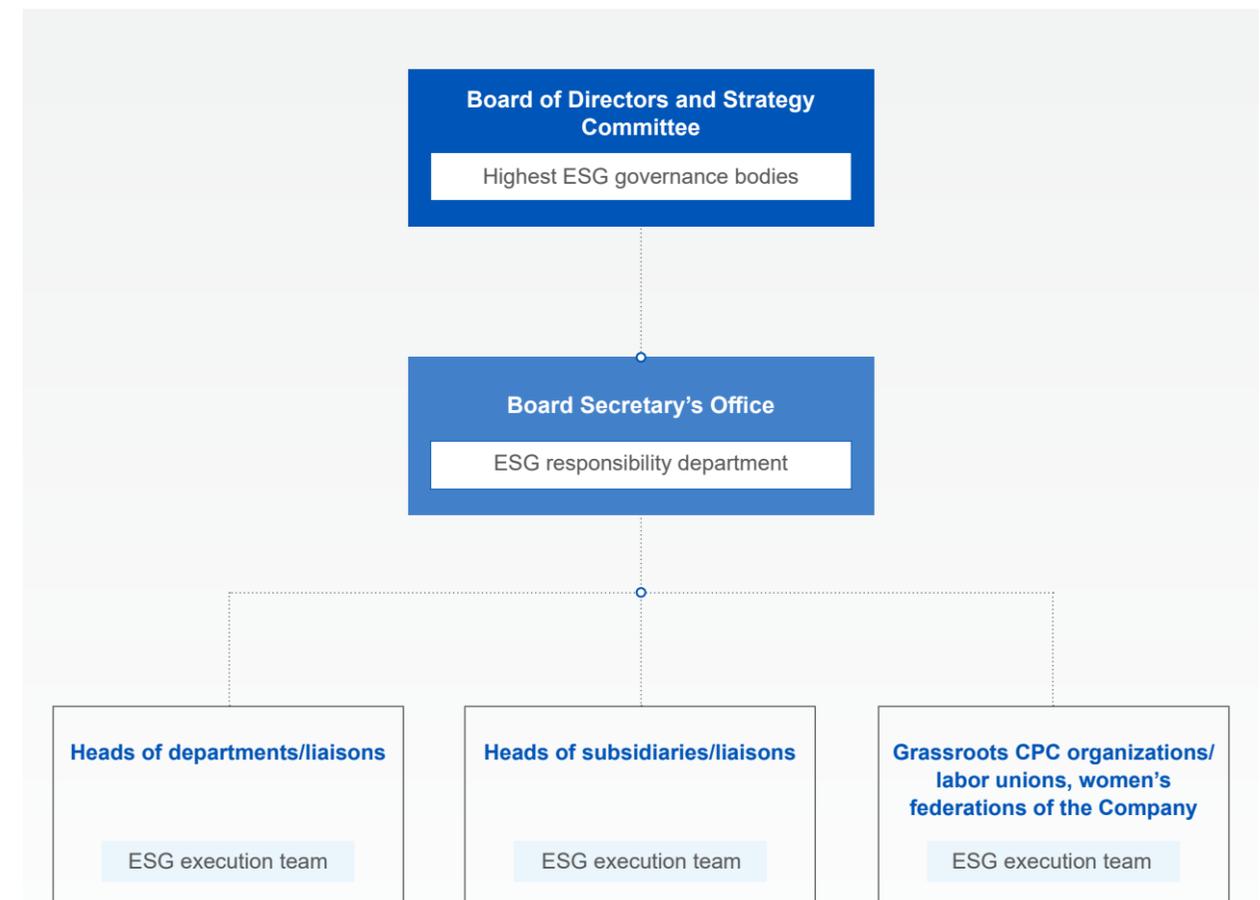


Our actions	SDGS	Our actions
<ul style="list-style-type: none"> Support rural revitalization and education Pay back to society with love and care 		<ul style="list-style-type: none"> Support rural revitalization and education Pay back to society with love and care
<ul style="list-style-type: none"> Support rural revitalization and education Promote scientific skincare and health awareness Pay back to society with love and care 		<ul style="list-style-type: none"> Support rural revitalization and education
<ul style="list-style-type: none"> Practice regulated employment Promote diversity and equality Care for employees 		<ul style="list-style-type: none"> Conserve energy and pursue green development Address climate change Conserve biodiversity
<ul style="list-style-type: none"> Pursue green production Practise green operation Support China's goals to peak carbon emissions by 2030 and reach carbon neutrality by 2060 		<ul style="list-style-type: none"> Practice regulated employment Promote diversity and equality
<ul style="list-style-type: none"> Seek technological innovations Protect intellectual property rights 		<ul style="list-style-type: none"> Conserve biodiversity Pursue green production and green operation Address climate change Protect intangible cultural heritage
<ul style="list-style-type: none"> Assume product responsibility Foster a green supply chain Conserve biodiversity 		<ul style="list-style-type: none"> Address climate risks Conserve biodiversity
<ul style="list-style-type: none"> Address climate change Conserve biodiversity 		<ul style="list-style-type: none"> Uphold business ethics Improve corporate governance

Corporate Governance Structure

Botanee's Chairman is the primary person responsible for sustainability management and information disclosure. The Board of Directors and the Strategy Committee serve as the highest ESG governance bodies. The Board Secretary is the specific executor and liaison for sustainable development information disclosure, while the Board Secretary's Office

handles daily work on sustainable development information disclosure. Under the guidance of the Strategy Committee, the Board Secretary leads the Board Secretary's Office in sustainability management and coordination of support for various departments in information disclosure.



Stakeholder Engagement

Botanee offers diverse mechanisms for communication with stakeholders, maintains close contact with them, and actively communicates with them through various channels

and methods including daily communication, meetings, regular information disclosure, etc.

Stakeholders	Expectations and demands	Botanee's responses
 Employees	<ul style="list-style-type: none"> • Remuneration and welfare • Health and safety • Communication and feedback channels • Fair promotion and development opportunities 	<ul style="list-style-type: none"> • Remuneration and welfare • Health and safety • Communication and feedback channels • Fair promotion and development opportunities
 Consumers/ customers	<ul style="list-style-type: none"> • Safe and healthy products • Customer satisfaction • Responsible marketing 	<ul style="list-style-type: none"> • Ensure the stability of product supply and product quality • Strengthen product quality management and continuously optimize products • Conduct customer satisfaction surveys
 Suppliers	<ul style="list-style-type: none"> • Transparency • Green supply chain 	<ul style="list-style-type: none"> • Sign regulated contracts and implement them with integrity • Adopt open procurement processes and improve supplier management • Enhance business exchanges and cooperation for common development
 Regulatory bodies	<ul style="list-style-type: none"> • Legitimate and compliant operations • Law-abiding tax payment • Contributions to the economy 	<ul style="list-style-type: none"> • Strengthen compliance management in operations • Hire local talents to promote local employment • Accept supervision and assessment • Promote high-quality development of regional economy
 Partners	<ul style="list-style-type: none"> • Keeping promises • Transparency • Promoting industry development 	<ul style="list-style-type: none"> • Reject unfair business practices and vicious competition • Exchange experience to promote common development • Seek technological innovations and develop industry standards
 Investors	<ul style="list-style-type: none"> • Sound corporate governance • Returns and growth • Risk control 	<ul style="list-style-type: none"> • Improve corporate competitiveness and profitability • Promote green supply chain and biodiversity conservation • Continuously create returns for shareholders • Disclose information in a timely manner and carry out investor communications activities
 Charitable organizations and communities	<ul style="list-style-type: none"> • Support for social development • Care for vulnerable groups • Rural revitalization • Talent nurturing 	<ul style="list-style-type: none"> • Focus on community development and actively organize activities • Carry forward local specialty culture • Donate money and provide volunteer services • Hire local talents and increase local procurement

Materiality Assessment

We conduct regular multidimensional reviews of material ESG topics based on our business development, industry characteristics, compliance requirements, investor concerns, related international standards, stakeholder concerns and so on. In 2023, we maintained close communication with

stakeholders through various channels (such as interviews, questionnaires, and meetings). With the assistance of ESG consultants, we systematically assessed the materiality of sustainability topics for the year to provide a reference for ESG management and information disclosure.

Steps for materiality analysis

Assessment process

Step 1
Identified material topics and created a material topic library

Based on national policies, company development, disclosure standards, capital markets, and benchmarking with peers, we identified material topics for the year and compiled a library of material topics.

- **Analyzed policy trends:** We closely followed national macro policies, studied national and provincial policies and regulations, and analyzed sustainability trends in the cosmetics industry.
- **Analyzed company development:** Based on the Company's mission, vision and business development, we comprehensively examined material ESG topics and updated them to ensure they reflect our strategic goals and adapt to market changes and business needs.
- **Analyzed disclosure standards:** We referred to a range of standards such as the GRI Standards, the *Guidelines on Self-regulation by Companies Listed on the Shenzhen Stock Exchange No.17 – Sustainable Development Reporting (Trial)*, the International Sustainability Standards Board's (ISSB) IFRS S2 Climate-related Disclosure (IFRS S2), and the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG5.0)* to ensure compliance with the latest sustainability management standards and requirements for information disclosure.
- **Analyzed capital markets:** We collected ESG rating and index evaluation requirements in capital markets, and updated material topic library related to enterprise rating.
- **Conducted benchmarking analysis:** We benchmarked against excellent domestic and international peers' disclosures on sustainable development to identify key material topics in the cosmetics industry and methods of stakeholder engagement.

**Step 2
Stakeholder
engagement**

- Based on the analysis dimensions mentioned above, we identified 19 material topics that had substantive impacts on Botanee, including 5 environmental topics, 11 social topics, and 3 governance topics. Through daily communication with stakeholders, we conducted interviews, meetings, or conference calls to understand core topics of concern to stakeholders, and facilitate the assessment and review of material topics for the year. We invited internal and external stakeholders to evaluate the importance of different sustainability topics from their perspectives through an online questionnaire and express their opinions on Botanee's current sustainable development strategy, performance, reporting methods, and disclosure quality.
- Our stakeholder survey for 2023 covered 248 individuals, including Botanee's directors, senior managers, key personnel, employees, consumers/customers, distributors, investors, suppliers, and respondents from media, government and regulatory agencies, charitable organizations, and local communities.

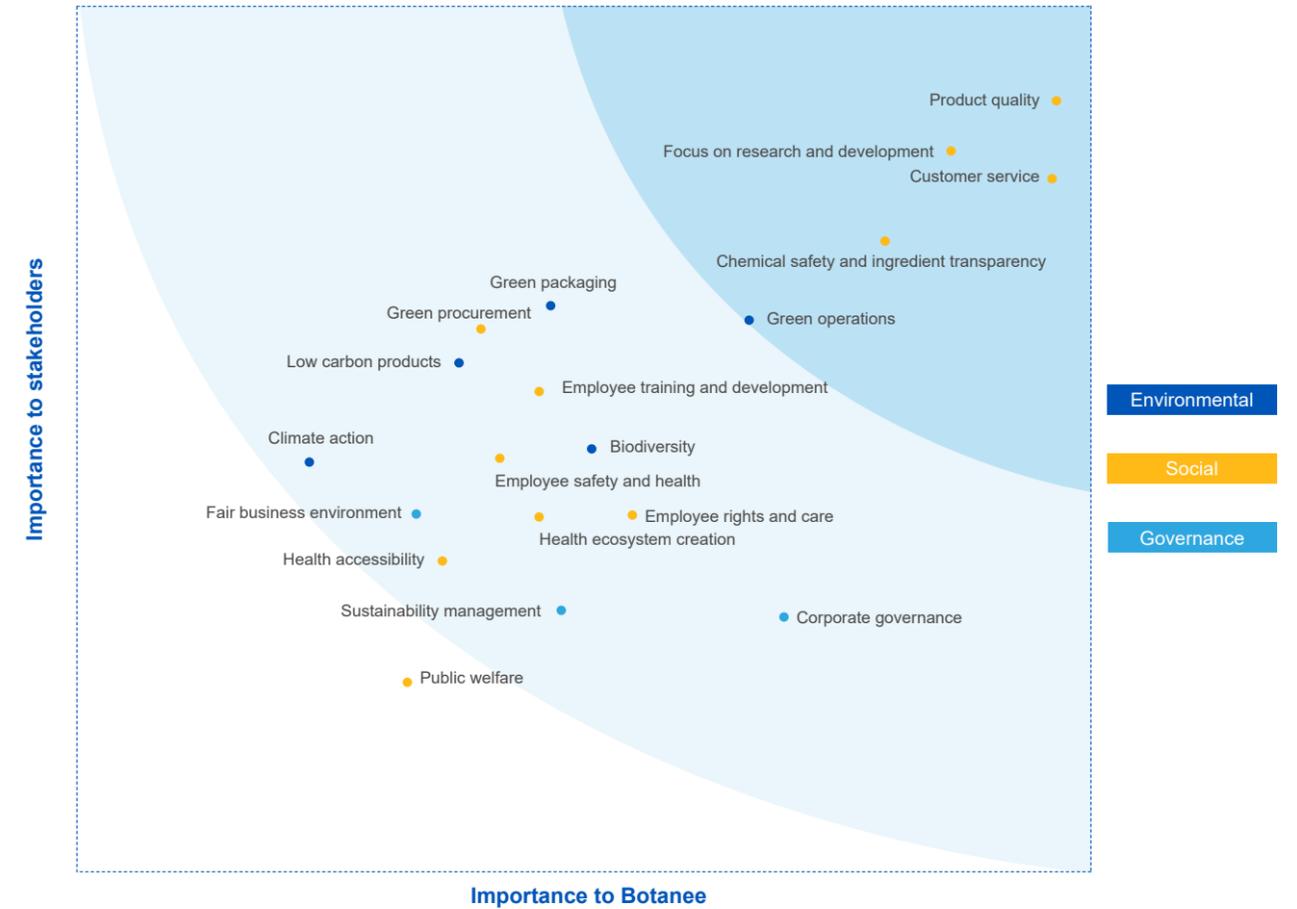
**Step 3
Analysis and review of
material topics**

- Taking into account opinions from the management and stakeholder requirements, we ranked the materiality of identified ESG topics. We allocated weights to each topic based on its risk level and integrated "importance to stakeholders" and "importance to Botanee" dimensions to form a materiality matrix. The screening and analysis results were reviewed by internal managers and external experts.

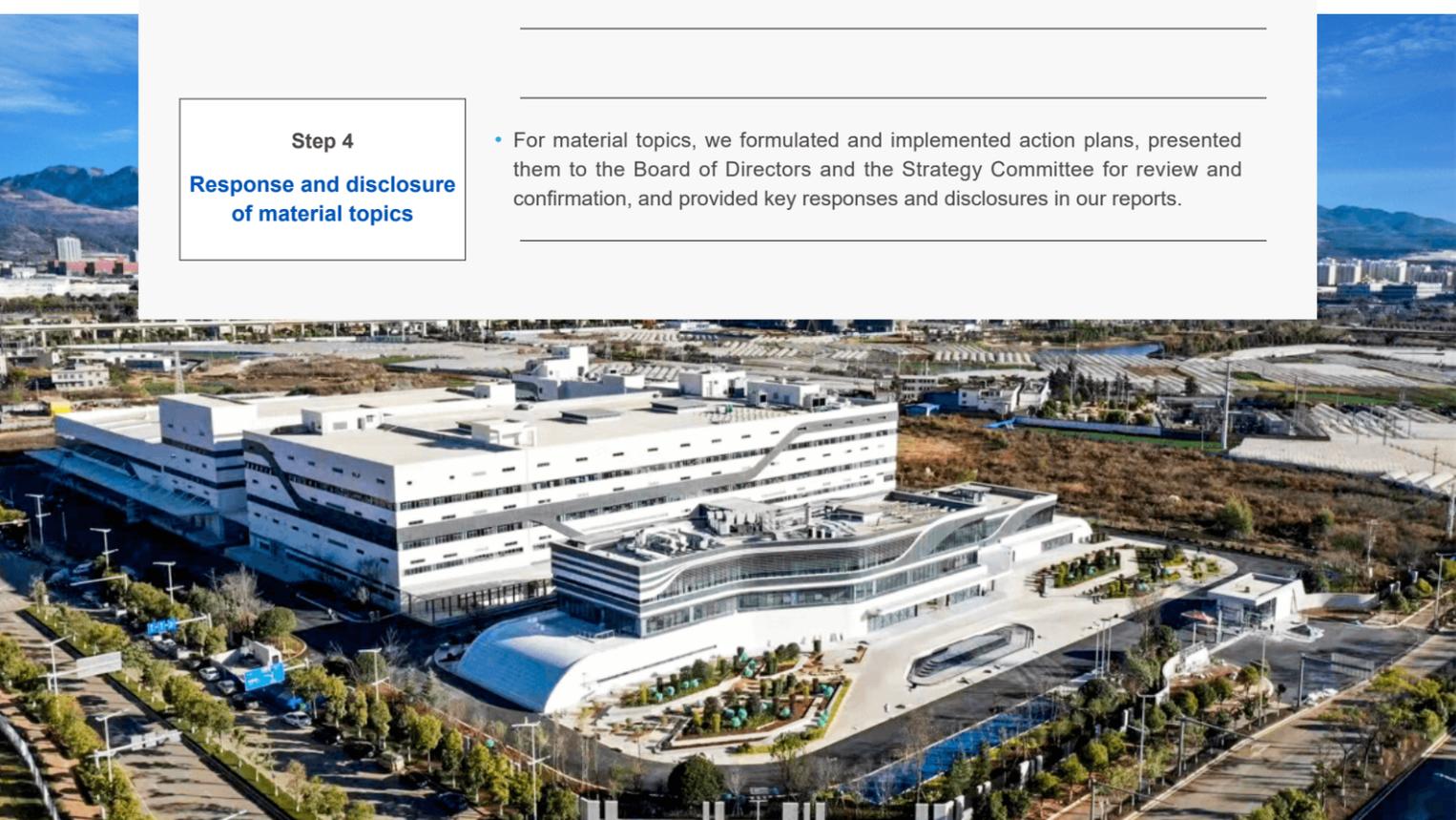
**Step 4
Response and disclosure
of material topics**

- For material topics, we formulated and implemented action plans, presented them to the Board of Directors and the Strategy Committee for review and confirmation, and provided key responses and disclosures in our reports.

Botanee's materiality matrix for 2023



Highly important		Moderately important		Generally important	
Social	Product quality	Environmental	Green packaging	Social	Public welfare
Social	Customer service	Social	Employee rights and care		
Social	Focus on research and development	Environmental	Biodiversity		
Social	chemical safety and ingredient transparency	Social	Employee training and development		
Environmental	Green operations	Social	Green procurement		
		Social	Health ecosystem creation		
		Social	Employee safety and health		
		Governance	Corporate governance		
		Environmental	Low carbon products		
		Governance	Sustainability management		
		Social	Health accessibility		
		Governance	Fair business environment		
		Environmental	Climate action		



Fair Business Environment

Philosophy

Botanee always adheres to regulations, and operates in compliance with the law. We follow high standards of business conduct, and firmly oppose illicit activities such as corruption, bribery, unfair competition, and money laundering. We also actively encourage employees, suppliers, and customers to practice the same principles so as to jointly contribute to a better business environment.

Strategy

To ensure compliance in operations and risk control, we execute a comprehensive internal management system, and undergo regular internal and external audits. We adhere to strict ethical standards, and require our supply chain partners to follow the same high standards of integrity. We comply with antitrust regulations, and actively uphold a fair and orderly market environment, avoiding any behavior that could harm market fairness. In terms of taxation, we fully comply with relevant laws to ensure accuracy in tax declarations. We take robust information security measures to protect enterprise and customer data, and prevent unauthorized access or leaks. Additionally, we value intellectual property protection, respect innovative achievements, and ensure that our products and services do not infringe upon the intellectual property rights of others.

Management Practices

Compliance and Internal Control

With dedicated compliance personnel, we are gradually improving our compliance system. We continuously strengthen our compliance management capabilities through updating compliance policies, optimizing compliance process controls, giving compliance training, and promoting a compliance culture to ensure the healthy development of the Company. We provide compliance training for new employees and periodic compliance training for business units. In 2023, we assessed compliance risks through interviews, document reviews, and random inspections, and formed a compliance risk list.

We run a comprehensive internal control management system, with the audit department conducting evaluations and supervisory inspections on daily and annual internal control. A monthly, quarterly, and annual self-assessment and inspection system is executed to ensure compliance in operations and reduce operational risks. To strengthen internal control and enhance the awareness of all employees, we conducted online training on *Comprehensive Risk Management and Practical Applications*, and followed up with post-training tests to ensure employee learning.

We conduct internal control audits every year. In 2023, we finished 6 special audits and 2 departure audits to control risks at key points that may exist.

Business Ethics

In terms of anti-corruption efforts, the Audit Committee serves as the highest supervisory body, while independent Corporate Audit Department is responsible for anti-corruption publicity, consultation, inspection, and handling of complaints and whistleblower leads. Adhering to the principle of “combining punishment with prevention, with prevention as the main focus”, Botanee has established multiple systems, including the *Botanee Anti-Corruption System*, the *Botanee Improper Conduct Identification Guidelines*, the *Botanee Anti-Corruption System*, and the *Botanee Employee Conflict of Interest Management System*, to foster and maintain a culture of integrity.

We provide compliance training for employees upon their onboarding, and give periodic anti-corruption training. All employees sign a commitment letter to conflict of interest that includes guidelines on anti-corruption and conflict of interest. In 2023, through specialized training, signing of commitment letters, and anti-corruption pledge letters, the coverage of anti-corruption training for employees and other staff (interns, outsourced employees, etc.) reached 100%. Besides, we signed *Supplier Business Code of Conduct* with all direct procurement suppliers, and our procurement contracts with them also included integrity clauses which require suppliers to implement relevant anti-corruption requirements.

The Internal Audit and the Internal Control Department conduct audits of the Company's business ethics standards at least once every three years, which covered all business lines. The review dimensions include anti-corruption and conflict of interest, among others, to identify potential problems and ensure the effective implementation of business ethics guidelines. As part of annual internal audit, specific audits related to anti-corruption risks are conducted.

Regarding anti-monopoly and anti-unfair competition, Botanee strictly adheres to laws and regulations of the People's Republic of China, such as the *Anti-Monopoly Law* and the *Law Against Unfair Competition*, to avoid malicious competition and price wars and uphold a healthy market competition environment. We strictly control source prices during shipments, and adopt flexible pricing strategies to avoid direct intervention in terminal market prices. We also implement risk controls for anti-monopoly, regularly and irregularly assess sales contracts and policies to ensure compliance with anti-monopoly laws and regulations.

Following the *Botanee Improper Conduct Complaint Management Operating Procedures* and the *Botanee Complaint and Whistleblower System*, we provide channels for reporting improper conduct, including dedicated hotline, email addresses, and mailing addresses, which are clearly stated on the Company's website, suppliers' website, and our employee handbook. We strictly protect the personal information of whistleblowers and prohibit any retaliatory actions against them to safeguard their rights.

During the reporting period, we did not experience any litigation cases related to corruption, bribery, extortion, fraud, insider trading, or money laundering.





In the 2023 fiscal year, we did **not** incur any tax-related penalties



achieving a training coverage rate of

100%

Intellectual Property

As a research-oriented high-tech enterprise, we recognize the importance of intellectual property in corporate development. We strictly abide by the *Intellectual Property Management System Standard (GB/T29490-2013)*, having established a comprehensive intellectual property management system covering the entire process including R&D, production, and sales of cosmetics and medical devices (wound dressings). In terms of patent management, we focus on preventing the infringement of others' intellectual property rights and protecting our own patents. Additionally, we regularly offer training on intellectual property protection and patent protection to enhance employees' awareness of intellectual property protection and improve intellectual property management.

Tax Compliance

Our tax department has built a regulated tax compliance system for business operations and comprehensive tax risk management. We adhere to lawful operations and honest tax payment, actively study local tax policies, and maintain good communication with tax authorities. In accordance with the *Botanee Financial Management and Accounting Manual*, we regulate procedures for handling relevant tax matters, and continuously improve the efficiency and quality of tax management. Furthermore, we engage tax consultants and intermediaries to provide professional support and conduct periodic training for tax personnel and internal experience sharing to enhance the team's professional competence. In the 2023 fiscal year, we did not incur any tax-related penalties.

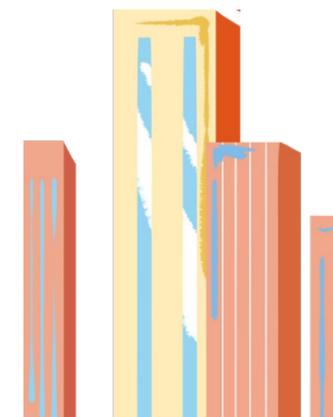
Information Security

Since online channel sales contribute to a relatively high proportion of our sales, and our business operations relies on telecommunications infrastructure as well as sound information systems, we strictly comply with the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Regulations of the People's Republic of China for Safety Protection of Computer Information Systems*, the *Personal Information Protection Law of the People's Republic of China*, etc. We execute multiple internal systems, including the *Data Management Specifications*, the *Access Control Management Specifications*, and the *Terminal Security Management*. We have adopted a series of measures to safeguard the legitimate rights and interests of partners, employees, consumers and more, such as strengthening technical defenses, improving management systems, and raising employee awareness. We keep improving the systems based on the needs of information security management and supervise implementation of them through means such as strengthening technical prevention, improving management systems, and raising employee awareness, thus ensuring network and data security.

In order to provide organizational guarantee for information security management and promote the implementation of various security matters, we have established an information security organization. The management structure for information security and privacy protection consists of decision-making body (Information Security Committee), management body (Information Security Management Team), and execution bodies (all employees). We strictly manage the personal information of consumers and potential consumers obtained through online and offline channels, and employ encryption, anonymization, and other measures to store and manage the information. We implement emergency mechanisms to respond to incidents of data leakage, damage, and loss. In 2023, we issued the *Data Security Management Specifications*, which classifies and restricts access to internal data to ensure appropriate protection of data at different levels.

We have create a continuous and multi-dimensional security awareness education system. We regularly send security reminders through internal communication tools, and conduct simulated phishing emails to test employees' ability to prevent potential security threats. All new employees undergo information security training and examination. In 2023, we conducted information security training for all staff members, including employees and other personnel categories (interns, outsourced employees, etc.), achieving a training coverage rate of 100%.

Our online sales platform has passed National Information Security Level 3 certification and is retested every year as required to continuously ensure the security of the system. In terms of technical support, online platforms used by us are equipped with complete security measures such as network firewall, intrusion detection, data encryption and more.



02

Green Circularity for a Pleasant Environment

Botanee is committed to building a green, low-carbon, and eco-friendly brand image. We consider material topics such as green supply chain, environmental management compliance, biodiversity conservation, and climate change adaptation as core elements of our sustainable development. In practice, we continuously improve our environmental management system, enhance energy efficiency, reduce pollution emissions, and promote green circular development in upstream and downstream industrial chain to contribute to harmonious coexistence between man and nature and preservation of our planet.

Material topics addressed in this chapter

- Green packaging
- Low carbon products
- Green procurement
- Green operations
- Climate action
- Biodiversity

SDGs addressed in this chapter



Green Packaging

Philosophy

As the public show growing environmental awareness, the sustainability and environmental impact of packaging materials have become a focus of their concern. Botanee integrates green and sustainable packaging into product packaging design, and actively adopts environmentally

friendly packaging materials. Through packaging reduction, plastic reduction, and recycling, we aim to achieve green minimalist packaging design and minimize our environmental impact.

Strategy

Botanee is committed to becoming a pioneer in China's "dual carbon" goals in both offline and online operations, so as to better serve the environment on which all mankind

depends. We take packaging reduction, plastic reduction and the use of recyclable packaging materials as strategic guidelines for product packaging.

Our goals

- Expand the use of Forest Stewardship Council (FSC) certified paper in new products to 93% by the end of 2025, and achieve more than 98% coverage of FSC certified paper in new products by the end of 2030
- Ensure more than 85% of plastic packaging can be reused or recycled by the end of 2030

Management Practices

Packaging Reduction

We keep optimizing the size of packaging for transportation to better match product packaging, reduce excessive use of gift boxes and courier packaging, and minimize unnecessary packaging material consumption. We also strictly control the usage of paper bags and cartons using such measures as

volume controls in packaging distribution and original box shipping, having fruitfully reduced the waste of packaging. Besides, we encourage consumers to recycle empty bottles through a recycling campaign, aiming to effectively reduce waste generation at the consumer end.

Plastic Reduction in Packaging

To reduce plastic waste in packaging, we are gradually increasing the use of glass bottles in replace of traditional plastic ones. Glass bottles are more easily recyclable than plastic bottles, and can reduce environmental impacts. During the reporting period, the inner packaging of many AOXMED series products was replaced by glass, which brought a plastic reduction by around 4.5 tons.

Furthermore, we explored the application of post-consumer recycled (PCR) materials for inner packaging. The PCR materials have been officially mass-produced in 2023, which promotes the reduction of new plastic usage and encourages material recycling.

In order to further reduce plastics in packaging, we plan to launch packaging version 2.0 that supports refills in 2024 to reduce the use of single-use packaging, thereby reducing the generation of plastic waste.



Plastic reduction in AOXMED series products

We pursue excellence in packaging design, striving to find a balance between functionality and aesthetics. Our design has won internationally recognized Red Dot Design Award, which represents not only our high standards for product quality, but also our persistence and dissemination in environmental protection. During the reporting period, several of our product series won international design awards.

Product	Award received	Certificate
<p>AOXMED lines series</p> 	<p>Gold Award of French Design Awards 2023</p>	
<p>AOXMED round-in-square bottle</p> 	<p>French Design Awards 2023 Silver Award of MUSE Design Awards 2023</p>	
<p>Winona red "+" serum</p> 	<p>Red Dot Design Award 2023 Silver Award of MUSE Design Awards 2023</p>	

In order to better respond to social initiatives to reduce plastic use and support environmental protection, we provide customers with paper bags. During the reporting

period, our stores used 250,000 paper bags in replace of traditional plastic bags.

Sustainable Packaging

Use of environmentally friendly packaging materials

We combine green practices with innovation in product packaging, actively promote the use of environmentally friendly materials, and expand their application. We prioritize the use of Forest Stewardship Council (FSC) certified paper, ensuring that it comes from sustainably managed forests. We also adopt post-consumer waste (PCW) paper and post-consumer recycled (PCR) materials sourced from recycled products. All these moves demonstrate our commitment to resource recycling. During the reporting period, we expanded the use of PCW paper and FSC certified paper, achieving over 88% of coverage of FSC certified paper in new product packaging and courier paper boxes. This showcases our commitment to supporting sustainable forest management. In printing, we used eco-friendly inks such as soy ink sourced from renewable resources, thereby reducing our environmental impact. In addition, we took a detailed inventory of paper packaging used by us, including FSC certified paper, PCW paper, glass and white cardboard. We also exerted efforts to build a more complete statistical system and optimize information disclosure to more accurately identify and promote improvements for packaging environmental protection.

Promotion of packaging recycling

We are dedicated to promoting packaging recycling and reuse. During packaging design, we carefully consider the convenience of recycling. Regarding cardboard materials, we are gradually increasing the use of white cardboard which has lower carbon footprint and stronger recyclability, including imported white cardboard, in replace of traditional silver cardboard laminated packaging. This transition not only increases packaging recycling rate, but also effectively reduces product carbon emissions. In terms of craftsmanship, we adopt transfer aluminum technology to replace traditional film coating, making the packaging easier to recycle and process. Additionally, we promote electronic instructions in replace of paper instructions with QR codes to reduce paper consumption and protect forest resources. During the reporting period, we initiated "Save the Earth: Recycle and Be Rewarded" campaign, encouraging consumers to recycle empty bottles and promote the circular reuse of resources.

Save the Earth: Recycle and Be Rewarded

We actively respond to the call for green practices and environmental protection, and adhere to the principles of sustainable development. We have launched "Save the Earth: Recycle and Be Rewarded" campaign, a long-term strategic action of Botanee. It not only reflects our care and concern for the earth's environment, but also demonstrates our commitment to resource recycling.

For this campaign, we innovatively combine online and offline channels to create a diverse recycling platform for consumers in regions where our product are available. It allows consumers to choose the most convenient way to recycle empty bottles, creating an all-round new recycling experience for consumers.



Our dedicated beauty advisors (BA) team provides full support throughout the process to ensure a smooth and hassle-free recycling experience for every user, making environmental actions easy and effortless. In addition, to inspire more consumer participation, we have introduced a points reward program. Users can accumulate points by participating in this campaign, which can be used to redeem selected products or environmentally themed merchandise. Through this campaign, we hope to stimulate consumers' enthusiasm for environmental protection, harness the collective power of every consumer, and promote the development of green public welfare.

Currently, the bottle recycling campaign focuses on 50g special cream and sunscreen lotion with long packaging bottles. In the future, we will gradually expand the coverage of recyclable bottles and use the recycled bottles for manufacturing new product packaging, thus truly achieving circular reuse. Additionally, we will collaborate with environmental project suppliers to develop more environmentally friendly merchandises to provide consumers with diversified choices.



- Consumers can easily join the recycling campaign through our online WeChat mini-program which allows them to not only schedule courier pickup for the empty bottles, but also track the progress of the recycling in real-time.



- Consumers can personally deliver empty bottles to our designated collection points, such as partner stores and pharmacies, to enjoy the satisfaction of immediate recycling.



- Consumers can join themed activities such as "Green Fair" to increase the social enjoyment of recycling and make environmental actions more fun.

Key performance indicators

Improvement measures	Unit	Performance in 2023
Improved technology and materials	10,000 pieces	1,194.2
Applied water-based inks	10,000 pieces	443.7
Adopted soy ink in outer packaging	10,000 pieces	2,699.8
Consumption of FSC certified paper in outer packaging	10,000 pieces	2,934.5
Use of glass bottles	10,000 pieces	2,226.1
Consumption of PCW paper	ton	4.5
Consumption of PCR materials	ton	10.475
Consumption of heat transfer silver cards	ton	5.11
Models of products with electronic instructions	SKU	845
Instruction manual paper saved	10,000 pieces	12,479
	ton	77.5
Consumption of paper bags in replace of plastic bags	piece	250,000
Cardboard boxes saved by using PP turnover boxes	piece	50,383
	ton	47.5

- FSC certified paper use:

101.79% ↑

- Electronic manuals:

61.57% ↑

- PCR materials:

161.88% ↑

- Savings on corrugated boxes:

298.06% ↑



Highlights and Cases

“Save the Earth: Recycle and Be Rewarded” Phase I

During the reporting period, we successfully launched Phase I of “Save the Earth: Recycle and Be Rewarded” campaign, which received enthusiastic participation from consumers and generated positive social impact.

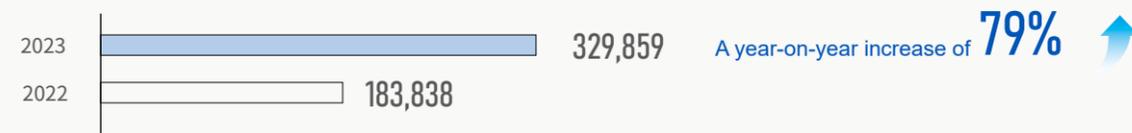
The first phase of the campaign attracted a large number of consumers who praised the convenience of the recycling process and the rewards system. Consumers found their participation convenient and enjoyable, as it allows them to contribute to environmental protection while enjoying their shopping experience. The campaign sparked lively discussions on social media and quickly became a trending topic. Various media outlets positively reviewed this innovative initiative.



Support and recognition from the public have given us the motivation to continue this effort. We plan to keep on with this campaign and explore new ways to contribute to green development.

In 2023, a total of 329,859 effective empty bottles were recycled, an increase of 79% over the same period in 2022 (183,838).

Total number of valid empty bottles recycled (bottle)



Winona's green journey: recycling and skincare action at Medical League Competition

During the 6th Medical League Competition-Hiking to Revisit the Route Taken by Xuanzang held in September 2023, Winona partnered with organizers to launch “Swap Plastic Bottles for Sunscreen”, a move that encouraged participants to collect beverage plastic bottles during the race and exchange them for Winona sunscreen products. Receiving enthusiastic participation by racers, the activity not only alleviated the logistical pressure of cleaning personnel, but also raised participants' awareness of environmental protection, achieving a win-win situation for environmental protection and practicality.



Hiking-themed 6th Medical League Competition



Participants exchanged collected bottles for Winona sunscreen lotion

Winona Oasis Protection Action: collaborating with pharmacies for green deserts

In 2024, Winona launched an innovative environmental initiative called the “Oasis Protection Action”. It collaborates with 1,976 chain pharmacies nationwide to promote a box recycling campaign. Customers can bring empty boxes to designated pharmacies for recycling. For every 500 valid boxes recycled, Winona sponsors the planting of a jujube tree in the Tengger Desert. The initiative effectively reduces the environmental impact of waste, and promotes ecological improvement by using Winona's financial support to plant trees in desert areas. This has encouraged active participation from pharmacies and consumers to jointly contribute to a positive ecological cycle.



Supported Technology Accessible Development Conference and created beautiful connections with professional product experience

Botanee strictly follows national standards in packaging design, and has published its own Braille test and evaluation standard. Its Winona brand has adopted Braille on the outer packaging of 100% its products since 2012. At the 5th Technology Accessible Development Conference, we called on the cosmetics industry to address the needs of users with disabilities, and create an accessible skin care experience for them based on high industry standards.



Botanee attended the 5th Technology Accessible Development Conference



Braille on the outer packaging of Winona products

Low Carbon Products

Philosophy

Botanee adheres to low-carbon development and actively responds to China's call to achieve dual carbon goals. We strive to achieve environmental friendliness and efficient resource use in every stage of our product lifecycle. Our product design emphasizes reducing energy consumption, lowering carbon emissions, and using renewable and recyclable materials to minimize our environmental footprint. We place great importance on carbon footprint assessment throughout product lifecycle, keep optimizing each stage to reduce our carbon footprint, and strive to be a leader of the industry in contributing to dual carbon goals.

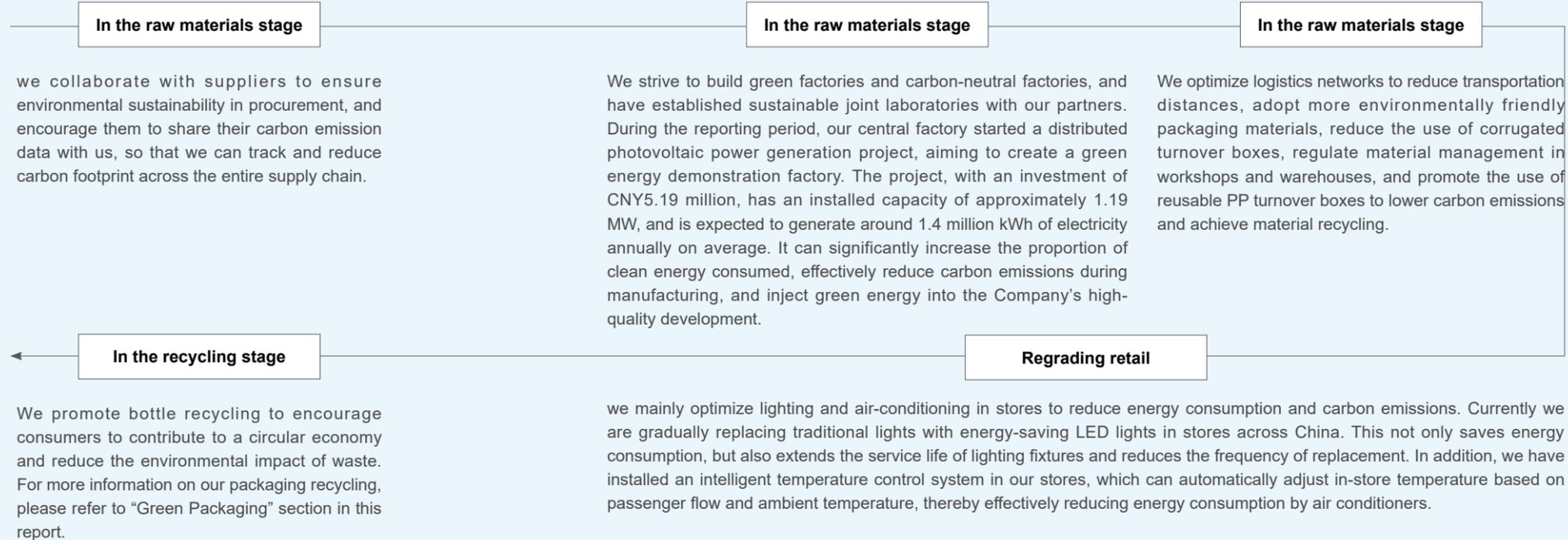
Strategy

We developed a carbon inventory management mechanism in 2022, and plan to gradually conduct carbon inventories to understand the carbon emissions of our products from raw material production, manufacturing, transportation, use, to disposal. Our goal is to identify and explore emission reduction potential at each stage of product lifecycle, optimize manufacturing, transportation, and recycling processes, and effectively reduce our products' carbon footprint. Additionally, we are planning to build a product carbon footprint assessment platform to systematically evaluate and optimize products by category. We are also encouraging our major suppliers to provide detailed carbon emission data, thereby promoting green transformation throughout the entire supply chain.

Management Practices

While promoting low-carbon practices, we have begun to devise a comprehensive carbon footprint assessment plan on our products. During the reporting period, we conducted pilot carbon footprint assessment for our bestsellers Winona Special Care Cream (Top 1) and Winona Sunscreen (Top 2). We will refine the assessments in the future, and drive the entire industry chain to adopt more environmentally friendly practices in raw material selection, packaging design, transportation, and product use, thereby jointly delivering low-carbon products.

Furthermore, we actively participate in conferences on carbon emissions, at which we promote our packaging carbon reduction practices and environmental advocacy to influence and boost the entire ecosystem toward green development. We have established a green supply chain management organization to identify carbon emissions in the supply chain and seek innovation in areas such as raw material sourcing and product development, aiming to achieve a low-carbon product lifecycle.



Distributed photovoltaic power generation at our central factory

Highlight and Case

Carbon footprint verification for our best-sellers

During the reporting period, we conducted carbon footprint verification on our best-sellers Winona Sensitiveness Relieving Moisturizing Tolerance-Extreme Cream and Winona Sunblock Milk. The verification followed ISO 14067 and PAS 2050 standards, and covered key carbon emission stages such as raw material sourcing, manufacturing, and transportation. The result provides scientific evidence for us to develop effective decarbonization strategies. According to verification report, the carbon footprint of every 10,000 bottles of 50g Winona Sensitiveness Relieving Moisturizing Tolerance-Extreme Cream is 7,368.45 kg/CO₂e, and the carbon footprint of every 10,000 bottles of 50g Winona Sunblock Milk is 6,264.82 kg/CO₂e. Since manufacturing stage has the largest carbon footprint contribution, we will strengthen monitoring and management of carbon emissions in this stage to optimize our overall carbon footprint.



Certificate of carbon footprint verification for Winona Sensitiveness Relieving Moisturizing Tolerance-Extreme Cream



Certificate of carbon footprint verification for Winona Sunblock Milk



Green Procurement

Philosophy

Deeply rooted in sustainable development, Botanee always procures environmentally friendly and responsible raw materials. We prioritize cooperating with suppliers who share our environmental values and actively advocate for sustainable practices in their raw material procurement. Our goal is to build a green and transparent supply chain, ensuring that every link from the source to the finished product meets the highest environmental standards.

Strategy

We keep improving supply chain management, and implement a rigorous supplier evaluation system. A supplier classification and grading system is executed, in which ESG indicators are included as assessment criteria. We encourage suppliers to take proactive actions in environmental protection, energy conservation, emission reduction, and social responsibility, thus jointly advancing the green transformation of the entire supply chain. Additionally, we boost sustainable palm oil procurement to deliver environmentally friendly and responsible products for consumers.



Sun Protection Series
清透防晒系列

薇诺娜
清透防晒乳
Sunblock Milk

Barrier Repairing Series
屏障修护系列

薇诺娜
屏障修护霜
Barrier Extreme Cream



Management Practices

Sustainable Palm Oil

We recognize the importance of the supply chain and raw materials, and highlight their sustainability from the source. We actively promote green procurement practices, particularly for sustainable palm oil. During the reporting period, we applied for the Roundtable on Sustainable Palm Oil (RSPO) certification. Before the release of this report, we have obtained RSPO membership, adopted a “Mass Balance” supply chain model, and successfully passed RSPO supply chain certification. Furthermore, we encouraged suppliers to apply for RSPO certification.

Moving forward, we will continue to prioritize the procurement of sustainable palm oil and increase the proportion of sustainable raw materials in our products. We will further deepen our practices in green raw material procurement.



RSPO supply chain certification for Botanee

Our goal

Keep prioritizing the procurement of sustainable palm oil and increase the proportion of sustainable raw materials in our products.

Progress in 2023

During the reporting period, 23 of our raw material suppliers passed RSPO certification.

Supplier Management

We follow strict supplier admission procedures and a supplier admission review system, conducting background checks on potential suppliers. When selecting suppliers, we include ESG standards in supplier evaluation, giving bonus incentives to those who meet our criteria. We also run a rating system for excellent suppliers, and increase their environmental motivation through differentiated welfare policies. Additionally, we require suppliers to sign our *Supplier Code of Business Ethics*, which includes provisions on business ethics and information confidentiality. The aim is to foster a collaborative and responsible supply chain together with upstream and downstream partners.



During the reporting period, our Procurement Department signed *Supplier Business Code of Conduct* with all direct procurement suppliers, reaching

100% coverage

Green Operations

Philosophy

Upholding the philosophy of “lucid waters and lush mountains are invaluable assets”, Botanee keeps improving environmental management, increases energy efficiency and resource efficiency from multiple dimensions, and actively takes measures to reduce pollutant and waste emissions. Besides, we actively promote green office and embed green, low-carbon and sustainable development into our everyday operations.



Strategy

We strictly obey relevant national and local environmental laws such as the *Environmental Protection Law of the People’s Republic of China* and the *Energy Conservation Law of the People’s Republic of China*. We implement our *Compilation of Environmental Management Laws and Regulations* manual, and manage emissions, waste, and energy use in a regulated manner following documents such as the *Environmental Safety Objectives, Indicators, and Control Plan*, the *Identification and Evaluation of Environmental Factors*, the *Compliance Evaluation*, and the *Regulations on the Management of Hazardous Chemical Waste*.

Our *Office Management System* outlines green office requirements. We encourage employees to save electricity, practice paperless office, engage in waste sorting, and use office equipment and air conditioning responsibly to minimize resource waste and improve environmental efficiency. We regularly review environmental and energy management practices in our offices and factories, and revise relevant policies and procedures to enhance our management.

Management Practices

Energy and Resource Management

Botanee adopts efficient energy management strategies. Following the core principles of “regulated management, clean production, energy conservation, and green development”, we have built an energy management system. We also constantly explore and implement energy-saving measures to optimize our resource and energy efficiency.

Botanee has passed ISO 14001 certification on environmental management system and ISO 50001 certification on energy management system. We set clear energy consumption targets, and regularly assess the achievement of these targets. Additionally, we conduct comprehensive energy audits and management reviews each year, and publish *Energy Audit Report* to analyze our energy performance and ensure effective targets implementation across all departments.



ISO 14001 certification on environmental management system



ISO 50001 certification on energy management system

We optimize manufacturing processes, improve our cost-effectiveness, and promote a circular economy. By introducing an ethanol recycling system, we have significantly reduced ethanol consumption. Recognizing our reliance on water resources, we have taken a series of measures to save water. For example, our water recycling system can effectively recover and treat condensed water generated during manufacturing, so that it can be reused for greening and washing. This reduces both water consumption and operating costs. In addition, we strictly follow *Kunming Management Measures for Sponge City Planning and Construction*, and have set up rainwater collection and use facilities to further improve rainwater use efficiency.

To ensure energy efficiency and environmental protection in warehouses, we have launched a number of initiatives. This includes promoting the use of PDAs to automate inventory tracking and order picking, implementing paperless office, integrating picking orders and delivery orders, replacing fuel

forklifts with electric forklifts to reduce energy consumption, and using new energy vehicles for short-distance transportation at our Kunming warehouse to promote energy conservation upgrades and reduce environmental impacts.

During the reporting period, our central factory was officially put into operation. The central factory incorporates green development principles from design, and is equipped with fully upgraded hardware facilities. Natural gas boilers are used to reduce exhaust emissions, and “dissolved air flotation tanks” are added to increase wastewater treatment efficiency. Additionally, coding equipment on production lines adopts inkjet printing instead of laser coding, which not only enhances environmental protection but also reduces occupational health risks. In addition, by deploying intelligent management systems and automated production lines, we are gradually realizing high-efficiency and low-energy-consumption production without manual operation to further reduce energy consumption.

Our energy consumption goal	Taking energy consumption by our central factory in the second half of 2023 as the baseline, we have set an energy performance goal for 2024, that is, reducing by 1%.
------------------------------------	--

Green and Low-Carbon Office

We are committed to creating an environmentally friendly, efficient, and sustainable workspace. A series of energy conservation and environmentally friendly measures and practices have been implemented in our office area,

offline stores and medical beauty centers to reduce our environmental impacts and improve resource efficiency in our everyday operations.



<p>Waste recycling and reuse</p>	<ul style="list-style-type: none"> We promote waste recycling and reuse in office areas, putting paper recycling bins on each floor and encouraging employees to use recycled paper for printing. Additionally, we have set up battery recycling stations, and all batteries collected there are properly disposed of by solid waste warehouse.
<p>Paperless office</p>	<ul style="list-style-type: none"> To reduce paper consumption, we encourage employees to use electronic documents and emails, and have realized paperless administrative workflow. By using electronic archiving and digital seals, we minimize unnecessary paper consumption.
<p>Energy efficiency management and improvement</p>	<ul style="list-style-type: none"> We increase investments in eco-friendly equipment. By installing energy-efficient lighting fixtures such as LED lights, optimizing heating and air conditioning systems, reasonably regulating the use of air conditioners, and controlling lighting time and intensity, we have significantly reduced our carbon footprint. Besides, we post energy-saving reminder labels and conduct daily inspections to ensure energy conservation.
<p>Green and low-carbon commuting</p>	<ul style="list-style-type: none"> We encourage employees to use public transportation for commuting, and offer shuttle bus services. Besides, we promote video conferencing to reduce business travel and lower carbon emissions.
<p>Green and low-carbon workplace</p>	<ul style="list-style-type: none"> We use natural light in factories and office buildings to reduce energy consumption, and increase plants in the office to beautify the workspace and improve indoor air quality.
<p>Environmental publicity</p>	<ul style="list-style-type: none"> In order to improve employees' environmental awareness, we post energy conservation and environmental protection posters in the office area of headquarters, and offer regular environmental awareness training for employees in offline stores and medical beauty centers to boost environmental protection.

Compliant Emissions

We implement strict environmental management and emissions control standards, and set specific emission reduction targets for our factories based on historical data. During the reporting period, we completed audit for environmental management system certification. Besides,

we invited professional environmental testing organizations to regularly monitor our emissions to ensure we strictly comply with national and local regulations on wastewater, exhaust gases, waste, and noise. Our aim is to minimize our impacts on surrounding residents and the environment.

<p>Wastewater</p> <p>We employ A2/O process to efficiently purify wastewater produced during manufacturing, and ensure the quality of discharged water meets or even exceeds national environmental standards.</p>	<p>Exhaust gases</p> <p>We monitor exhaust gas emissions during manufacturing in an uninterrupted manner, and use activated carbon to absorb harmful gases, thus improving air quality in surrounding areas.</p>	<p>Waste</p> <p>We adopt a strict waste classification and recycling policy to ensure proper disposal of all waste. Through collaboration with professional waste management companies, we ensure safe and compliant waste disposal. Additionally, we explore the possibility of waste reuse to achieve a circular economy.</p>	<p>Noise</p> <p>We optimize manufacturing processes, use low-noise equipment, and install sound insulation facilities to minimize noise disturbance to surrounding communities.</p>
---	---	--	--

Enhancing independent production capacity and strengthening development foundation— Botanee's central factory was officially put into operation

On March 13, 2023, our central factory was completed and put into operation in Majinpu, Chenggong District, Kunming. The central factory represents a “smart factory” that integrates automated production lines for plant extraction, formulation, filling, packaging, and warehousing. It significantly increases manufacturing capacity, ensures product quality and manufacturing efficiency, and reduces costs. Adhering to green construction when building this factory, Botanee has achieved resource conservation and environmental friendliness through technological and managerial innovations, thus promoting sustainable development.



Our central factory



Inauguration ceremony of our central factory



“Three-Star Evaluation (Highest Level) of Green Engineering Construction” for the central factory from China Association of Construction Enterprise Management

Climate Action

Botanee places great importance on the impacts of climate change on our sustainable operations and long-term values. We actively monitor climate change and take proactive measures to address related issues. During the reporting period, we followed the Task Force on Climate-related Financial Disclosures (TCFD)/IFRS S2 to disclose information on climate risks and opportunities from the

perspectives of governance, strategy, risk management, indicators, and targets. In the future, we will further enhance our analysis of climate-related risks, better identify and address climate risks under different scenarios, strengthen climate risk management, and seize opportunities arising from climate change.

Governance

We have established a top-down ESG governance framework, with Strategy Committee under the Board of Directors taking overall responsibility for ESG matters. Climate change-related risks and opportunities are incorporated into the scope of ESG management, and the Board of Directors has clear oversight responsibilities for this sector. Under the guidance of the Strategy Committee, the Secretariat Office coordinates ESG-related work and organizes collaboration among various departments to ensure effective identification, assessment, and management of climate change-related risks and opportunities.

Strategy

We recognize the complex risks and opportunities that climate change may pose to our business. During the reporting period, we conducted preliminary climate risk analysis and assessment based on the TCFD/IFRS S2's classification standards and the characteristics of our business. This helped us identify climate risks and potential opportunities directly related to our assets and operations. In the meanwhile, we took a series of measures to effectively address the identified climate-related risks and opportunities.



	Climate risks and opportunities	Description	Mitigation measures
Physical risks	Short-term risks: increased frequency and intensity of extreme weather events	Global warming may lead to more frequent extreme weather events such as high temperatures, severe cold, heavy rain, floods, and typhoons. These events could disrupt the supply chain and create operational difficulties for retail stores, thereby increasing our operational costs and business risks.	<ul style="list-style-type: none"> Enhance emergency response capabilities: Develop emergency plans for extreme weather events, take preventive measures, and strengthen relevant drills and early warning to ensure the safety of our operations personnel. Optimize supply chain management: Increase the number of high-quality suppliers and expand supply channels to ensure supply stability under extreme weather conditions.
	Long-term risk: ecosystem changes	Ecosystem changes may affect the growth cycles of plants and the stability of active ingredients in them, thereby increasing the uncertainty of raw material supply and posing risks to our product quality, business operations, R&D, and innovation.	<ul style="list-style-type: none"> Enhance the development of environmentally friendly products: Use sustainable raw materials and biodegradable eco-friendly packaging, etc. Strengthen supplier management and green procurement: Include ESG performance as a bonus in supplier evaluations, prioritize suppliers with outstanding ESG performance, encourage suppliers to obtain RSPO certification, and gradually increase the proportion of suppliers passing RSPO certification.
Transition risks	Market risks	With increasing consumer awareness of sustainable living, there is a growing market demand for environmentally friendly products. This requires us to develop more eco-friendly products to meet consumer expectations for reducing plastic use and adopting lightweight packaging.	<ul style="list-style-type: none"> Gradually conduct product carbon footprint assessments and continuously engage in low-carbon product innovation.
	Policy and legal risks	As global awareness of climate risks deepens, regulations and disclosure standards related to climate change are becoming increasingly stringent. Companies must continuously monitor and adapt to these changes to ensure compliance with growing regulatory requirements.	<ul style="list-style-type: none"> Continuously monitor global and local climate-related legal and regulatory changes, as well as policy developments. Assess potential policy risks through internal teams and external consulting firms. Emphasize climate risk management and keep improving climate change-related risk management. Strengthen sustainable development-related information disclosure and enhance transparency in information disclosure.
Opportunities	Green product innovations	With increasing global attention to climate change and sustainable development, there is a significant rise in the demand for environmentally friendly and sustainable packaging. Companies can launch innovative green products to seize this market trend.	<ul style="list-style-type: none"> Implement plastic reduction and minimal packaging, minimize the use of paper instructions, and choose recyclable materials for product packaging to reduce our carbon footprint.
	Brand value enhancement	Companies can enhance their brand image and increase consumer loyalty by actively engaging in climate actions and conducting related activities.	<ul style="list-style-type: none"> Promote "Save the Earth: Recycle and Be Rewarded" to reduce environmental impact and raise consumer awareness of environmental protection.

Risk Management

Based on the characteristics of the industry and our own business operations, we have identified climate-related risks and developed targeted management systems to regulate emergency measures and reduce disaster risks.

During the reporting period, we incorporated climate-related risks into our risk management system to enhance our risk management capabilities and mitigate potential adverse impacts.

Indicators and Targets

To comprehensively evaluate, monitor, and optimize our performance in addressing climate-related risks and seizing opportunities, we have formulated goals and quantifiable indicators. We regularly review and adjust them based on the latest data and best practices in the industry. We actively respond to the national strategic goal to peak carbon emissions by 2030 and reach carbon neutrality by 2060, and practice continuous energy conservation and emission

reduction. We provide detailed disclosure of climate-related performance indicators in our annual sustainability report. The table below outlines the key goals and indicators we consistently monitor. For specific performance indicators and targets, please see “Green Operations, Management Practices, and Energy and Resource Management” sections in this report.



Biodiversity

Philosophy

Based in Yunnan, a “botanical kingdom”, Botanee actively responds to China’s call for biodiversity conservation. At Botanee, we recognize the crucial importance of biodiversity for the balance of the earth’s ecosystems and human well-being. Since our raw materials are derived from the generous resources of nature, we respect, adapt to, and protect nature. Biodiversity conservation is not only our social responsibility, but also the core of our sustainable development strategy. Over the years, we have integrated this philosophy into our everyday operations and long-term development through concrete actions, aiming to coexist harmoniously with nature and achieve ecological sustainability.

Strategy

During the reporting period, we assessed the Company’s biodiversity risks and opportunities, and took proactive measures to protect the environment. We worked closely with local communities to assess environmental carrying capacity, enhance the management capabilities of protected areas, conduct environmental education, and promote ecological tourism, aiming to achieve harmonious coexistence between ecological conservation and economic growth.

In addition, we plan to gradually establish management processes for identifying, assessing, prioritizing, and managing dependencies, impacts, risks, and opportunities related to nature in our direct operations and throughout the value chain. These processes will be integrated into our overall risk management to ensure continued attention to and effective management of biodiversity.

Biodiversity Opportunities and Risks

Dependency/ impact/risk/ opportunity	Dependency	Impact	Risk	Opportunity	Risk	Opportunity	Risk
	Raw material supply	Ecological changes	Supply chain disruption	Ecotourism development	Activity restrictions due to policies	Sustainable development Trends	Reputation damage
Description	Prinsepia utilis Royle, a key ingredient in our products, mainly comes from the Haba Snow Mountain and the Lijiang-Shangri-La area. Production costs and product quality may fluctuate due to unstable raw material supply.	Climate change in the Haba Snow Mountain region can lead to ecological changes that may affect the growth of Prinsepia utilis Royle. Deteriorated environment may reduce raw material production and increase procurement costs.	Natural disasters and policy changes may interrupt raw material collection and transportation. Production lines may be halted due to raw material shortages, thereby affecting our sales and revenue.	Ecotourism can generate additional income and enhance brand image. It helps improve our market competitiveness in terms of sustainable development.	The government may introduce stricter environmental policies that restrict certain production activities. Production costs may increase, and certain activities maybe prohibited, thus affecting business operations.	Consumers are increasingly concerned about the environmental and product sustainability. We will enhance brand image to attract environmentally conscious consumers.	Environmental issues can damage the Company's reputation if not managed properly. This can lead to a loss of consumer trust and a decline in market share.
Mitigation measures	Establish long-term partnerships to ensure raw material supply; invest in cultivation techniques to increase the yield of Prinsepia utilis Royle.	Implement ecological restoration projects such as afforestation to mitigate the impact of climate change; monitor climate change trends and adjust our production plans.	Diversify raw material sourcing locations, establish strategic reserves; optimize logistics networks to enhance response capabilities to unforeseen events.	Develop tourism projects that integrate ecological conservation, such as nature education and experiential activities.	Stay updated on environmental policies and regulations; proactively plan compliance strategies; collaborate with government and environmental organizations for policy support.	Establish Botanee Charity Fund to enhance our brand image.	Strengthen environmental education with the Company to ensure all activities meet environmental standards; establish a rapid response mechanism to address environmental issues.



Management Practices

Biodiversity Conservation Initiative

In response to the “Kunming-Montreal Global Biodiversity Framework” proposed at the United Nations Biodiversity Conference (COP 15), we have launched “Creating a Healthy Ecology, Embracing a Beautiful Future” biodiversity conservation initiative. Focusing on this initiative, we advance biodiversity conservation activities and contribute to global ecological civilization.

The initiative involves

- Assessing biodiversity opportunities and risks faced by us and including biodiversity conservation into our development strategy and everyday operations.
- Promoting green and low-carbon manufacturing and consumption, boosting sustainable use of biodiversity resources, and alleviating pressures on biodiversity conservation.
- Disclosing biodiversity information in an all-round manner, measuring and reporting the dependence and impact of our economic activities on biodiversity.
- Actively participating in biodiversity conservation activities, and increasing our involvement and investment in biodiversity conservation.
- Conducting biodiversity conservation publicity, and continuously raising public awareness and social participation.
- Strengthening collaboration on biodiversity conservation, and sharing industry best practices.



Biodiversity Conservation Initiatives

Yunnan's rich plant resources serve as the inspiration for our research team in addressing skin sensitivity issues and as a resource library for future industry-academia-research-healthcare collaboration and applications. One of our key raw materials, *Prinsepia utilis* Royle (Himalayan wild cherry), mainly comes from the Haba Snow Mountain which stands in the "Vertical Canyon in Southwestern China" and "Three Parallel Rivers of Yunnan Protected Areas" World Heritage Site for Nature. The Vertical Canyon of northwestern Yunnan where Haba Village is located is one of China's three major centers of species differentiation and one of China's 17 key biodiversity conservation areas. Affected by global climate change, the Haba Snow Mountain has witnessed glacier retreat in recent years. Deeply recognizing the importance of maintaining ecological health on the Haba Snow Mountain, we actively strive to protect the ecosystem while accepting the gifts of nature.

Through collaboration with local communities, we have not only protected rare plant resources, but also raised

residents' environmental awareness. With Botanee Charity Fund, we have supported local environmental activities, ensured the supply of environmental materials, and further promoted community participation and conservation efforts.

Botanee has been investing in biodiversity conservation in the Three Parallel Rivers area in northwest Yunnan through Botanee Charity Fund under Yunnan Youth Development Foundation. Our goal is to protect rich local biodiversity, particularly biodiversity in Haba Village, a unique species differentiation center. We have partnered with Society of Entrepreneurs and Ecology (SEE) Southwest Center in Alxa to jointly advance biodiversity conservation projects to ensure effective management and implementation of such projects. During the reporting period, we launched a series of biodiversity conservation activities focusing on the Haba Snow Mountain Conservation Project and the Laojun Mountain Yunnan Snub-Nosed Monkey Field Patrol and Monitoring Project.

Laojun Mountain Yunnan Snub-Nosed Monkey Field Patrol and Monitoring

We assisted in the establishment of a professional and stable community patrol team which creates a community atmosphere for protecting the Yunnan snub-nosed monkey and increases local community engagement in biodiversity conservation. Additionally, we conducted regular monitoring

of Yunnan snub-nosed monkey population in Laojun Mountain, promptly identifying and preemptively addressing various risks affecting their survival through continuous observation and scientific analysis.

Highlight performance indicator



As of the end of the reporting period, Botanee Charity Fund invested a total of CNY **2.7** million in biodiversity conservation, including CNY **1.3** million from 2023.

Haba Snow Mountain Conservation Project

We established a biodiversity science education base, and built a nature education exhibition hall at Haba Snow Mountain. This exhibition hall serves not only as a showcase for biodiversity, but also as an interactive educational platform aimed at deepening both tourists and local residents' understanding of biodiversity.

We have built a cultivation greenhouse for endangered plants at Haba Snow Mountain, equipped with advanced environmental control systems to ensure optimal conditions for their growth and provide an ideal greenhouse for their conservation and propagation.

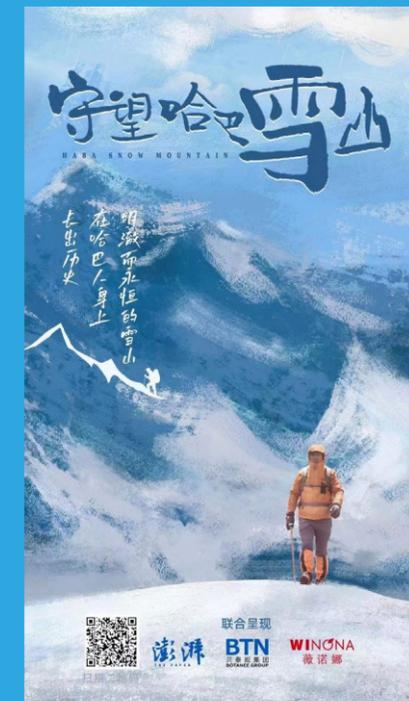
We conducted restoration on mountain trails, provided technical training and insurance support to village patrol members, and encouraged more villagers to protect ecological environment in their hometown.



Botanee *Prinsepia utilis* Royle Snow Mountain Cottage



Haba Snow Mountain Biodiversity Science Popularization Base



Biodiversity conservation - Haba Snow Mountain Botanee ESG promotional video



Scan the QR code to see Haba Snow Mountain

03

Technological Empowerment for Skin Health Ecology

Botanee values technological innovation, and considers quality as its core and customer service as its mission. We have established a comprehensive quality management system for our products and services, focusing on strengthening chemical safety management, building of a healthy industry ecosystem, integration of management systems, and coordinated operations. These efforts aim to enhance our quality control, core competitiveness, and ability to respond quickly to market changes. We aim to become an outstanding enterprise embracing safe operations, regulated management, and high-quality services while achieving rapid, stable, and healthy development.

Material topics addressed in this chapter

- Focus on research and development
- Product quality
- Chemical safety and ingredient transparency
- Customer service
- Health ecosystem creation

SDGs addressed in this chapter



Focus on Research and Development

Philosophy

Botanee has always been committed to forging competitive advantages through technological innovation. With a solid market position built on professional product strength, we rely on strong R&D capabilities and professional channel advantages to bring safe and effective functional skincare products to more consumers. To achieve this goal, we continue to increase investments in R&D, nurture scientific

and technological talents, and promote the development of technological innovation platforms. Our aim is to create a green, intelligent, and safe production model, promote sustainable development of the Company, and provide positive practices and experiences in addressing environmental issues and climate change faced by China and the world.

Strategy

Botanee places R&D at the core of its driving force and considers it an important part of its corporate strategy. The Company has been recognized as a "National Technology Innovation Demonstration Enterprise" by the Ministry of Industry and Information Technology, and has passed certification on the GB/T 29490-2013 Enterprise Intellectual Property Management System. We run a sound intellectual property management system, and implement our *Intellectual Property Management Manual* to ensure effective management and protection of our intellectual property rights. We adhere to the *Enterprise Intellectual Property Management Specification* and follow Yunnan's high-quality development goals for intellectual property rights to actively advance patent navigation projects and ensure that our R&D aligns with market and technological trends.

We consistently adhere to independent R&D and have established an efficient, rigorous, and complete R&D innovation system. We focus on skin health ecology and, through continuous upgrading of R&D capabilities, ensure that our products meet market demands and lead industry development. Our multidisciplinary and professionally structured team is dedicated to basic research, formula development, and safety efficacy verification of functional skincare products. We emphasize the training and development of R&D personnel, and ensure full coverage of R&D team, thus boosting technological innovations and enhancing the Company's competitiveness.

Management Practices

Innovation and R&D Strength

Botanee keeps optimizing a R&D-centered innovation system, and ensures its leading position in cosmetics technology through precise team configuration and enhanced R&D capabilities. We attach great importance to innovation, and highlight the introduction and training of highly educated talents.

To continuously improve product technology and market competitiveness, Botanee Research Institute has carefully constructed multiple professional R&D departments. These include the Functional Cosmetics Research and Development Center and the Innovative Raw Materials Research and Development Center which focus on independent R&D of innovative raw materials and further conduct basic research in areas such as the mechanisms

of problematic skin and innovative raw material targets. Additionally, we have established a Medical Device Research and Development Department, dedicated to the research, production transformation, and registration application of injectable filler medical devices. Botanee Research Institute possesses more than 70% of the testing capabilities of third-party testing organizations. Particularly in areas of soothing, repairing, and anti-aging efficacy, our R&D model is more comprehensive and professional, which provides strong technical support for our product development.

We have also established a collaborative R&D network across multiple regions, so that we can fully leverage the professional advantages of each R&D team.



In 2023, our investment in R&D reached CNY **335.44** million, which accounted for **6.07%** of our operating income.



We had **498** R&D personnel, which took up **12.93%** of our total workforce, including **14** with a doctoral degree who took up **2.81%** of the R&D team.

Botanee Yunnan Specialty Plant Extraction Laboratory

Botanee Yunnan Specialty Plant Extraction Laboratory was established under the leadership of Botanee, which is National Standard Sample Validation Laboratory for Natural Products. The laboratory has established an industry-leading raw material screening and evaluation system, focusing on the screening of Yunnan specialty plants, R&D of efficacious cosmetics and functional foods, skin health research and R&D of botanical drugs. Adhering to the principles of "openness, innovation, cooperation, sharing", we are committed to forming a whole chain of talent introduction and cultivation, key core technology research, scientific research facilities construction and sharing, scientific and technological achievements transfer and transformation, and open first-class innovation and entrepreneurship ecology.

Botanee Japan Front-line Laboratory

This research center is dedicated to technological innovation in sunscreen and cosmetics formulations.



Botanee-France Front-line Laboratory

Botanee Research Institute has partnered with Skin Research Center of Saint-Louis Hospital (Hôpital Saint-Louis) in France to establish a front-line laboratory. As Botanee's first international collaborative scientific research project, the joint laboratory has expanded its research to the forefront of dermatology. It focuses on the study of mechanisms behind skin problems, animal alternative testing, 3D cell model research, and the development of cutting-edge technology methods. This collaboration has initiated Botanee's global industry-academia-research-healthcare collaboration.



Yunnan Specialty Plant Extraction Laboratory conducts experiments on special plant extractions to promote the integration of academia and industry.

Based on the protection of Yunnan's biodiversity, Yunnan Specialty Plant Extraction Laboratory focuses on the R&D of special plants such as *Prinsepia utilis* Royle, *Portulaca oleracea* (common purslane), *Camellia reticulata* (Yunnan camellia), and *Paris yunnanensis* (Yunnan manyleaf paris rhizome). Using the principles of skin pathology and physiology, the laboratory selects plant ingredients that act on specific targets and carries out extensive R&D in the directions of soothing anti-inflammatory, anti-aging, barrier repair, acne treatment, and sun protection effects of Yunnan specialty plants. It has innovatively developed small molecule RNA extraction technology and deep eutectic solvent extraction technology, successfully achieving independent R&D of 56 functional cosmetic plant materials and the establishment of 107 technical standards.

The laboratory has been selected as the 37th "National Standard Sample Validation Laboratory for Natural Products". Four standard samples developed by it, including ginsenoside CK and Robustaside B, have passed expert evaluation and been included in national standard sample development plan. On this basis, we will gradually build a standard sample system on raw materials from functional cosmetics that are extracted in Yunnan specialty plants.

At the same time, the laboratory is industry-oriented and has established cooperative agreements with 16 processing companies, research institutions, and universities and colleges, working together to support and achieve industry sharing. The research achievements provide technological support for industrial innovation, with 16 independently developed functional food plant materials, forming a cluster of specialty plants and enterprise groups in the development of functional cosmetics, functional foods, and pharmaceuticals. It has become an important support and breakthrough for Yunnan's target of a trillion-CNY output value in the special plant industry. With the completion of the Himalayan wild cherry research and planting base in November 2023, regulated cultivation and breeding of *Prinsepia utilis* Royle in the base will further contribute to the sustainable utilization of Yunnan's special plant resources.

In May 2023, Yunnan Specialty Plant Extraction Laboratory was awarded the CMA Inspection and Testing Institution Qualification Certificate by the Yunnan Market Supervision Administration. The review parameters covered four categories: physical and chemical indicators, metallic elements in food, nutritional substances in food, and pesticide residue indicators in food, totaling 46 parameters. This marks that the laboratory can independently undertake third-party inspection and testing business in the field of food, in line with the positioning of the Yunnan Laboratory CXO Service Platform, and further enhances Botanee's inspection and testing capabilities. In December 2023, Yunnan Specialty Plant Extraction Laboratory obtained Laboratory Accreditation Certificate issued by the China National Accreditation Service for Conformity Assessment (CNAS), demonstrating compliance with the requirements of ISO/IEC 17025:2017 *General Requirements for the Competence of Testing and Calibration Laboratories* (CNAS-CL01 *Criteria for the Accreditation of Testing and Calibration Laboratory Capabilities*) and obtaining professional recognition.



Yunnan Specialty Plant Extraction Laboratory



CMA Inspection and Testing Institution Qualification Certificate

CNAS Certificate

Botanee obtained approval of new raw materials including extract of *Ludwigia adscendens*

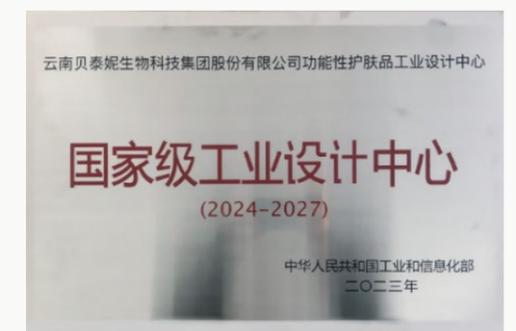
On July 28, 2023, we announced that our first new raw material, extract of *Ludwigia adscendens*, has been filed and approved, and entered a three-year monitoring period. This marks we can continue to empower the growth the Company through differentiated independent raw material R&D and provide better experience to consumers. In addition, through intensified research on natural plant resources in Yunnan, we also made a breakthrough in extracting *Prinsepia utilis* Royle oil, and created Bio-lipids which has bionic lipid properties using *Candida apiensis* fermentation technology. Bio-lipids not only improves our products' skin feel and serves as emollient and emulsifier, but also reduces the use of chemical ingredients and is more environmentally friendly. On December 13, two other new raw materials, fermented product of *Candida bombicola*/glucose/*Prinsepia utilis* oil and fermented product of *Candida bombicola*/glucose/coconut oil/*Prinsepia utilis* oil, were also filed and approved. These achievements not only boost raw material innovation in the cosmetics industry, but also lay a solid foundation for the rise of Chinese ingredients and the future development of Botanee.



Ludwigia adscendens

Botanee was awarded "National Industrial Design Center"

Botanee Industrial Design Center established in 2016 is the core of our technological innovation system. It has always focused on R&D of new products and innovative packaging design. Since being recognized as "Yunnan Provincial Industrial Design Center" by the Yunnan Provincial Department of Industry and Information Technology in 2020, the Design Center has entered a period of rapid growth. After years of development, on November 30, 2023, the 6th China International Industrial Design Expo was held in Wuhan. The Ministry of Industry and Information Technology held the award ceremony for the sixth batch of national-level industrial design centers, and Botanee was officially awarded the title of "National Industrial Design Center".



National Industrial Design Center

Defining the Beauty of Transformation with Intelligence - Botanee ushers in a new era of "AI+ Skincare"

On August 27, 2023, Botanee held the product launch event "Defining the Beauty of Transformation with Intelligence" in Shanghai, introducing its new acne-fighting brand, Beforteen. Leveraging plant technology and industry-academia-research collaboration, we extract core functional ingredients from Yunnan's unique plateau plants and incorporate them into Beforteen products. We combine artificial intelligence technology with acne diagnosis and treatment, proposing a "Graded Customization, Targeted Acne Treatment" model and concept. Through AI technology, the brand categorizes acne conditions and provides customized skincare solutions for different levels of acne, benefiting ordinary acne sufferers. This venture explores the integration of AI technology and the greater health industry, marking the beginning of a new era of "AI+ Skincare".



Product Launch Event: "Defining the Beauty of Transformation with Intelligence"

Advancing Industry-academia-research-healthcare Collaboration

To ensure that our R&D capabilities remain at the forefront of the industry, we have deepened industry-academia-research-healthcare cooperation by working with medical institutions, research institutions, and universities. Through close collaboration, we have established joint teams such as the Ministry of Education Innovation Team, Yunnan Provincial Collaborative Innovation Center for Higher Education, Yunnan Provincial Engineering Research Center, and Yunnan Provincial Science and Technology Innovation Team. We have also established technical platforms such as Yunnan Specialty Plant Extraction Laboratory, Yunnan Provincial Postdoctoral Research Workstation, and Yunnan Provincial Enterprise Technology Center to facilitate resource sharing and complementary advantages.

We collaborate with medical institutions to carry out clinical observation projects for new products, ensuring that the safety and efficacy of our products receive professional validation. At the same time, we collaborate with renowned universities such as East China Normal University, China

Pharmaceutical University, and East China University of Science and Technology to conduct research, jointly apply for patents, and promote the industrial application and commercialization of scientific research achievements.

Talent development is also an important component of our industry-academia-research-healthcare cooperation. We encourage university students to participate in R&D projects, providing them with practical opportunities. We also send our R&D team members to universities for academic exchanges and research work, promoting knowledge updates and technological innovations. Through deep cooperation in industry, university, research, and healthcare, Botanee continuously enhances its R&D capabilities, driving sustainable development and innovation within the Company. We have received numerous honors, including the Special Prize and the First Prize of the Science and Technology Progress Award, the First Prize of the Innovation Team Award, and the First Prize of the Invention Patent Award of Yunnan Province.

Botanee Presents Skin Anti-aging Research Achievements at the 33rd IFSCC Congress

Botanee presented four high-quality research achievements at the 33rd International Federation of Societies of Cosmetic Chemists (IFSCC) Congress. Two of the papers focused on the screening and validation of anti-aging active ingredients, elucidating the development and clinical testing process of the efficacy compound MLYAAT-1002 (multi-layer anti-ageing technology). The other two papers were the result of collaborative research between Botanee Research Institute and the Aging Science Innovation Research and Development Center of Tsinghua Yangtze River Delta Research Institute. They developed a novel monomeric peptide, "Nona-peptide-1", which has the ability to regulate different anti-aging signaling pathways and demonstrates clear anti-aging efficacy. These four high-quality research achievements cover the study of new mechanisms and pathways for skin issues, the development and target research of active ingredients, innovative formulation technology research, and the development of new methods for safety and efficacy evaluation in vitro. They reflect Botanee's deepened industry-academia-research-healthcare cooperation in developing efficacious skincare products and have garnered significant attention from peers both domestically and internationally.



Enhancing R&D Output

We continue to increase investment in R&D to ensure close alignment between our R&D output and market demands. As of the end of the reporting period, we have achieved significant R&D outputs and application results.

In clinical applications

We have completed clinical research and efficacy observations in **63** dermatology departments of hospitals. Our products, related basic research, and process technology have been included in **365** SCI and core journal papers, demonstrating the academic influence and industry leadership of our R&D efforts.

In the cosmetics field

We have obtained **318** general cosmetics filing certificates, including **73** newly filed products in 2023. Additionally, we have successfully obtained **29** special cosmetics registration certificates and added **6** special cosmetics testing and filing projects. Our R&D capabilities are also evident in our possession of **193** valid patents. These achievements greatly strengthen our core competitiveness.

In the medical device field

We has obtained **18** Class II medical device registration certificates and **12** Class II medical device operational filing certificates. At the same time, we have completed clinical research on **3** Class III medical devices, will soon launch clinical trials for **1** Class III medical device, and are in the process of classifying **1** innovative material devices.



By the end of 2023, we have had more than **10** certified devices.

Botanee and its subsidiaries have obtained

1,049 trademarks **193** patents **59** copyright

including

invention patents	49
Utility model patents	83
Exterior design patents	61

In 2023, we obtained approval on

497 trademarks **60** patents **2** copyright

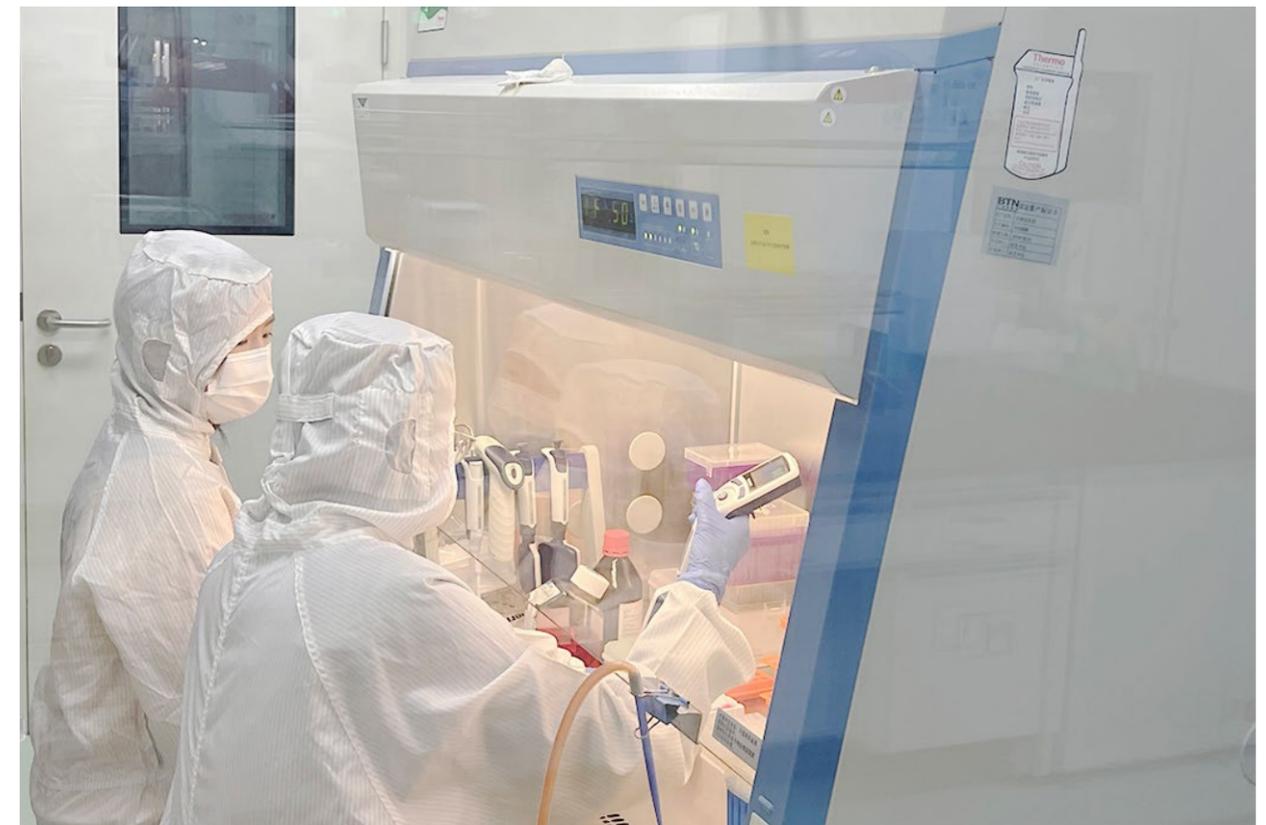
including

invention patents	15
Utility model patents	31
Exterior design patents	14

Reducing Animal Testing

In the process of product development, we strictly adhere to the safety evaluation requirements of the National Medical Products Administration to ensure the safety and efficacy of our products. We are committed to reducing non-essential animal testing and promoting animal welfare and the sustainable development of the cosmetics industry. Botanee Research Institute has successfully constructed a Type IV sensitization model using zebrafish, which has higher predictability than traditional in vitro methods (cell-based) and lower cost and shorter experimental cycles than conventional animal testing (guinea pigs). This model also enables high-throughput screening and is at the forefront of the industry. It improves the existing sensitization evaluation system and is exempt from animal ethics concerns under the *Animal Testing Protection Law*.

Additionally, based on cellular models, the institute has also successfully explored and established alternative in vitro testing models and methods. The "3D Model In Vitro Alternative Assessment Platform" of Botanee Research Institute has successfully constructed an in vitro reconstructed full-thickness skin model, marking a breakthrough from scratch in independent R&D in this field for Chinese functional skincare brands. This full skin model is constructed using primary keratinocytes and fibroblasts from Chinese individuals, simulating the structure of the epidermis and dermis, and providing a more realistic representation of the efficacy feedback of Chinese skin to different skincare ingredients. It covers a comprehensive range of safety and efficacy testing, including skin irritation, eye irritation, phototoxicity, anti-inflammatory properties, anti-allergy properties, whitening, repair, anti-aging, oil control, and other multidimensional evaluation experiments, opening up more possibilities for innovative R&D tailored to the healthy skin of Chinese individuals.



Product Quality

Philosophy

Botanee always adheres to a quality-centered management concept, continuously integrates and improves the management system, and adheres to the requirements of "Systematic Objectives, Streamlined Management Processes, Digital Workflow, Regulated Foundations, and Continued Improvement". We continuously improve and optimize the quality management processes and internal

policies in product design, production, transportation, sales, and after-sales service, strictly comply with laws and regulations, and adopt rigorous production processes and quality control systems to achieve professional and systematic quality management. This ensures that product quality meets market demand and quality requirements and possesses sustainable core competitiveness.

Strategy

Botanee focuses on sensitive skin care and places product quality in a prominent position, controlling the risk points throughout product lifecycle. Over the years, we have strictly followed regulations and common standards such as the *Regulations on Supervision and Administration of Cosmetics*, the *Measures for Cosmetic Registration and Filing Management*, the *Measures for the Supervision and Administration of Cosmetic Manufacturing and Operations*, the *Measures for Cosmetics Adverse Reaction Monitoring*, the *Administrative Measures on Cosmetic Labeling*, the *Supervision and Administration Provisions on Children Cosmetics*, the *Quality Management Regulation for Cosmetic Production*, the ISO 9001 Quality Management System, the ISO 22716 Cosmetic Good Manufacturing Practice, and the Good Manufacturing Practice (GMP) Guidelines for Cosmetics in the United States. We also promptly respond to and improve internal management processes based on updated laws and regulations.

We have established a dedicated Quality Management Department, responsible for quality compliance, policy formulation, regulatory evaluation, product registration and filing, management of market access permits and licenses, medical device registration, quality management for contract manufacturing, post-market adverse reaction and evaluation management, and other aspects of management. We have also established production safety standards and regulated operating procedures, strictly following production processes and operating procedures. We have implemented a QMS electronic quality management platform to strengthen inspection and monitoring of each production process, comprehensively ensuring quality control throughout the entire process, and ensuring product safety and reliability.



Management Practices

Manufacturing Quality Management

In production, we combine independent production and contract manufacturing to ensure product line diversity and efficiency.

In the independent production process, we have implemented a comprehensive management procedure that covers every production step from formulation to filling and packaging. Before production, we conduct thorough inspections to ensure a clean production environment and take measures to prevent confusion, contamination, and cross-contamination. During production, we have established processes including first article confirmation, line self-inspection, quality control sampling, and COA (Certificate of Analysis) control. We regularly validate key production equipment, monitor key process parameters, and comprehensively control quality during the production process through quality control of intermediate and finished products. We continuously improve the review and management of materials and

critical processes, as well as the management of defective products. We conduct regular microbiological testing of raw materials and finished products at our central factory in Kunming and Qingpu factory. All owned factories undergo comprehensive inspections to strengthen quality testing requirements and ensure product quality and safety.

For the contract manufacturing mode, we have established *Standard Management Regulations for Contract Manufacturing* to regulate the development, review, and quality control of contract manufacturers. Quality objectives and supplier assessment goals are clearly stated in quality assurance agreements. We strengthen the admission, evaluation, and elimination management of contract manufacturers, supervise and manage them through daily supervision, quarterly inspections, and inspections due to specific reasons. We increase the proportion of product form inspections and regularly hold quality special meetings.

Finished Product Quality Management

For products, inspectors conduct inspections according to the corresponding quality standards and inspection procedures, following our internal control standards. After issuing a qualified inspection certificate, the products are released or put into use. We closely monitor relevant announcements and information and carry out corrective and preventive actions according to the "Plan-Do-Check-Act" (PDCA) cycle to continuously identify and rectify product or system risks. We develop lists of risks and corresponding control measures. Once new quality or safety issues are discovered, we immediately take appropriate risk control measures, diligently implement relevant corrective actions, and continuously improve to ensure strict control of every step from raw materials to finished products. Ultimately, we provide consumers with safe and high-quality products.

Regarding product recalls, we have established a product recall mechanism and procedures. We manage them according to our *B-SMP-XS-1004 Standard Management Procedures for Product Recall*. We regularly conduct simulated product recalls and emergency drills for product safety incidents to enhance our emergency response capabilities and improve relevant work management standards.



In 2023, the Company did **not** experience any illegal or non-compliant incidents or product recalls.

Medical Device Vigilance Management

Botanee recognizes the importance of medical device and drug vigilance management as the lifeline of product quality, not only in terms of regulatory compliance but also in ensuring consumer safety and health through practical actions.

Firstly, in the field of drug vigilance, we have established a dedicated medical device adverse monitoring management team, signifying our deepened management in drug vigilance. We strictly adhere to relevant national regulations such as

the *Regulations on the Supervision and Administration of Medical Devices*, the *Measures on the Supervision and Administration of Medical Devices Manufacturing*, the *Measures for the Supervision and Administration of Medical Device Operations*, the *Regulations on Medical Device Manufacturing Quality Management*, and the *ISO 13485 Medical Device Quality Management System for Regulatory Requirements*. We have also developed our internal *Medical Device Quality Management Manual*.

Medical Device Adverse Reaction Reporting

Botanee manages drug adverse reactions based on our *B-SMP-ZL-1014-00 Adverse Event and Adverse Reaction Management Procedure*. In order to achieve multi-channel monitoring and control of product safety, Botanee has established a regulated and accessible system for collecting information on serious adverse events. We provide multiple feedback channels for patients and medical institutions,

and the Quality Management Department handles product safety issues in a timely and effective manner. Meanwhile, we actively collect information on adverse events related to medical devices, enhance the risk prevention and control capabilities for adverse events, and ensure the safety and effectiveness of consumer use of medical devices.

Promotion of Quality Culture

We are committed to enhancing employees' quality awareness and technical capabilities through continuous education and training, ensuring the continuous improvement of product and service quality. In terms of internal management, Botanee insists that all new employees must undergo three-level safety training upon entry to ensure they possess the necessary safety knowledge and skills. Personnel involved in quality must receive specialized training in quality and quality management to meet job requirements. Through these training programs, we aim to foster employees' sensitivity and sense of responsibility towards quality. Additionally, our factory undergoes annual assessments of quality, environmental, occupational health, and safety management systems to ensure the normal and

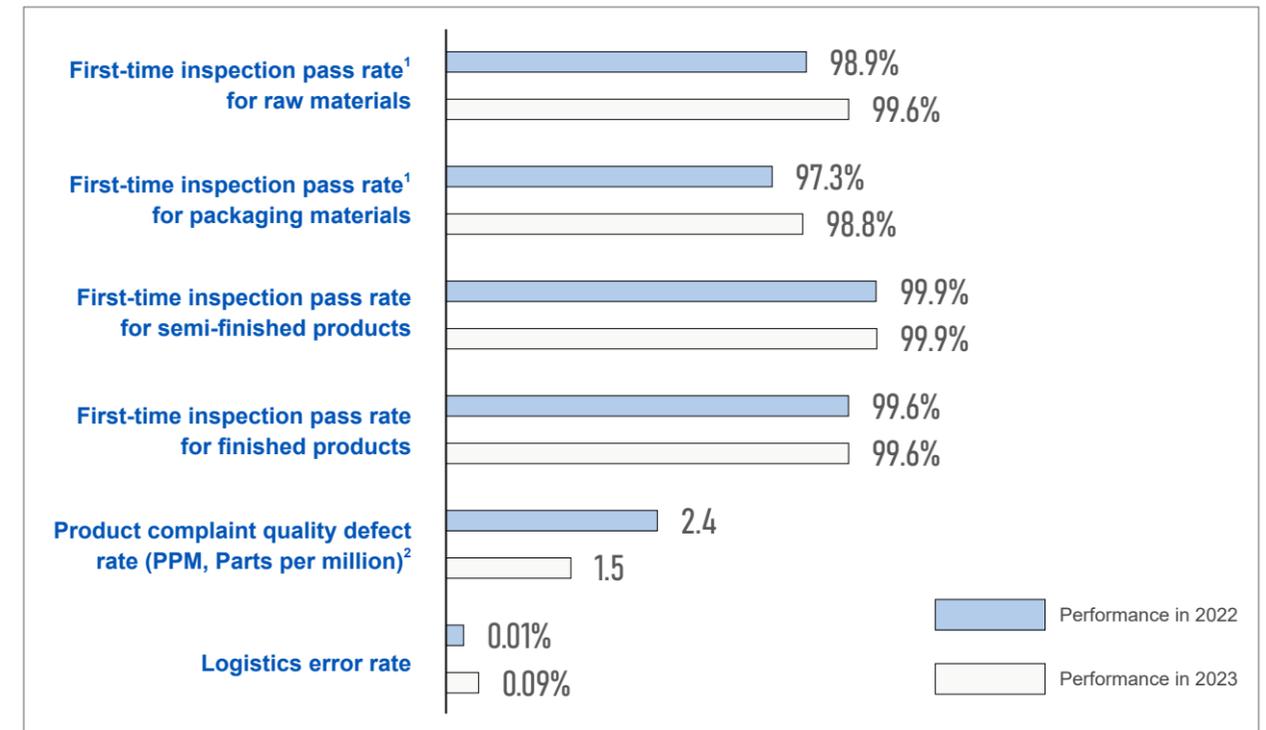
effective operation of our quality, safety, and environmental management systems, and to facilitate continuous improvement.

To strengthen the development of quality culture, we plan to further improve the training system in 2024, enhance training activities during Quality Week and Quality Month, and deepen employees' understanding of the importance of quality management and its application in daily work through systematic course design and practical exercises. We aim to establish a quality culture involving all employees to ensure that they adhere to quality management standards in every aspect, thereby providing consumers with high-quality, safe, and reliable products.



We have established quality policy based on relevant standards and industry best practices, and we conduct regular goal and performance reviews to achieve continuous assessment and improvement of our quality operations. Key quality operation data for 2023:

Quality indicator



¹ In 2023, we added testing items in outgoing goods inspection and strengthened quality control, which led to an increase in the proportion of unqualified products.

² In 2023, our statistics covered defective products in warehousing and logistics, which results in an increase in defect rate.

Chemical Safety and Ingredient Transparency

Philosophy

Botanee is committed to creating mild and safe products. We comply with national laws and regulations as well as regulatory authorities' requirements, strengthen chemical safety management, ensure the compliance of our products and ingredients, and adhere to the development of streamlined and gentle formulas. During the product development process, we focus on researching Yunnan's distinctive plant ingredients to reduce

product irritability and meet the needs of sensitive skin. We also strive to enhance the transparency of our product ingredients. We value consumer education and provide customers with detailed information about the treatment process and product usage to ensure that consumers have a full understanding of the product ingredients and potential effects. Our goal is to provide safer and more reliable products and services.

Strategy

Botanee adheres to the concept of using green raw materials. Our product ingredients strictly comply with relevant domestic and international laws and regulations, such as the China Cosmetic Safety Technical Specification 2015, EU Regulation (EC) No. 1223/2009, US Cosmetic Ingredient Review, and relevant requirements of the EU Consumer Safety Scientific Committee. We do not use any prohibited ingredients. Based on the latest research advances and regulatory requirements, we comprehensively identify all regulated chemicals used and update "Botanee Prohibited and Concerned Chemical Ingredient List" annually. If regulated ingredients are involved in R&D or production, they must undergo special assessment and approval. We commit to not using raw materials containing prohibited ingredients listed in the China Cosmetic Safety Technical Specification 2015, which includes over 1,000 banned components or prohibited plant/

animal components, such as benzene, bisphenol A, hydroquinone, antibiotics, and estrogen-like substances. We also comply with the requirements of the National Development and Reform Commission by not using plastic microbeads in rinse-off products.

To proactively improve our chemical management and respond to future regulatory trends, we refer to strict domestic and international standards and have established "Botanee Concerned Cosmetic Ingredient List" that is more stringent than regulations. We commit to not using prohibited ingredients listed in EU Regulation (EC) No. 1223/2009 and, depending on the situation, not using or limiting the use of substances on the EU Candidate List of Substances of Very High Concern. We also comply with restrictions on the use of sunscreens according to the Hawaii Senate Bill 2571 (now Act 104).

Management Practices

Strengthening chemical compliance management

To implement practical chemical safety management, we conduct compliance audits using our "Raw Material Review Record Form" when introducing raw materials. This includes verifying whether the raw materials comply with cosmetic-related regulations and standards, whether they contain prohibited or restricted ingredients, and confirming their compliance with safety toxicology regulations in authoritative institutions in China, the EU, the US, and other countries. Additionally, we have formulated *Three-level Risk Control Policy for Core Raw Materials*. The first level involves testing risk substances for compliance with regulations, the second level evaluates whether the production and storage processes of raw materials generate substances

detrimental to health, and the third level controls the purity and quantitative analysis of ingredients. Based on annual test results, we develop ingredient elimination plans. Since 2013, the ingredients we have proactively eliminated include benzophenone, oxybenzone, formaldehyde, methylisothiazolinone, etc.

Furthermore, we require suppliers to complete the "Raw Material Information Form" and provide technical documentation. Any changes to the provided raw material components must be notified to Botanee in advance and undergo reevaluation, approval, record-keeping, or record information updates.

Progressively eliminated and prohibited benzophenone-based sunscreen agents in our sunscreen

Benzophenone is an organic UV absorber that has been used in sunscreens for over 40 years. However, benzophenone-based sunscreen agents have negative impacts on marine organisms, and their lethality to coral larvae is particularly significant under sunlight. Since January 1, 2021, Hawaii Senate Bill 2571 (now Act 104) has prohibited the sale and distribution of sunscreen products containing benzophenone-3 in Hawaii. In response to this, Botanee has progressively eliminated and prohibited the use of benzophenone-based sunscreen agents in our sunscreen products.

Simplified formula

Botanee advocates the concept of simplified formula development in the selection of cosmetic ingredients. Our R&D team continuously explores and innovates, focusing on the protection of sensitive skin. We ensure the effectiveness and safety of our product formulas while promoting a philosophy of simplicity. We integrate green chemistry principles into the product development process. With 14 years of dedicated research on Yunnan's unique plant ingredients, we extensively explore the effective active components of Yunnan's specialty plants. We conduct systematic research and innovation in the preparation of effective ingredients from extracts of Yunnan's specialty plants as well as sensitive skin care. We have selected key plants such as *Prinsepia utilis* Royle, *Portulaca oleracea* (common purslane), *Camellia reticulata* (Yunnan camellia), and *Paris yunnanensis* (Yunnan manyleaf paris rhizome) from over 6,500 plant species as core ingredients in our products. This reduces the addition of unnecessary chemical

raw materials, lowers chemical risks, and ensures that we provide skin-friendly, gentle, safe, and effective products with minimal environmental impact. We strive to maximize the utilization of natural properties of plant ingredients while reducing dependence on unnecessary chemical additives. For example, in the design and development of our sunscreen products, we use plant-based materials with UV absorption or protective properties to reduce the proportion of chemical and mineral-based sunscreens.

In product development, we employ advanced extraction techniques. For natural plants such as *Prinsepia utilis* Royle, we use cold pressing and subcritical low-temperature extraction processes to avoid the use of organic solvents. We also assess the environmental and health impacts of new products and implement measures to enhance product safety and reduce overall environmental impact.

Product promotion

In the disclosure and promotion of product information, we comply with the requirements of the *Advertising Law of the People's Republic of China* and relevant departments of the National Medical Products Administration. We update promotional materials in accordance with changes in laws and regulations. Our products undergo clinical validation before and after market launch. Based on the validation

results, we conduct product promotion and publish the achievements in academic journals. Qualified doctors provide responsible evaluations of product efficacy. On our official website and public product information platforms, we promote the use of green ingredients and disclose ingredient lists and formula information for all products, enhancing consumer awareness of product ingredients.

Consumer education

We place emphasis on educating consumers about chemical safety, having taken multiple measures to enhance customer awareness of our chemical safety and ingredient transparency. These include establishing a professional training team, regularly conducting knowledge promotion in stores and over-the-counter outlets, organizing "skin health testing" activities for the public, providing on-site consultations and guidance, and educating the public on scientifically identifying and correctly using cosmetics.

We promote the concept of simplified skincare education and encourage the public to ensure their own safety while actively participating in the safe use of cosmetics, creating a favorable environment for the safety of public cosmetic use. In addition, starting this year, all our products, except for medical devices, are accompanied by QR code instructions, further enhancing customer awareness of safe use and compliant disposal of products.

Participated in cosmetics safety awareness week and consumer promotion



From May 22 to May 28, Yunnan Province conducted a series of activities for Cosmetics Safety Awareness Week themed "Safe Use of Cosmetics, Shared Governance and Benefits". Botanee carried out a series of consumer education activities. On May 23, during the open day event of the awareness week, more than 30 members of the public visited our central factory in Majinpu. Under the guidance of the tour guide, they visited the exhibition hall and production line, learned about our brand culture and product manufacturing process, and had firsthand experience with our products while learning about the knowledge of safe use of cosmetics. On May 25, as part of the community promotion activity, Botanee visited Jinxingyuan community in Wuhua District, Kunming, to provide skin testing services to local residents. The "May 25 National Skincare Day" and the second Winona Youth Campus Tour also reached several universities in Chengdu, Kunming, Guangzhou, Hangzhou, Beijing, Shanghai, etc. These events attracted students through professional knowledge sharing, surprise gifts, and interactive activities, enabling them to learn about proper care for sensitive skin through professional skincare knowledge.



Customer Service

Philosophy

Botanee adheres to the philosophy of "customer first, user foremost". We continuously improve our brand matrix by offering differentiated and effective products such as Winona, Winona baby, AOXMED, and Beforteen. We combine artificial intelligence skin diagnosis systems with

a medical aesthetics empowerment platform to accurately cover a more diverse consumer base and strive to resonate with consumers' core values. In addition, we provide in-depth coverage to consumer groups through a scenariobased, three-dimensional service approach.

Strategy

We focus on providing solutions for skin health issues and offer customer service through both online and offline channels. Botanee is committed to responsible marketing and compliant operations, following laws and regulations such as the Advertising Law of the People's Republic of China, the Regulations on the Supervision and Administration of Medical Devices, and the *Measures for the Management of Chief Aesthetic Physicians in Shanghai*. We emphasize compliant, transparent, and accurate product promotion, reject false advertising, and conduct monthly systematic and regulated checks on advertising information

by the legal department. Our internal market inspection team conducts on-site inspections of stores every month. In store management, we have established internal policies and systems such as *Reception Procedures* and *Medical and Nursing Assessment Standards*. We strictly adhere to regulated management processes for procurement, use, and disposal of equipment, product usage, expert qualifications certification, hygiene, and safety standards, ensuring the benefits and legal rights of patients, medical service providers, and managers.

Management Practices

Multiple channels for customer service

We continuously explore and innovate in the field of customer service, aiming to provide customers with the best service experience through multi-channel customer service, personalized services, and care for skin and mental health.

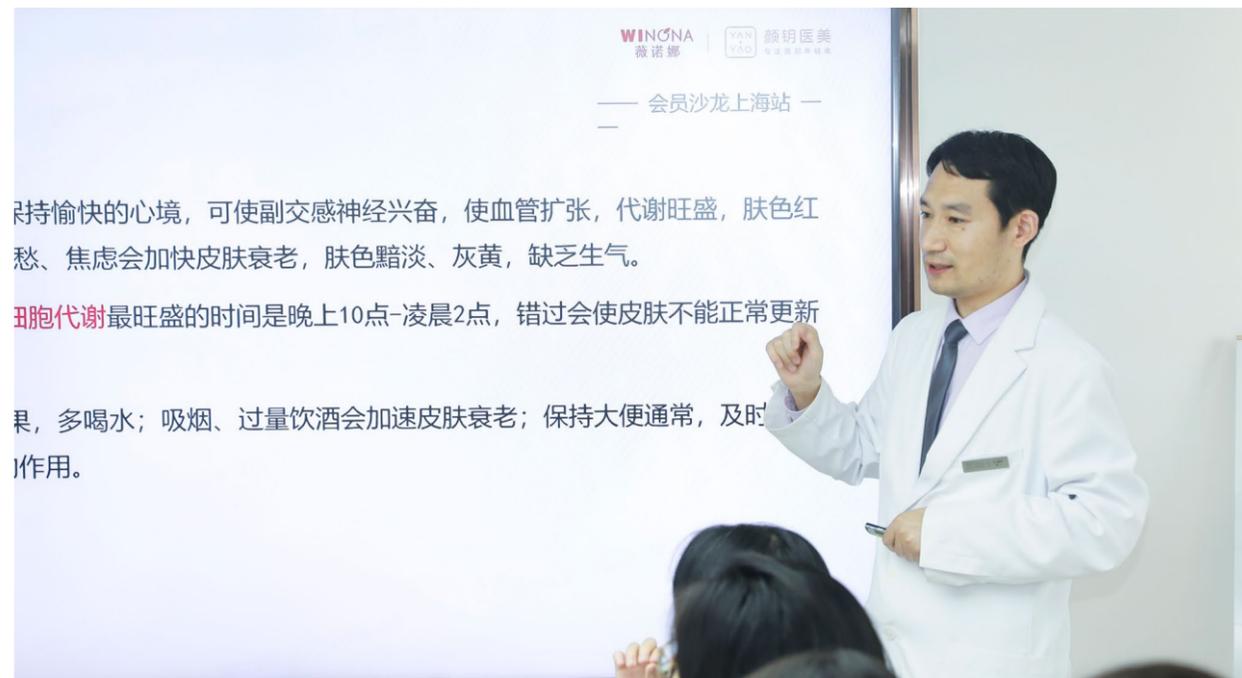
In online communication with consumers, we go beyond product sharing and aim to build a skin ecosystem, offering comprehensive solutions for skin health. On the Winona OTC service platform, we publish skincare popular science articles on a monthly basis through WeChat public accounts. These articles provide scientific skincare knowledge and tips on hot topics of consumer concern. The articles cover skincare guides for different seasons, skin types, and needs, such as winter sun protection, improving skin sensitivity, and anti-aging guidance, guiding consumers to have

scientifically effective skincare routines. We also organize female mutual assistance activities, such as "Goodbye Sensitivity" series, customizing peripheral products focusing on skin sensitivity and emotional sensitivity themes. These activities encourage public attention to the relationship between skin and emotional sensitivity, promoting mental health care through channels such as public accounts and communities.



In terms of consumer experience, we invite dermatology experts to give live science popularization lectures and online consultations for customers on a regular basis, thereby truly providing users with professional solutions. We will also invite users to participate in regular offline

salons for interaction with the brand and publicity of skin care knowledge. Dermatology experts and professionals are present to conduct skin testing and face-to-face consultations for users, provide them with high-quality personalized services.



Science popularization and personalized consultations by dermatology experts

In addition to online service channels, we have established two medical aesthetics centers and multiple offline retail stores nationwide. We continuously expand the coordinated

development of offline OTC professional channels, providing consumers with comprehensive, multi-channel, and personalized customer service.

- ◆ In our medical aesthetics centers, we introduce cutting-edge medical aesthetic technologies and treatment methods, and utilize advanced customer management systems to ensure professionalism and efficiency in our services. During the service process, we emphasize the use of technology to enhance service efficiency and ensure service quality. In daily operations, we organize various professional and diverse health popular science activities and regularly hold customer appreciation events, promoting customer interaction through activities such as flower arrangement, folding fans, and makeup.
- ◆ At our offline retail stores, we have a team of professionally trained beauty consultants who can provide appropriate skincare product selection advice based on consumers' individual skin conditions. Additionally, we have launched the GHG (girls help girls) program at our retail stores, addressing women's physiological needs. When women are away from home and encounter their menstrual period, they can seek assistance from nearby stores and receive free sanitary pads.
- ◆ To ensure that consumers in cooperative chain pharmacies enjoy professional and meticulous service experiences, we provide free closed-skin management training for clerks. If the clerks obtain certified qualification of skin management issued by the Human Resources and Social Security Department, they will receive rewards as an incentive for further enhancing their professional knowledge and service levels. Besides, we cooperate with a number of retail chain pharmacies to deliver special care and care day charity salons for employees at pharmacy stores to enhance consumers' knowledge of scientific skin care for sensitive skin.



Unleashed the power of women and promoted mutual assistance among women

On March 8th, "The Art of Time - Focusing on Women's Growth and Long-termism in Enterprises" was jointly organized by Botanee, New Fortune Magazine, and Shanghai Leading Investment. The roundtable discussion focused on the theme "Exploring a Sustainable Future, Discovering a Better 'Her'". Based on the industry, the discussion revolved around the diverse and multidimensional charms of women, providing vivid references for women in the new era to unleash their strengths. Botanee not only brought gifts for the participants on International Women's Day, but also had physicians from the medical aesthetics clinic under Botanee, Yan Yao Medical Aesthetics, perform one-on-one skin tests on-site. Through professional testing instruments, customized "facial rejuvenation" plans were provided to different participants, allowing them to have a more rational understanding of the effectiveness of skincare products and medical aesthetics while learning about scientific and professional skin management methods.

In 2023, Winona launched a microfilm titled *Butterfly* to raise awareness about emotional sensitivity among the public and promote public engagement in enhancing mental well-being.



Customer Feedback and Handling

We have established a standard operating procedure (SOP) management system for customer service and complaint handling. We encourage customers to provide real-time feedback for prompt response and service improvement, ensuring effective supervision of product and service quality. We have established multiple channels such as telephone, WeChat, and online mini-programs to facilitate a fast, fair, and transparent handling process. We have set clear time requirements where all customer complaints must receive a response within 24 hours and efforts are made to find a solution within 72 hours, ensuring continuous improvement of customer experience and effective resolution of complaints.

Regarding the return and exchange process, we have developed a set of standard operating procedures (SOPs). When handling returns, customer service staff analyze the reasons for the returned goods and register and inspect

the corresponding product details. For return and exchange orders due to allergies and quality issues, we record and file detailed information on allergies and quality problems for the corresponding products and provide regular feedback to the product department to continuously optimize product design. In terms of store management, we have established the *Customer Complaint Handling Measures and Feedback System*, emphasizing a customer service model led by doctors, focusing on designing personalized treatment plans for customers. The customer service process revolves around customer needs and treatment effectiveness, starting from the initial consultation, formulation of treatment plans, and throughout the entire treatment process, with the aim of continuously improving service quality. We value customer feedback and continuous improvement, regularly collecting and analyzing customer feedback to optimize service processes and content based on such feedback.

Service Quality Management

Botanee continuously strengthens safe and compliant operations, enhances product access standards, introduces advanced treatment technologies and excellent talents, optimizes service processes, and is committed to improving

both online and offline service quality and customer satisfaction through strict and systematic customer service management systems.

Diversified service training offered by us

Internal service training

Periodic internal service management system training is conducted for internal customer service personnel and medical staff to ensure that employees are familiar with and adhere to service standards. 2-3 courses are held weekly, covering various knowledge areas such as service skills and project operation processes.

External store training

Regular service training is provided to external partners such as service teams in pharmaceutical stores. Professional products and skincare knowledge presented in the form of poster and videos are delivered to employees at our chain stores through WeChat mini programs.

Marketing training

Specialized marketing personnel training is organized for key annual events such as major promotional activities. This includes nationwide marketing conferences and product briefing sessions to improve the friendliness of marketing activities, professionalism of customer service, and customer satisfaction.

New employee training

New employee onboarding training is organized to comprehensively introduce corporate culture, product knowledge, etc. Safety and compliance training is also conducted to enhance employee awareness of safety and compliance and consumer education skills.

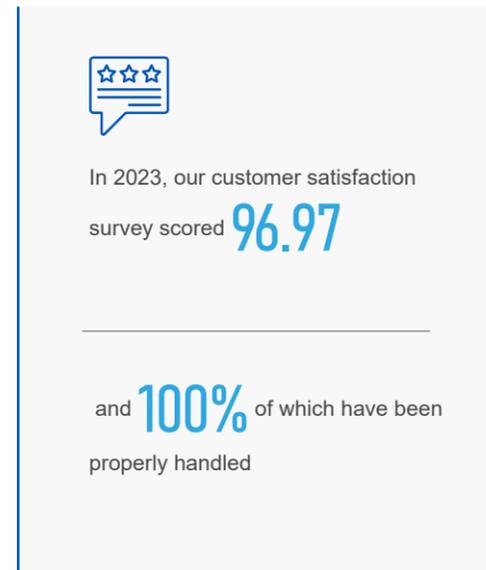
Medical aesthetics specialized training

Key training sessions are conducted in medical aesthetics centers, covering critical systems such as medical equipment management, medical device maintenance, and adverse event reporting.

Encouraging employee to pursue professional qualifications

To enhance professional services and customer experience, we encourage employees to obtain the Skin Management Specialist Certificate certified by the Ministry of Human Resources and Social Security. We provide a three-day free closed-door training and provide incentives for employees who pass the examination. Additionally, in 2024, we plan to conduct targeted specialized training, such as the Infant Caregiver Certificate training, to better serve brands like Winona Baby.

We pay attention to customer feedback and satisfaction survey results. The Company was awarded "Kunming Top 10 Demonstration Organizations for Reassuring Consumption 2023" by Kunming Market Supervision Bureau. We collect customer feedback through various online and offline channels. This year, we have updated the complaint handling workflow, introduced a more efficient customer relationship management system, and accelerated response times. We have also added a satisfaction survey function to the Winona Medical Beauty Center's WeChat mini-program, allowing customers to conveniently and quickly provide feedback on their satisfaction with treatments and services. Once negative feedback is received, the backend operations team immediately notifies the customer service center to respond promptly and address customer demands. Through these measures, we maintain smooth communication with customers, maintain good customer relationships, and continuously improve the quality of customer service based on valuable customer suggestions. We use response indicators and satisfaction indicators to drive continuous improvement in customer service. In 2023, our customer satisfaction survey scored 96.97. We received a total of 418 complaints, and 100% of which have been properly handled. An average of 24 hours was taken for each complaint.



	2022		2023
	Actual result	Expected result	Actual result
Response indicator	29 seconds	30 seconds	21.83 seconds
Satisfaction indicator	87.12%	88%	96.97%



Health Ecosystem Creation

Philosophy

Botanee is dedicated to creating a healthy skincare ecosystem for the people of China. Our mission is to establish a mutually beneficial development environment. We actively seek cooperation and collaboration with various stakeholders to achieve seamless integration between online and offline channels, providing customers with

convenient and efficient service experiences. Additionally, we continuously expand our business scope, regularly organize industry forums to enhance our industry influence, and establish close partnerships with other companies and institutions to drive industry innovation and sustainable development together.

Strategy

We are committed to building a healthy R&D ecosystem by collaborating with hospitals, research institutes, and universities. Through technological innovation and product upgrades, we provide advanced solutions to the industry and inject new vitality into its development. We actively participate in the formulation of 55 group standards for effective skincare products in China, contribute to the completion of 16 national expert guidelines and consensuses, and lead the development of 18 corporate product standards. Additionally, we maintain good partnerships with key collaborators, participate in events

such as the China Sensitive Skin Summit, and jointly promote industry development. We also engage with international, national, and industry organizations and associations to drive the formulation and implementation of industry standards. In collaboration with Tmall's New Product Innovation Center based on consumer data analysis, Winona Research Institute launched the *2023 White Paper on Trends in Pan-Sensitivity Industry Development* to enhance the competitiveness and influence of the industry.

Management Practices

Participating in collaborative medical research

In 2023, we actively explored collaborations with hospitals, research institutions, and academic markets to promote academic innovation, research dissemination, and public education. We have implemented various initiatives, collaborating with top domestic medical associations such as the Chinese Dermatological Association of the Chinese Medical Association, the Dermatology Branch of

the Chinese Medical Doctor Association, the Dermatology Academic Committee of the China Association for Promoting Health Sciences, and the Dermatology Branch of the China Association of Traditional Chinese Medicine and Western Medicine. We organize academic conferences and knowledge competitions focusing on product efficacy or case studies.

Winona Research Institute organized the 4th China Sensitive Skin Summit Forum

On April 16, 2023, Winona Research Institute, in collaboration with the Chinese Journal of Dermatology and the Skin Committee of the China Non-Government Medical Institutions Association, hosted the 4th China Sensitive Skin Summit Forum. Together with TMIC, they unveiled the insightful report titled "Insights into Trends in Pan-Sensitivity Skin Industry" and launched the "White Paper on Trends in Pan-Sensitivity Industry Development 2023". In partnership with Tmall's New Product Innovation Center, they pioneered the concept of "Sensitive and Pan-Sensitive Care". The forum discussed the development trends, characteristics, and care needs of consumers with sensitive skin. By combining consumer insights with clinical experience, they proposed new standards for categorizing sensitive and pan-sensitive skincare and presented targeted skincare strategies for different types of sensitive skin. These efforts aimed to enhance the reference value for skincare professionals and provide accurate guidance for proper skincare practices.



Focusing on the baby eczema sector, Winona Baby organized Children's Skin Health Promotion Forum

On April 21, 2023, the Children's Skin Specialty Committee of the China Eugenics and Parenting Association, in collaboration with Winona Baby, organized the "Children's Skin Health Promotion Forum and the Inauguration Ceremony of the China Pediatric Atopic Dermatitis Expert Committee" in Shanghai. The expert committee focused on pediatric atopic dermatitis (AD) to improve the systematic and regulated diagnosis and treatment of AD in children, promote the development of the pediatric dermatology discipline in China, and create a platform for prominent experts in the field of pediatric dermatology to share and discuss academic insights on children's skin health issues. The forum aimed to provide authoritative skincare solutions and guidance for Chinese babies' skin.



Attended World Congress of Dermatology for the third time, and successfully held 2023 Botanee International Skin Health Summit

From July 3 to 8, 2023, the 25th World Congress of Dermatology (WCD) themed "Dermatology Beyond Borders: Science, Care, Communities" took place in Singapore. Gathering dermatology experts from around the world, the congress focused on significant breakthroughs and advancements in the field of dermatology. On the afternoon of July 5, Botanee concurrently held the 2023 International Skin Health Summit, bringing together domestic and international authorities in dermatology. The summit focused on cutting-edge topics and trends in dermatology and facilitated roundtable discussions between Chinese and foreign experts. Through academic exchanges and the collision of ideas, Botanee showcased its professional strength as a leading enterprise in Chinese dermatology, marking the beginning of a new journey in China's skin health ecosystem in the era of precision skincare.



Creating a Sound Business Ecosystem

Botanee is dedicated to the care of sensitive skin and aims to build a healthy industry ecosystem. With a focus on empowering skin health through technology, we have developed a strategic blueprint that centers around sensitive skin and encompasses the creation of high-performance, multi-track professional brands. In 2023, Winona launched Anfu Moisturizing Series specifically designed for chain pharmacies to meet moisturizing and repairing needs for sensitive skin. It also initiated China Health and Beauty Business School for Retail Pharmacies which offers training on "Pioneer Plan", "Operations Management Plan", and "Skin Consultant Plan". The three plans expand beauty categories for chain pharmacies, and provide powerful assistance in exploring new modes of functional skincare.

"Skin Consultant Plan" is designed to train frontline beauty advisors in pharmacies to strengthen our differentiated service advantages and promote collective development of the industry. Our products always prioritize the needs of sensitive skin, addressing both daily care requirements and treatment needs for skin conditions. In professional channels, we specifically target common skin conditions such as dermatitis, post-medical aesthetic procedures, and skin discoloration/acne, continuously improving our professional channel products in moisturizing and repairing efficacy as well as post-treatment special care products to comprehensively fulfill the demands of professional channel consumers.

To enhance product promotion, boost consumer confidence, and promote green and healthy consumption, we have participated in multiple industry expos and initiated "Beauty Sprouts Program" by creating a refined hierarchical management model to empower chain pharmacies in establishing new product category marketing. Leveraging our brand advantages, sales resources, and professional solutions, we have successfully empowered over 90,000 nationwide chain and regional chain pharmacy terminals, driving retail pharmacies to accelerate their adaptation to the new retail transformation in the industry, achieving win-win cooperation, and leading the industry's development.

Simultaneously, we have focused on professional channels, leveraging our strengths in product resources, brand influence, and channel empowerment to collaborate with brand retail pharmacies and explore the transformation of the commercial operation model for health and beauty in retail pharmacies. Over the past two years, we have made significant efforts to establish a range of empowerment projects, including assisting chains in building beauty livestreaming rooms and creating skincare scenes for the Winona brand, aiming to highlight the effectiveness of skincare in OTC pharmacies, accelerate the expansion and enhancement of beauty products' layout and related services in retail pharmacies, and drive incremental breakthroughs in pharmacy beauty. Through these initiatives, we aim to contribute to the accumulation of rich experiences in health and beauty+ecosystem development in China's retail pharmacy sector and jointly create a new ecosystem for health and beauty.

Attended Wuzhen Health Conference, sharing technology-enabled skin health ecosystem

At the 2023 Wuzhen Health Conference and the 2nd China OTC Conference, Winona sponsored a themed luncheon, and launched "China Retail Pharmacy Health and Beauty Business School" project. Through in-depth empowerment in the retail pharmacy channel, the project leverages the strengths of the industry, channels, and industry associations to expand the beauty category in Chinese health pharmacies.



Promoted the establishment of Yunnan Health Products and Cosmetics Industry Association

On December 20, 2023, the inaugural general meeting of the Yunnan Health Products and Cosmetics Industry Association, mainly initiated by Botanee, was held in Kunming, at which Botanee was elected president unit of the first General Assembly. For the next step, 12 professional committees will be set up, including pharmaceutical production, pharmaceutical operation, pharmaceutical supervision and management research, cosmetics and fragrances, medical devices, hospital formulations, and drug clinical trials. By leveraging the professional and academic characteristics of the association, we aim to further enhance industry management standards and service capabilities, and provide more accurate and professional services to members. This demonstrates Botanee's efforts to strengthen industry cooperation and promote regulated management in the health industry.



04

Seeking Joint Development in Diversity and Inclusion

Botanee firmly upholds the principle of diversity and inclusion and is committed to creating a harmonious and inclusive work environment. In terms of employment management and safeguarding employee rights, we strictly adhere to national laws and regulations, ensuring compliant employment and the protection of employees' legal rights. We prioritize employee care and enhance employee well-being through diverse welfare programs. Additionally, we provide comprehensive career training and advancement opportunities to empower employees in their professional growth and development. We place a high emphasis on employee health and safety, ensuring their protection throughout the work process. Moving forward, we will continue to strive for mutual growth and forge a better future together with our employees.

Material topics addressed in this chapter

- Employee rights and care
- Employee training and development
- Employee health and safety

SDGs addressed in this chapter



Employee Rights and Care

Philosophy

We promote employees' career growth, safeguard their legal rights, enhance communication and feedback mechanisms, and emphasize their value realization and well-being. Through a series of related initiatives, we aim to achieve a harmonious integration of individual employee progress

and the Company's long-term vision to foster mutual development. We have introduced a human resources strategic plan with the core objective of ensuring sufficient and high-quality talent resources for the Company and all its business departments.

Strategy

We strictly comply with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on Promotion of Employment*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of the Use of Child Labor*. We adhere to the principle of equal employment and strictly prohibit the employment of individuals under the age of 16. We oppose all forms of discrimination, including gender, age, nationality, region, ethnicity, race, religion, education level, and physical

condition, striving to create a diverse and inclusive work environment. During the reporting period, there were no incidents of child labor employment within the Company.

We have also developed internal communication systems to guide employees in expressing opinions and raising issues through legal and compliant channels. We ensure that designated personnel are responsible for timely responses, respecting the rights of each employee and fostering an open and candid internal communication atmosphere.

Management Practices

Botanee always maintains an open and inclusive attitude, striving to create a diverse, inclusive, and equal work environment in employee recruitment and daily operational management. We have established a dedicated team committed to employee welfare and rights protection. Each

year, the labor union leads the negotiation of collective contracts to ensure the proper safeguarding of employee rights and to make every employee feel cared for and supported in their work.

Equal Employment

In external recruitment advertisements and communications, we emphasize the match between job positions and candidates, strictly avoiding setting any discriminatory thresholds based on factors such as gender, ethnicity, or education level. We are committed to promoting gender equality, protecting the rights of female employees, and striving to increase the proportion of male employees. Furthermore, we actively assume social responsibilities by actively employing people with disabilities each year, which ensures their employment rights.

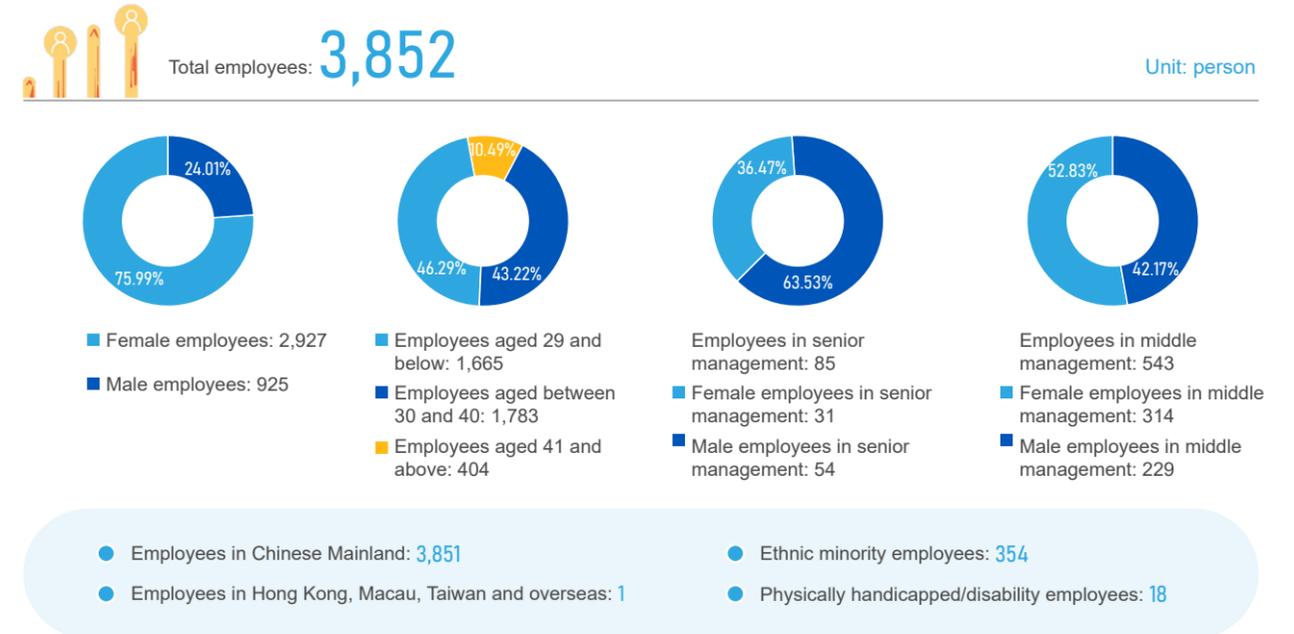
Key performance indicator



During the reporting period, we employed a total of **18** people who are physically handicapped or with disabilities

We implement differentiated recruitment strategies based on the unique needs of each business department. In the field of factory operations, we closely cooperate with universities and launch internship recruitment programs to provide valuable practical opportunities for students, helping them transition smoothly into the workplace after graduation. For

marketing teams and management trainee programs, we have specially designed a targeted recruitment and training process to cultivate professional skills for recent graduates and talents aspiring to management positions, ensuring their rapid growth into industry elites.

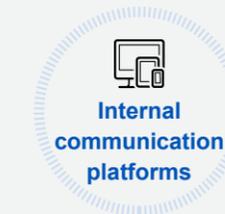


Employee Communication and Feedback Channels



Email: Open to all employees for communication and consultation.

Face-to-face talks: employees can express their opinions and suggestions directly with dedicated personnel.



Our WeChat official account: Information is published through the official account, and a "Just Between Us" section is available for employees to provide feedback.

OA system: Used for daily communication and information sharing.

Communication platform: Instant communication is available on Feishu.

Physical mailbox: Established a physical mailbox for employees to directly address issues to the Chairman.



We assign dedicated individuals to supervise and follow up on employee feedback to ensure that issues are quickly resolved. Additionally, to prevent discrimination or harassment within the Company, we provide relevant policy advocacy during new employee onboarding training. Employees can also directly report relevant issues to the Chairman through an internal complaint email. During the reporting period, no significant incidents of discrimination or harassment occurred.

Employee Satisfaction Survey

Regarding employee satisfaction communication, we consistently uphold an open and transparent communication mechanism to ensure that every employee's voice is heard and valued.

We regularly conduct employee satisfaction surveys by distributing questionnaires to all employees through the administrative portal. These surveys collect opinions and feedback from employees on various aspects, including work environment, management efficiency, training and development, and welfare benefits. We ensure that during the survey process, employees' feedback can comprehensively and truthfully reflect their needs and expectations.

Furthermore, we provide dedicated responses to all collected issues and actively formulate corresponding improvement measures, which are included in the following year's work plan to ensure that each improvement is implemented. During the reporting period, the Company addressed insufficient meeting room quantity raised by employees in the satisfaction survey. We planned and deployed the expansion of meeting rooms in advance, increasing the number from the original 12 to the current 30, effectively alleviating the pressure on meeting room usage and meeting the daily meeting needs of employees.

Employee Care

We value employee well-being, continuously optimize our employee welfare system, and ensure that each employee feels respected and valued by providing comprehensive care and support.

Key performance indicator



During the reporting period, the average paid leave days per employee per year were

7.9 days

We value creating a female-friendly workplace and have implemented a series of welfare and care measures for female employees, especially those in pregnancy and lactation. For example, we have established well-equipped mother and baby rooms within the Company, and we have considered the needs of women during special periods in the planning of areas such as tea rooms and restrooms. We will continue to optimize the office environment by increasing the number of female restrooms and providing more personalized care. In addition, we encourage and practice the concept of "women helping women" through regular small group discussions, where female employees can openly discuss the pressures and challenges they face in the workplace and in life. Experienced female employees are invited to share their insights, fostering a positive

environment for mutual assistance and growth, ultimately enhancing the emotional well-being and overall work experience of female employees.

We have established an employee welfare fund that provides financial assistance to employees in special circumstances such as hospitalization due to illness, marriage and childbirth, and the death of immediate family members. Additionally, we have created a charitable platform and established "Winona Fund". Since its establishment in 2015, the fund has continuously supported employees and their families facing difficulties, implementing the human-oriented philosophy of "employees contributing to the Company's success, and the Company providing support and care to employees".

Key performance indicators



As of the end of the reporting period, our Winona Fund has assisted a total of

33 employees and their families

with a cumulative assistance amount of CNY

935,000

During this reporting period, the fund has provided assistance to

15 employees and their families

Employee Activities

We are committed to creating a vibrant, caring, and enjoyable work environment for our employees. We believe that diverse activities can enhance employee satisfaction and foster team cohesion, ensuring that employees can enjoy their work while focusing on personal growth and development.

To enrich employees' leisure time and promote teamwork, we have established a multi-functional employee activity room within the office area and formed various clubs.

We regularly organize a variety of activities to cater to employees' interests and hobbies. Additionally, we hold monthly employee tea breaks and birthday celebrations to create a relaxed social atmosphere, where employees can feel the Company's care and the warmth of the team. We also prioritize employees' mental well-being by providing psychological counseling services to help them cope with life's pressures, fostering friendship and cohesion among the teams.

Type of welfare	Details
Statutory benefits	Five Insurances and One Fund (Pension [Endowment Insurance], Medical Insurance, Unemployment Insurance, Maternity Insurance, Work Injury Insurance, and Housing Provident Fund)
Company benefits	Providing annual health benefits such as medical examinations and commercial insurance
	Providing employee discounts for purchasing our products
	Providing significant holiday gifts
	Offering diverse vacation benefits, including annual leave and childcare leave
	Establishing a "Long Service Award" to recognize employees who have worked for a full year by giving them anniversary gift boxes and commemorative coins
	Implementing flexible working hours to help employees achieve a better work-life balance

Highlights and Cases

Improve physical and mental health through wellness activities

During the Double 11 sales promotion period, we organized various wellness activities to help employees alleviate work-related stress. We encouraged employee participation and prioritized their well-being, ensuring their short-term and long-term rights and benefits. We offered classes such as Baduanjin (Eight-Section Brocade) qigong, yoga, and singing bowl therapy to provide employees with physical relief for their neck and lumbar spine, as well as relaxation for their minds. We also introduced traditional Chinese medicine consultations and massages to the office area, allowing employees to learn about wellness practices while juggling their demanding work schedules.



Singing bowl healing course



Yoga stretching course



Baduanjin wellness course



Traditional Chinese medicine massage



Traditional Chinese medicine consultation

Our central factory successfully held its First Employee Family Open Day event

On April 22, 2023, our central factory successfully held its First Employee Family Open Day event, which aimed to promote interactions between employees' families and the Company, and deepen their understanding of our corporate culture. Through activities such as sign-in wall check-in, team games, and visits, employees' families intuitively learned about the workplace, which enhanced their sense of trust. In the game area, children were absorbed in fun games. Game coupons could be exchanged for prizes such as skateboards and footballs. The food area provided a variety of food and drinks, and our canteen also offered special lunches to family members. At the end of the event, we gave Winona skin care gift boxes to employees' families, allowing them to feel the Company's thoughtful care. This event enhanced the sense of belonging and pride of employees and their families, enhanced team cohesion, and opened a new chapter for the central factory's development.



Group photo at the event



Employee families participate in the Open Day

International Women's Day event

Botanee Workers' Union organized a series of activities for female employees called "Crafting Dreams" in celebration of International Women's Day, aiming to deeply understand and promote the spirit of the 20th CPC National Congress. The event encouraged female employees to take exemplary models of hardworking and skilled women as inspiration, igniting their enthusiasm for work and fostering a culture of innovation and creativity.



Arrangement for International Women's Day Event



Aromatherapy Experience for International Women's Day

BTN Running Club organizes regular health run activities

We actively engage in sports activities to promote a healthy lifestyle and ensure the well-being of our employees. We established the BTN Running Club, which has been organizing regular activities for almost two years. Over 500 colleagues have participated in the monthly check-in activities of the running club, either regularly or sporadically. To encourage colleagues who have consistently exercised throughout the year, our workers' union recognizes and rewards those who have made meaningful contributions and presents them with Long-Term Commitment Awards and prizes.



Botanee encourages employees to actively participate in health run

Employee Training and Development

Philosophy

We have established a comprehensive talent development and training system, providing employees with a wide range of development programs to ignite their enthusiasm for acquiring new knowledge and skills, and helping them adapt to the rapid pace of Botanee's growth. We adhere to a fair and just promotion mechanism, offer talent development programs, and combine them with regular performance evaluations to identify and train potential employees. Additionally, we encourage employees to explore diverse career development opportunities within the Company, including cross-departmental collaboration and project participation, to facilitate their overall career growth and contribute to the long-term success of the Company, thus achieving a win-win situation for both the Company and its employees.

Strategy

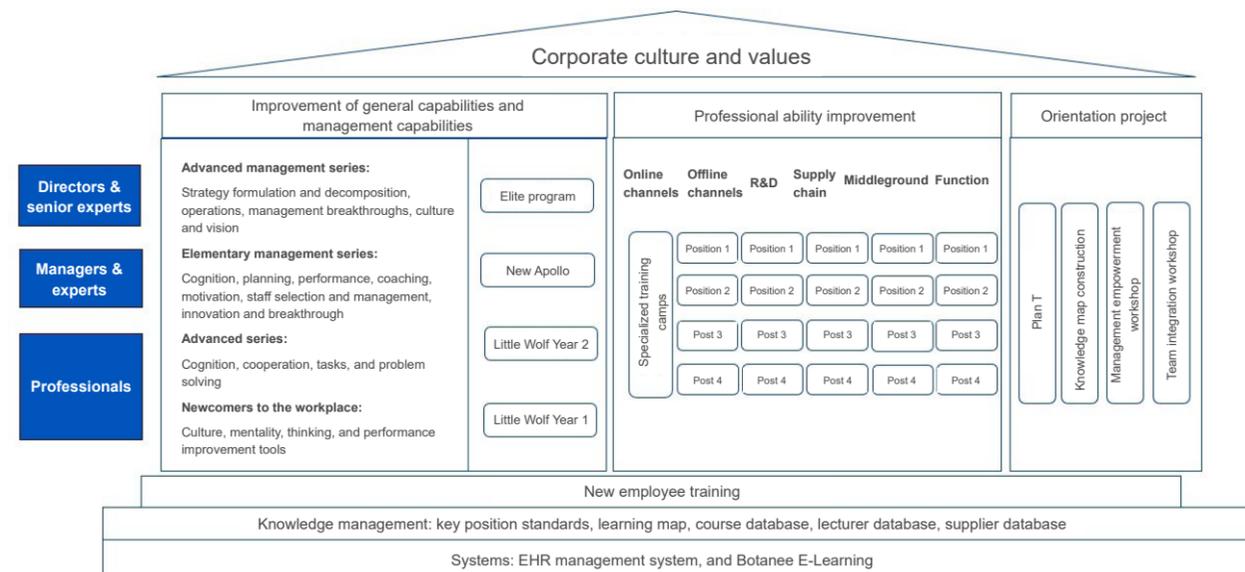
We have formulated *Botanee Training Management System*, which clarifies the functions and responsibilities related to training, including the establishment, implementation, evaluation of training plans, as well as budget management for training expenses. This ensures that all employees have access to systematic training and development opportunities. Furthermore, we place importance on professional qualifications certification and maintain proper documentation for the certification of intermediate and senior titles within the R&D system. We infuse our core values of pursuing excellence at every level and transmitting them to every employee.

Management Practices

Employee Training

We firmly believe that the growth of our employees is crucial for driving the Company's sustainable development. Therefore, we have established a comprehensive employee

training system to enhance their skills and promote their professional development.



Our employee training programs are categorized into three types: new employee training, regular training (courses provided through the E-Learning platform), and the Botanee Academy. By meeting the needs of different employee groups, we ensure comprehensive coverage from routine training for new hires to in-depth development for advanced talents.



Botanee's employee training categories

As the core platform for talent training within the Company, Botanee Academy offers talent development plans at three levels to meet the growth needs of employees at different career stages. Since its establishment in 2013, the academy has injected continuous vitality into the sustainable development of our talents. Each spring, through a rigorous talent assessment process, outstanding employees are selected to participate in a one-year training program. The selection process of the academy is a key step in updating and inventorying our talent pool. The selected participants have the opportunity to become the focus of our attention and receive significant training for potential promotion or career advancement.



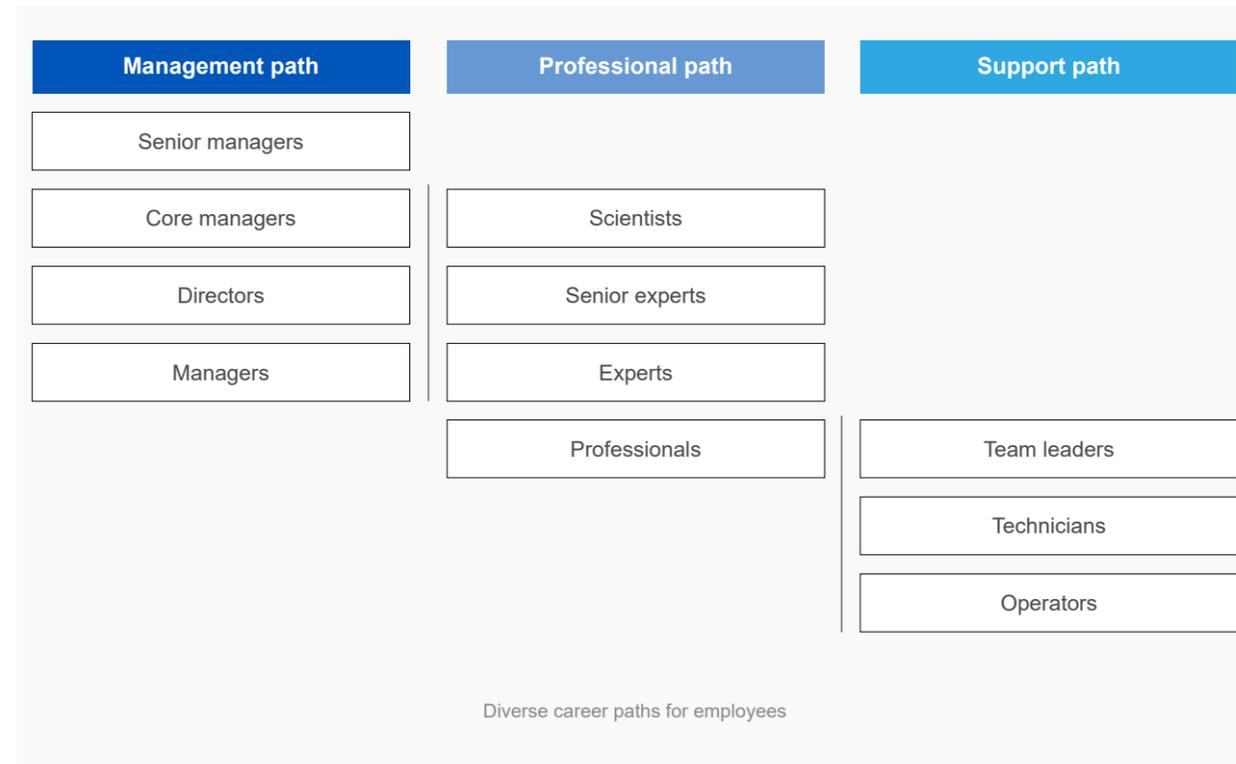
Botanee Academy's talent development programs

In addition, we regularly organize professional business training sessions and invite external experts to conduct courses to enhance employees' professional skills. For the marketing team, considering their higher mobility, we implement high-frequency training programs to ensure regulated and targeted training content. We have a dedicated training team within the marketing department that focuses on tailor-made training programs to meet the needs of different marketing positions.

Through comprehensive training measures, we provide employees with a solid platform for growth and development. During the reporting period, we delivered 457 training sessions which totaled 78,811.92 hours. The average training time per employee was 20.46 hours, and training coverage reached 98.9%.

Employee Development

We fully support employee growth and provide them with diverse career development paths, including the management path, the professional path, and the support path. The management path provides a platform for employees who aspire to excel in leadership and team management, which supports them to grow into outstanding managers capable of leading teams and achieving the Company's strategic goals. The professional path encourages employees to delve into technical research, and become experts in their respective fields through continuous learning. We provide necessary training and resources to help employees achieve professional success in the technical domain. The support path helps employees achieve continuous business growth at the operational level, technical level, and team leader level.



We firmly believe that a fair promotion mechanism is key to unleashing employee potential and driving the achievement of our goals. To this end, we have established a robust performance evaluation system to ensure fairness and equity in the annual promotion process. We closely link employees' grade promotions with their actual contributions to projects, rewarding those who demonstrate outstanding performance in personal growth and skill enhancement, as well as recognizing individuals who make significant

contributions to team collaboration and overall development of the Company. The selection mechanism of Botanee Academy further strengthens this fairness, ensuring that employees who excel in talent training and development receive priority for promotion opportunities. A fair promotion mechanism not only provides clear career development paths for employees but also ensures that we attract and retain key talents who can drive the achievement of our goals.

Highlights and Cases

Botanee Academy Training Camp

During the reporting period, we conducted the 11th Botanee Academy Training Camp. This year, we introduced a new segment on business analysis to enhance employees' business analysis capabilities through practical simulations. Participants were divided into groups to analyze business cases, simulating real-life scenarios more authentically through a mix of cross-departmental and cross-grade groupings, helping participants break conventional thinking patterns and stimulate innovation.



Botanee Academy Training Camp

Botanee and China Pharmaceutical University Collaborate to Foster Biopharmaceutical Talent Development

At the 2nd "Cosmetic Research and Quality Safety Frontiers Academic Forum" in June 2023, Botanee signed a cooperation agreement with China Pharmaceutical University to jointly establish the "China Cosmetics Industry-Academia-Research Innovation Base and Talent Platform", highlighting Botanee's commitment to talent training and technological innovation as vital support for sustainable development.

Through collaboration with China Pharmaceutical University, Botanee is able to translate research achievements into product innovation, enhance technical capabilities, and accelerate industrialization processes. Additionally, Botanee provides students with opportunities for practical teaching and career development, establishing a university-industry cooperation model to nurture outstanding talents in the cosmetics and skin health fields, promoting the integration of scientific research and education, and nurturing innovative talents with frontier technologies for the biopharmaceutical industry.



The plaque presentation ceremony

Employee Safety and Health

Philosophy

At Botanee, we highly value workplace safety and occupational health. We continuously optimize our policies and practices to prioritize the safety and well-being of our employees at the core of our operations. We adhere to the safety production philosophy of "prevention first, safety foremost, and joyful sharing", implementing comprehensive

safety management measures. Additionally, we follow the three-tier principle of occupational disease prevention and control, with the primary level as the focus, secondary level as support, and tertiary level as a safety net for occupational health. We strive to create a safe and healthy working environment for our employees from multiple perspectives.

Strategy

We strictly comply with relevant health and safety laws and regulations, such as the *Production Safety Law*, the *Fire Control Law*, and *Occupational Disease Prevention and Control Law of the People's Republic of China*. We continuously pursue improvements in occupational health and safety management and have obtained ISO 45001 certification for our occupational health and safety management system. We have established a dedicated EHS department and assigned dedicated safety personnel for key safety areas such as fire safety, hazardous operations, specialized equipment, and related management. These personnel are responsible for streamlining management processes and ensuring smooth implementation of daily production safety tasks.

We have developed management manuals, including the *Compilation of Production Safety Laws and Regulations* and the *Compilation of Occupational Health Laws and Regulations*, which are regularly revised to ensure their relevance. Through these manuals, we communicate to employees the laws and regulations that we adhere to in terms of production safety and occupational health,

established overall objectives, and management policies implemented. We also clarify the safety management responsibilities and work processes of relevant positions to further regulate the management behaviors of relevant departments and enhance employees' awareness and comprehensive handling capabilities regarding new regulations.

Furthermore, we ensure the allocation of necessary resources to guarantee employee safety. During the reporting period, we invested over CNY3 million to upgrade safety facilities, improve safety protection measures, conduct comprehensive occupational safety training, and provide employees with necessary labor protection equipment.



During the reporting period, we invested over CNY **3** million to upgrade safety facilities



45001 certification on occupational health and safety management system



Occupational health and safety training for new employees

Management Practices

Production Safety

We are committed to strengthening production safety management and actively implementing measures to identify and address safety hazards. Through a combination of internal and external efforts, we are advancing the

scientific and meticulous management of safety production at Botanee to fully protect the safety and production rights of every employee.

Internal safety management

System Improvement

We have revised and approved multiple management systems, including those for specialized equipment, hazardous operations, performance assessments, and hazardous chemicals, ensuring the synchronization of systems and practices.

Self-Inspection

Led by leaders, we conduct regular weekly and monthly inspections as well as targeted comprehensive inspections to thoroughly review production safety conditions.

Digital Management

We utilize the "Jiandaoyun" mini-program for daily management work to digitally analyze production safety data, improve the efficiency of rectifying safety hazards, and reduce on-site safety risks. We also conduct full-link digital management of manufacturing through MES, MOM, QMS, LIMS, and BI systems.

External safety inspections

Government Inspections

We actively cooperate with external inspections to transparently demonstrate the effectiveness of our safety management. During the reporting period, we underwent over 20 government safety inspections.

Third-Party Assessments

We proactively engage professional organizations to conduct Job Safety Analysis (JSA), identify potential safety risks in a timely manner, and develop targeted response measures to ensure effective risk control.

Safety culture building

Occupational Safety Training

We develop and implement an annual safety training plan that provides professional safety knowledge training tailored to the needs of new employees and different positions. This training covers areas such as fire safety, electrical safety, and specialized equipment. The average duration of safety training for employees during the reporting period was 2 hours.

Safety-themed Activities

During important moments such as "Safety Awareness Month" and "November 9 Fire Prevention Day", we organize activities such as safety knowledge competitions, forklift operation skill competitions, and fire emergency drills. These activities enhance employee safety awareness and their ability to respond to emergencies, fostering a culture that values safety.

Key performance indicators



As of the end of the reporting period, no known major work-related injuries or fatalities occurred in the Company.



As of the end of the reporting period, we did not receive any fines or undergo any shutdowns due to safety production issues.

Organized training on safe use of AEDs

On October 20, 2023, we held a training session on the safe use of automatic electronic defibrillator (AED) for 156 manufacturing-related employees. The training covered in detail the basic knowledge, operating techniques and correct use of AED in emergency situations to help employees understand the principles of AED use and common troubleshooting methods, thus improving our workplace health and safety management capabilities.



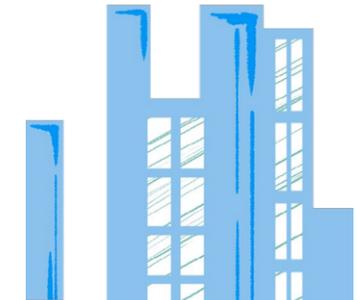
Training on the use of AEDs

Occupational Health

Botanee places great emphasis on the occupational health of its employees, and actively strives to prevent and reduce the incidence of occupational diseases. To ensure the health of our employees, we provide free annual health check-ups for all staff members and assist them in obtaining health certificates within the production system, including the factory. We also provide employees with dual protection through health insurance and employment injury insurance.

For newly hired employees, we organize occupational health knowledge training to familiarize them with the proper use of personal protective equipment. Additionally, we ensure that labor contracts signed with employees who may face occupational health risks include detailed information on occupational hazards and a commitment to providing comprehensive pre-employment, on-the-job, and post-employment occupational health checks.

We actively promote the development of an occupational health management system to safeguard the physical and mental well-being of our employees. We finished occupational health pre-assessments during the reporting period, and are currently conducting acceptance evaluations for occupational health assessments. As of the end of the reporting period, we have developed 16 occupational health management systems and established connections with medical institutions. We plan to renew contracts for occupational health examinations in 2024, ensuring that all employees can receive regular health check-ups.



As of the end of the reporting period, we have developed

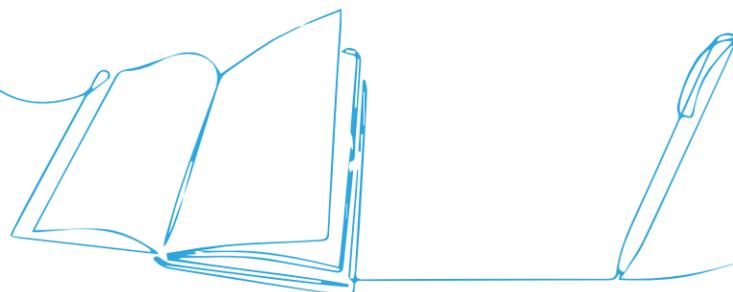
16 occupational health management systems

Held fun activities focusing on employee workplace safety

During the reporting period, we held fun activities including team collaboration games, safety knowledge competitions, etc. to improve employees' safety awareness, enhance team cohesion, and jointly build a safety culture.



Fun activities focusing on employee workplace safety



05

Sharing Wellness and Happiness with Gratitude

Over the past decade, Botanee has adhered to long-termism in development and remained gratitude towards society and caring for the public. With a mission to create a healthy and beautiful life for humanity, we strive to integrate corporate development with public welfare and actively fulfill our social responsibilities. We have carried out lots of activities to enhance health accessibility, support rural education, and promote the inheritance and popularization of intangible cultural heritage, thereby increasing our philanthropic impact and promoting the development of charity.

Material topics addressed in this chapter

- Health accessibility
- Public welfare

SDGs addressed in this chapter





Botanee's charity funds include Botanee Charity Fund jointly established by Botanee and Yunnan Youth Development Foundation, Red Cross Winona Charity Fund jointly established by Botanee and Yunnan Red Cross Foundation, and Shanghai Charity Foundation Botanee Special Fund jointly established by Shanghai Botanee and Shanghai Charity Foundation.

Botanee Charity Fund is the first charity fund under Yunnan's Hope Project that focuses on environmental protection (including biodiversity conservation) by youths. It provides continuous support to youths in Yunnan in education, enterprise development, biodiversity conservation, etc., and contributes to environmental protection

Red Cross Winona Charity Fund undertakes continuous public welfare donations from Winona Sunshine Project to support rural primary care, carry out public welfare screenings for skin diseases, help those with skin cancer, construct Botanee First Aid Station Project, conduct emergency disaster relief and more.

"Baby Project" focuses on issues such as youth development, mental health education and rural education revitalization. It constantly provides new help and sows new hope for teenagers and children.

Key performance indicators

In 2023, Botanee actively fulfilled social responsibility



Health Accessibility

Philosophy

Based on professional expertise and industry insights, Botanee recognizes the importance of skin health. We are committed to strengthening public awareness of skin health through philanthropic actions, and we consider this our long-term social responsibility. We promote health concepts and provide professional services. Through continuous promotional and educational activities, we disseminate

scientific and rational knowledge on skincare, raise public awareness of skin health, provide on-site consultations, professional advice, and interactive platforms for medical professionals and patients. By taking concrete actions, we help consumers address their skin concerns, guide them to develop good skincare habits, and jointly safeguard and enhance the health and beauty of their skin.

Management Practices

Winona Sunshine Program Philanthropic Event

Winona Sunshine Program is a philanthropic initiative primarily focused on popularizing sun protection knowledge and providing assistance in the treatment of photoaging skin diseases. Its goal is to help establish scientific sun protection knowledge, detect skin damage problems at an early stage, and provide professional guidance and advice.

This annual activity has been held for 8 years since 2016, with a minimum of one event per year. In 2023, Winona Sunshine Plan adopted the theme "Walking Together with Winona" and implemented various philanthropic activities to promote sun protection knowledge, raise public awareness of sun protection, and convey scientific skincare concepts.

Bringing Services to More Target Groups through Voluntary Pharmacy Consultations

In 2023, Winona Sunshine Program made its first entry into professional pharmacy channels to enhance its philanthropic impact. We invited dermatology experts to provide on-site free-of-charge consultations in collaboration with pharmacies, allowing customers to receive expert diagnosis and scientific skincare guidance while improving the professional skills of pharmacy staff.

Furthermore, as part of Winona Sunshine Program, we actively invited experts to participate in clinical training and philanthropic clinics held at grassroots hospitals. We encouraged doctors to participate in May 25 Skincare Day event, providing samples to consumers, aiming to effectively reach experts and consumer groups with our research and product innovations.



Winona Sunshine Program event at Xi'an Yikang Pharmacy, with a specialist from Shaanxi Provincial People's Hospital conducting consultations.



Winona Sunshine Program event at Yunnan Kunming Yixintang Pharmacy in Nanya, with a specialist from Kunming Yan'an Hospital Dermatology Department conducting consultations.



Winona Sunshine Program event at Shuyu Pingmin Pharmacy, with a specialist from Shandong University of Traditional Chinese Medicine Affiliated Hospital Dermatology Department conducting consultations.

Jointly Compiled Popular Science Handbook for Sunburn Protection Skin Diseases

Every year, as part of "Winona Sunshine Program", Winona customizes and distributes free sun protection gift packages to consumers and the public. In 2023, Winona's gift package included our ace products Winona Special Care Cream and Winona Sunscreen, as well as a popular science handbook on the protection of high altitude photodamaged skins jointly compiled by Red Cross Winona Fund, the Ministry of Education's research team, and Yunnan Clinical Medical Center for Skin and Immune Diseases. The handbook

covers popular science on the effects of sunlight on human body, photoaging, common photodamage diseases, skin cancer, daily protection, etc. In addition to the gift package, Winona sent experts to explain the protection against sunburn and the efficacy of products in the package to help the public enhance their awareness of scientific skin protection, especially for individuals with sensitive skin, and deliver charity services to a wider range of people in need in a targeted manner.



2023 "Winona Sunshine Program" sunscreen gift package



Jointly compiled handbook on sunburn protection

Sun protection charity event to protect bright Winona smile on the plateau

In 2023, Smiling Sunshine Program charity activities extended to high-altitude areas with strong ultraviolet radiation, covering the cities of Yongren County in Chuxiong Prefecture, Yunnan Province (known as Sunshine City of China with an average of over 2824 hours of sunlight per year, second only to Lhasa in China), Lijiang City in Yunnan Province, and Shigatse City in Tibet (Xizang). We deeply reached out to the population affected by sunburn in Yunnan and Tibet, collaborating with media, influential bloggers, and Winona consumers to strengthen public education and dissemination. We carried out a series of sunscreen charity activities, invited dermatology experts from hospitals across the country to conduct consultations, organized grassroots

medical training, improved local medical standards, and popularized the research achievements in high-altitude sunburn-related skin diseases in recent years. We visited towns and villages, conducted skin disease screenings in welfare institutions, schools, county hospitals, distributed sunscreen supplies gift packages, and educated the public about sunscreen knowledge. Through these initiatives, we aimed to raise public awareness of sun protection, awaken the public to the power of protection, promote "early prevention, early detection, and early treatment" to prevent the occurrence and further deterioration of skin sunburn-related diseases, and reach out to more consumers, guarding the brightest smiles on the plateau.

Expert consultations and skin disease charity screenings

We collaborated with Red Cross Winona Charity Fund, the innovation team of the Ministry of Education led by Professor He Li, and invited dermatology experts from Kunming Medical University First Affiliated Hospital and Chuxiong Prefecture People's Hospital, as well as other provincial, prefectural, and county-level dermatology medical expert teams to conduct eight expert consultations and three-phase skin disease charity screenings in Yongren, Lijiang, and Shigatse in Tibet Autonomous Region. The total budget for the screening program was CNY73,900. We provided targeted answers to patients' skin problems, donated sunscreen gift packages, distributed popular science handbooks, helped local residents defend against the harmful effects of ultraviolet rays on the skin, raised awareness of sun protection among the people in high-altitude areas, and helped them develop sun protection habits.



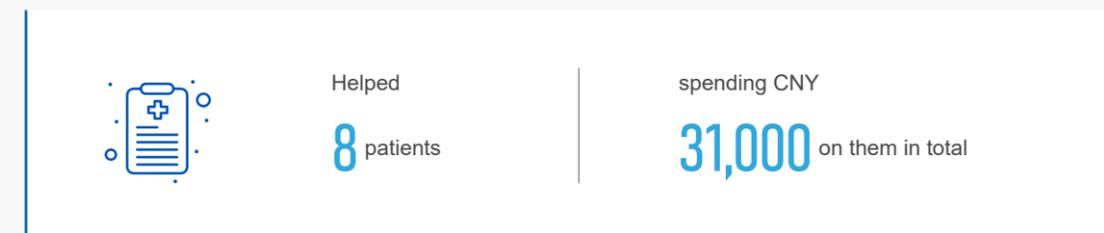
Photo of our charity ambassador with smiling local residents



Voluntary consultation activities

Special assistance for skin cancer patients

In Yunnan's high-altitude areas where ultraviolet rays are strong and sunburn is severe, dryness, highland redness, and darkened skin are common skin issues. In severe cases, they can lead to photodermatitis, neurodermatitis, and even skin cancer. Since most malignant skin tumors and precancerous lesions can be cured in their early stages, early prevention, early detection, and early treatment of skin cancer are particularly important. In March 1, 2023, Red Cross Winona Charity Fund officially launched "Winona Sunshine Program" to help local patients with severe sunburn-related skin diseases identified during public welfare screenings and offer them Winona's products. Yunnan Red Cross also exerts efforts to allow this project to reach a larger population through online platforms and hospitals, and accepts applications for assistance from patients with skin cancer. With this initiative, we helped 6 patients in Zhenxiang County, Zhaotong, and 2 patients in Yongren County, Chuxiong Prefecture, spending CNY31,000 on them in total.



Guidance for grassroots medical teams and improvement of local medical skills

We invited dermatology experts, from Kunming Medical University First Affiliated Hospital to conduct two dermatology diagnosis and treatment lectures for grassroots medical staff in county towns, aiming to improve the local medical skills.



Grassroots medical lecture

Skincare classes in school

We organized three skincare classes at Yijiu Central Primary School in Yongren County, Botanee Hope Primary School in Lashi Town, Yulong County, and Baisha Zhengxin Hope Primary School, to educate teachers and students on scientific skincare concepts, teach sun protection methods, help them enhance moisturizing and sun protection awareness from a young age, and distribute sunscreen gift packages to students.



Skincare class in school

Crossed mountains and snowfields to protect Winona smile: a tribute to border guards

In August 2023, we visited border guards in Shigatse and troops in Gambala, and donated gifts with a total worth of CNY1.58 million to them, which included skin care sets, manual on plateau photodamage and skin diseases, etc. The soldiers protect the motherland and the people, while Botanee protect their skin health and youthful smiles on their face with innovative products and professionalism. Through public welfare actions, we inject new vitality into patriotism, support the army, and fulfill our corporate social responsibility in the new era.



Botanee First Aid Station Project

The Winona Foundation implemented the Botanee First Aid Station Project, setting up first aid stations in rural schools without medical facilities. The stations are equipped with relevant topical first aid supplies and medications. Administrators are trained, and emergency first aid knowledge is disseminated to enhance the schools' emergency response capabilities.

We have delivered 2 training sessions for county-level Red Cross, and the county-level Red Cross gave 28 training sessions for 564 managers of first-aid station in beneficiary schools (communities). We also gave 110 public welfare lectures on first aid in schools or communities, which were joined by a total of 19,533 people.

Atopic Dermatitis (AD) Support Project for Children

Childhood health is an important cornerstone of national health. Botanee and its infant-focused Winona Baby brand actively respond to "Healthy China 2030" plan by assisting families with children suffering from atopic dermatitis (AD) and promoting children's skin health.



As of December 2023, Botanee has established **170** first aid stations in 23 counties (cities, districts) of 9 states (cities) in Yunnan

which directly benefit **111,912** teachers, students and local people

On September 23, 2023, the Children's Skin Professional Committee of the China Association of Maternal and Child Health jointly launched the Winona Baby "Baby Plan" AD Support Project. The project was established under the "Red Cross Winona Charity Fund" initiated by Botanee and Yunnan Red Cross Humanitarian Resource Mobilization Center. It aims to provide targeted assistance to hospitals and donate to children aged 0-12 with moderate to severe AD and economic difficulties. The project aims to support the healthy development of children's skin.



Winona Baby initiates AD Support Project for Children

Rural Revitalization

Philosophy

Botanee adheres to a sustainable development strategy and focuses on the long-term development of rural areas. We leverage our strengths and collaborate closely with local governments, social organizations, and others. With a people-centered approach, we respect the wishes and needs of local residents. Through initiatives like building

educational facilities and providing material donations, we strive to make our efforts truly effective, improve the living standards of local residents, and contribute to talent development. Our goal is to provide better education to rural residents and promote comprehensive and sustainable rural revitalization.

Management Practices

Botanee Hope Public Baths

Botanee Charity Fund, in line with its commitment to promoting skin health, has been dedicated to assisting rural schools in need by building hope bathrooms and other related facilities. This addresses limited sanitation conditions and bathing difficulties in these schools, while also contributing to rural education support and revitalization efforts.

On November 9, 2023, the 5 Botanee Hope Bathrooms donated by Botanee Charity Fund with a total amount of CNY500,000 were officially completed, which benefit 1,886 students. The 5 schools are Lule Primary School in Heping Town, Amuhei Primary School in Xinhua Township, Henanjiao Primary School in Xinhua Township, Tuanjie Primary School in Baihe Town, and Pingbian County No. 5 Middle School. At the completion ceremony, Botanee brought toiletries worth CNY530,000 to teachers and students there.

In 2021, Botanee Charity Fund donated CNY500,000 to build 2 hope bathrooms in Yimen County and Ashan County, Yuxi City, Yunnan Province. In 2022, it donated CNY835,766 to build 8 hope bathrooms in Xichou County, Wenshan Prefecture. In 2023, it donated CNY500,000 to build 5 hope bathrooms in Pingbian County, Honghe Prefecture. As of December 31, 2023, the cumulative donation exceeded CNY1.83 million, and a total of 16 hope bathrooms have been built which benefit nearly 5,000 teachers and students.

The Hope Bathrooms not only address bathing difficulties faced by students in some boarding schools, but also help them cultivate good hygiene habits and a healthy lifestyle from an early age.



Successful completion of five Hope Bathrooms in Pingbian County, Honghe Prefecture



Visiting Mango Plantations and Towns

We conducted in-depth visits to representatives of female laborers at Zhelin Mango Plantation and villagers in Yijiu Town. We learned about the real stories of mango plantation workers and villagers, and provided skincare suggestions for

the common skin issues they face due to the long-term hot and dry environment. We donated sunscreen gift packages and distributed educational brochures, taking concrete actions to care for the skin health of locals.



Visiting mango plantation workers

Visiting Children's Welfare Homes

During our sun protection awareness campaign, we continued to visit towns and villages. On August 6, we visited the second branch of the Children's Welfare Home in Shigatse City. Through Botanee Charity Fund, we made a targeted donation of products and materials worth

CNY120,000. We organized experts to conduct skin health lectures and voluntary medical consultations for the children in the welfare home. We addressed their existing skin issues and provided knowledge about sun protection and skincare mechanisms.



Donation of products worth CNY120,000 to the second branch of Shigatse Children's Welfare Home



Conducted free skin health clinics for children in welfare homes

Botanee Hope High School

From August 18 to 22, 2023, the Second Botanee Hope High School Project, organized by the Yunnan Hope Project and Botanee, brought together 50 hopeful students in Kunming for a five-day, four-night summer study camp. The theme of the camp was "Exploring Biodiversity, Protecting Our Beautiful Home". Students visited the Botanee Central Factory and explored interesting and educational venues such as the Chengjiang Fossil Museum, Baofeng Wetland Park, Kunming Botanical Garden, Yunnan Science and

Technology Museum, and Yunnan Wildlife Park. They also participated in activities such as a biodiversity-themed debate, handicraft workshops, ethnic dance performances, and a fun orienteering challenge. These events have consolidated their knowledge related to biodiversity conservation, and raised their awareness of biodiversity conservation.



Second Botanee Hope High School Project



On September 14th, 2023, the opening ceremony of the third Botanee Hope High School Program took place as scheduled at Donglu High School in Huize County. This year, 50 students from low-income families with outstanding academic performance in junior high school were admitted. In total, the program has admitted 150 students, including 63 boys and 87 girls, with 17 students from five ethnic

minorities: Bai, Hui, Miao, Yi, and Buyi. The Botanee Charity Fund provides a monthly living allowance of CNY750 to each student in the program. The "Lighting the Lamp Award" is also established to recognize outstanding teachers, and a "Dream University Scholarship" of CNY6,000 is awarded to 10 outstanding graduates from each cohort.

Up to now, a total of CNY

1,835,000 has been used for the Hope High School Program

including CNY

937,500 for scholarships in the spring and autumn of 2023

CNY

40,000 for the "Lighting the Lamp" Award

CNY

200,000 for study camp expenses

demonstrating Botanee's commitment to supporting students' education and growth.



Opening ceremony of the Third Botanee Hope High School Project

Since its launch in 2021, "Botanee Hope High School" program has benefited 150 students from the initial 50. We are committed to helping children with lofty dreams to walk

out of mountains and fields, and pursuing college education after nine years of compulsory education.

Botanee Hope Primary School

On June 27th, 2023, with a donation of CNY300,000 from Botanee Charity Fund and support from government funding, the Botanee Hope Primary School in Lashi Town, Yulong County, Lijiang City, was completed. The project included the construction of a new regulated soccer field, addressing the previous issues of limited and outdated sports facilities. It improved the school's infrastructure, narrowed the urban-

rural education gap, and provided students with a better learning and sports environment. Additionally, the new facilities created more venues for sports competitions and helped broaden the students' horizons and enhance their overall quality, contributing to the growth and development of local youth.



Botanee Hope Primary School in Yulong County, Lijiang City

Intangible Cultural Heritage Protection

Philosophy

Botanee recognizes that intangible cultural heritage is a national treasure and a bridge connecting the past and the future. We actively integrate intangible cultural heritage into our products through a series of innovative marketing strategies. We engage in various channels of cultural promotion, participate in the conservation and inheritance of intangible cultural heritage, and enhance public awareness

and respect for its value. We also recognize the importance of education in the transmission of intangible cultural heritage. In the Botanee Hope Primary School Program, we strengthen the promotion of intangible cultural heritage, aiming to help more children understand and love their own culture, and build a bridge for the inheritance of intangible cultural heritage, creating a better future together.

Management Practices

Integration of Products and Intangible Cultural Heritage Promotion

By the end of 2023, Winona planned and launched the year-long “Winona Intangible Heritage Protection Campaign” to promote and preserve local intangible cultural heritage in Yunnan. Leveraging our brand influence, we aimed to increase awareness, utilization, and promotion of intangible cultural heritage.

The Jiama woodblock printing is an intangible cultural heritage in Yunnan. People carve their wishes on wooden blocks and then print them on paper to create Jiama prints, expressing their hopes for the future. During the New Year, Botanee introduced “Dreams Come True” gift box inspired by Yunnan’s intangible cultural heritage Jiama, combining Jiama prints with skincare products made from Yunnan’s specialty plants. This integration of traditional culture with skincare technology revitalized the traditional culture within the Chinese skincare industry. Additionally, Botanee created 100 original and fun Jiama posters to distribute during the event, collaborating with well-known Yunnan companies such as Chagee and Yun Nans to strengthen the promotion of Yunnan’s intangible cultural heritage through multiple channels. The New Year gift box and the creative intangible cultural heritage merchandise gained recognition from consumers and received attention from official media, enhancing the social influence of intangible cultural heritage.



“Beauty Wishes Come True” new year gift box



Jiama woodblock print poster

Dedication to Promoting intangible cultural heritage

As part of “Protecting Intangible Heritage, Discovering More Beauty” campaign, Winona collaborated with popular travel blogger Fang Qi, who has millions of followers, and Jiama artists to produce and release a short film titled “Make a Wish: Yunnan Has Jiama!” The short film showcased the process and cultural significance of Jiama production through Fang Qi’s exploration on-site. The beautiful blessings expressed in the film, combined with Botanee’s concept of sensitive skincare and skin health, deepened consumers’ understanding and interpretation of traditional intangible cultural heritage, adding profound cultural connotations to the brand.

Winona recognizes that intangible cultural heritage carries the unique cultural genes of the Chinese nation. It is a medium for the continuation of national culture and the foundation of Chinese cultural production. In this intangible heritage protection campaign, Winona focuses on establishing a bridge for value transmission, integrating intangible cultural heritage into the national trend culture.

Through brand influence, we merge culture, creativity, and products, allowing young people to experience the charm of traditional intangible cultural heritage and integrate it into modern life. This resonance between intangible cultural heritage and the brand strengthens cultural confidence and embodies Botanee’s concept of “business for the good” and its commitment to social responsibility.



What is “Jiama”



Intangible Cultural Heritage Protection

Supporting Intangible Cultural Heritage Inheritance

In 2023, to further support the implementation of charity projects for intangible cultural heritage preservation in Lijiang City, Botanee donated CNY320,000, sports equipment, and student uniforms. These contributions supported the continuous development and improvement of intangible cultural heritage courses in Lijiang Youth Palace, Baisha Primary School, Baima Primary School, and Haidong Primary School. A total of 774 students participated in the project, with 580 belonging to ethnic minorities, accounting for 84.7% of the total. The project included activities such as Botanee Cup Naxi intangible cultural heritage week, Dongba cultural classes for children of frontline medical workers, folk song inheritance classes, ancient music classes, Naxi embroidery, Dongba calligraphy and painting, Naxi language, Naxi dance, Dongba classics, Naxi children art troupe, Naxi language classes, Dongba mask-making skills classes, and Bai ethnic three-stringed instrument classes, benefiting over 13,000 young people.

As of December 2023, Botanee Charity Fund has donated a total of CNY620,000 to support intangible cultural inheritance public welfare projects in Lijiang City.



“Botanee Cup” Naxi Intangible Cultural Heritage Week

The youth are the future and hope of the nation. This project aims to implement charity projects for intangible cultural heritage inheritance, providing a bridge for young people to understand and explore traditional ethnic culture. It actively promotes the innovative and long-term development of intangible cultural heritage within the youth community,

inspiring a sense of national identity and cultural confidence among the younger generation. It allows more young people to experience the charm of intangible cultural heritage with their hearts and to practice the unique spiritual values and thinking consciousness embedded within it.

Charity Influence

Philosophy

Botanee integrates social responsibility into its corporate strategy, committed to conducting business for the greater good and giving back to society, thus achieving sustainable development. We continuously promote the high-quality development of the Hope Project in the new era, collaborate with charity organizations, participate in community building, actively donate funds and goods, expand beneficiary groups, and diversify forms of charity activities. We engage in

comprehensive charity undertakings, including educational assistance and educational support, seizing opportunities and fulfilling responsibilities through innovation and adherence to principles. Looking ahead, we will continue to promote community investment and philanthropic activities, strengthen cooperation with charity organizations, expand the scale and impact of charity projects, increase public participation, and contribute to building a better society.

Management Practices

Aid to students

In March 2023, Botanee Charity Fund once again donated CNY1 million to Yunnan Youth Development Foundation, specifically for the Kunming Medical University Graduate Scholarship Program. The funds provided scholarships of CNY1,000 each to 902 students who were admitted to pursue master's degrees. This initiative aimed to encourage outstanding undergraduate graduates to continue their studies and help Kunming Medical University enhance the quality of talent training, in line with the fundamental task of moral education and character building. The Botanee Graduate Scholarship has been established for two years, with a total of CNY1,643,000 awarded in scholarships to support 1,643 graduate students. In the future, Botanee will continue to show concern and support for Yunnan's youth and environmental protection through various fields such as education and development, enabling more students to receive assistance and ignite their dreams.



Botanee graduate scholarship program at Kunming Medical University

Support for Underprivileged Students

Botanee continues to care for and assist underprivileged students, wholeheartedly helping children and adolescents in their studies. In June 2023, Botanee Charity Fund donated CNY20,000 to the Shangri-La Special Education School in Diqing Prefecture. The donation was used to support the purchase of 73 sets of school uniforms for students. This school is the only full-time free school in Diqing Prefecture that provides compulsory education for all eligible disabled children and adolescents. In July 2023, Botanee Charity Fund purchased 300 sets of three-piece beddings for children's welfare in the city of Shigatse, Tibet. Additionally, in 2023, Professor Guo Zhenyu, the Chairman and President, donated CNY169,500 to support 28 students from low-income families in Yunnan, enabling them to pursue their studies without worries and fulfill their learning dreams.



Bought uniforms for students in special education schools

Winona 3rd Asia Pioneer Photographer Foundation

On September 1, 2023, the 10th Dali International Photography Exhibition opened in Dali Ancient Town. Centered around the theme "Living Elsewhere - Love in Dali in the Era of Images", the event featured photography exhibitions, award competitions, and other series of activities, presenting the diverse and wonderful world of photography to the public. During the exhibition, Winona launched the 3rd Asia Pioneer Photographer Foundation, aiming to provide more opportunities for young Asian photographers to showcase their creative abilities and enhance their international influence. Winona served as

the exclusive title sponsor and established three major awards: Photographer of the Year, Collection of the Year, and Nomination of the Year. These awards provided growth incentives for participating photographers, supporting young photographers who possess talent, potential, ideals, perseverance, a genuine love for photography and art, and helping them make use of the rich and distinctive photography resources in the Asian region to create outstanding and high-quality emerging photography works and step onto the international stage.



Boost the growth of Asia's pioneering photographers



Contributed to flood relief

In July 2023, Beijing, Heibei, Chongqing, Sichuan, Hunan and Yunnan encountered heavy rainfall, where some rivers witnessed floods exceeding warning levels. The floods triggered geological disasters such as flash floods and mudslides, and caused heavy casualties and property losses. Botanee Charity Fund donated materials valued at CNY1 million to severely affected areas to provide assistance to families in severely affected areas and young volunteers engaging in disaster relief.

Contributed to earthquake relief in Jishishan County, Gansu Province

The 6.2-magnitude earthquake that hit Jishishan County in Linxia Prefecture, Gansu Province in December 2023 aroused the attention of people in China. At that critical moment, we responded quickly. Colleagues worked overtime to collect CNY1.78 million worth of supplies and CNY220,000 in payments. The supplies and money was donated to earthquake-stricken areas via the Red Cross Winona Charity Fund to provide substantial help to local people, bringing warmth and care to them in cold winter.



Donate materials and funds to actively assist disaster-stricken areas

Appendices

Appendix 1: Table of Key Performance Indicators

ESG indicator	Unit	Performance in 2023	
Environmental performance			
Packaging materials ³	Packaging materials consumption	t	11,205.4
	Packaging materials intensity	t/CNY million revenue	2.03
	Packaging materials consumption: paper	t	8,003.2
	Packaging materials consumption: FSC certified paper	t	4,070.98
	Packaging materials consumption: recycled and easy-to-recycle paper (PCW/transfer silver card)	t	9.26
	Packaging materials consumption: plastics	t	2,521.64
	Packaging materials consumption: PCR	t	10.48
	Packaging materials consumption: glass	t	540.26
Emissions ⁴	Packaging materials consumption: metal	t	140.3
	Direct greenhouse gas emissions ⁵ (Scope 1)	Tons of carbon dioxide equivalent	425.91
	Indirect greenhouse gas emissions ⁶ (Scope 2)	Tons of carbon dioxide equivalent	5,011.10
	Total greenhouse gas emissions	Tons of carbon dioxide equivalent	5,437.02
Wastewater ⁷	Greenhouse gas emission intensity	Tons of carbon dioxide equivalent/CNY million revenue	0.98
	Total industrial wastewater discharged	t	27,303
	Chemical oxygen demand (CODcr) discharged	t	0.753
	Five-day biochemical oxygen demand (BOD) discharged	t	0.245
	Suspended solids discharged	t	0.249
Exhaust gas ⁸	Animal and vegetable oils discharge	t	0.001
	Particulates	t	0.07

³ Packaging materials refer to product (internal and external) packaging materials, logistics packaging materials, and shopping bags used in our stores. The statistics cover our Qingpu factory, self-operated warehouses, and some core suppliers.

⁴ The statistics cover our self-operated factories (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming), self-operated warehouses, offices (at Kunming and Shanghai), and some store formats (medical beauty center), including product manufacturing, transportation and retail. Due to the expansion of the scope of data statistics in 2023 as compared to 2022 (the scope of data statistics in 2022 only included the area of the Company's head office located at No. 53, Keyi Road, Kunming), there was an increase in the data for the current reporting period as compared to the previous reporting period.

⁵ Total Scope 1 greenhouse gas emissions include greenhouse gas emissions generated from fossil energy (such as diesel, gasoline, and natural gas) combustion and industrial manufacturing, which are calculated by referring to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Public Building Operators (Enterprises) (Trial)* and the *Guidelines for Reporting Environmental Key Performance Indicators* released by the General Office of National Development and Reform Commission.

⁶ Total Scope 2 greenhouse gas emissions include greenhouse gas emissions generated from purchased electricity. Its grid coefficient is 0.5703kgCO₂/kWh, as released by the Ministry of Ecology and Environment in the *Notice on the Management of Greenhouse Gas Emission Reports by Enterprises in the Power Industry from 2023 to 2025*.

⁷ The scope of statistics is our self-operated (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming). Due to the expansion of the scope of data statistics in 2023 as compared to 2022 (the scope of data statistics in 2022 only included the area of the Company's head office located at No. 53, Keyi Road, Kunming), there was an increase in the data for the current reporting period as compared to the previous reporting period.

⁸ The scope of statistics is our self-operated (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming).

ESG indicator		Unit	Performance in 2023
Energy ^{9,10}	Purchased electricity consumption	MWh	8,786.79
	Natural gas consumption	10,000 m ³	13.21
	Gasoline consumption	t	0.60
	Diesel consumption	t	43.90
	Liquefied petroleum gas consumption	t	0.14
	Comprehensive energy consumption	Tons of standard coal equivalent	1,320.67
	Direct energy consumption	Tons of standard coal equivalent	240.77
	Indirect energy consumption	Tons of standard coal equivalent	1,079.90
	Comprehensive energy consumption density	Ton of standard coal/CNY million revenue	0.24
Water resources ¹¹	Total water consumption	m ³	72,055.69
	Operational water consumption density	Thousand m ³ /CNY million revenue	0.013
Materials ¹²	Office paper usage	kg	16,702.21
Waste ¹³	Total amount of medical waste	kg	60
	Waste lamp	piece	98
	Waste printer toner/ink cartridges	kg	593.84
	Waste batteries	kg	7.38
	Kitchen waste	t	20.08
	Office household waste	t	1,317.54
	Other hazardous waste: contaminants (900-041-49)	kg	52,234.1
	Other hazardous waste: waste pharmaceuticals (900-002-03)	kg	60,663.32
	Other hazardous waste: spent acid (900-349-34)	kg	340.16
	Other hazardous waste: spent alkali (900-349-35)	kg	375.30
Other hazardous waste: waste organic solvents (900-402-06)	kg	815.14	

⁹The scope of statistics covers our self-operated factories (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming), self-operated warehouses, offices (in Kunming and Shanghai), and some store formats (medical beauty center), including product manufacturing, transportation and retail. Due to the expansion of the scope of data statistics in 2023 as compared to 2022 (the scope of data statistics in 2022 only included the area of the Company's head office located at No. 53, Keyi Road, Kunming), there was an increase in the data for the current reporting period as compared to the previous reporting period.

¹⁰Data here are calculated according to the *General Principles for Comprehensive Energy Consumption Calculation* (GB2589-2020).

¹¹The statistics include our self-operated factories (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming), self-operated warehouses, offices (in Kunming and Shanghai), and some store formats (medical beauty center). Due to the expansion of the scope of data statistics in 2023 as compared to 2022 (the scope of data statistics in 2022 only included the area of the Company's head office located at No. 53, Keyi Road, Kunming), there was an increase in the data for the current reporting period as compared to the previous reporting period.

¹²The statistics include our self-operated factories (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming), self-operated warehouses, offices (in Kunming and Shanghai), and some store formats (medical beauty center)

¹³The statistics cover our self-operated factories (the factory at No. 53, Keyi Road, Kunming, and the central factory at Majinpu Subdistrict, Kunming), self-operated warehouses, offices (in Kunming and Shanghai), and some store formats (medical beauty center)

ESG indicator		Unit	Performance in 2023
Social performance			
Governing body and staff diversity	Number of management staff by gender and grade		
	Number of male directors	person	7
	Number of female directors	person	2
	Number of junior employees	person	3,224
	Number of employees in middle management	person	543
	Number of employees in senior management	person	85
	Percentage of female employees in middle management	%	57.83
	Percentage of female employees in senior management	%	36.47
	Total number of employees worldwide and by gender, professional background, age group, region, etc.		
Governing body and staff diversity	Total number of employees	person	3,852
	Number of male employees	person	925
	Number of female employees	person	2,927
	Number of employees in production	person	348
	Number of employees in marketing	person	2,601
	Number of employees in R&D	person	498
	Number of employees in administrative functions	person	405
	Number of employees aged ≤29	person	1,665
	Number of employees aged 30-40	person	1,783
	Number of employees aged ≥41	person	404
	Number of employees in Chinese Mainland	person	3,851
	Number of employees in Hong Kong, Macau, Taiwan and overseas	person	1
	Number of ethnic minority employees	person	354
	Number of physically handicapped/handicapped employees	person	18
	New hires and employee turnover ¹⁴	Turnover rate of male employees	%
Turnover rate of female employees		%	27.71
Turnover rate of employees aged ≤29		%	36.11
The turnover rate of employees aged 30-49		%	20.53
Turnover rate of employees aged ≥50		%	23.33

¹⁴Employee turnover rate = number of employees who left during the reporting period/(number of employees at the end of the reporting period + number of employees who left during the reporting period)*100

ESG indicator	Unit	Performance in 2023
Training and education		
Total hours of employee training and hours of employee training by gender and employee level		
Total hours of employee training offered	hour	78,811.92
Total training hours for male employees	hour	19,110.85
Total training hours for female employees	hour	59,701.07
Total training hours for ordinary employees	hour	75,485.53
Total training hours for managers	hour	3,326.39
Occupational health and safety		
Number of employees who died on the job	person	0
Total annual days lost due to work-related injuries	day	19
R&D		
Cumulative trademark rights obtained	item	1,049
Cumulative patents obtained	item	193
Accumulated copyrights obtained	item	59
Product quality		
Qualification rate of raw materials in primary inspection	%	98.90
First-time inspection pass rate of packaging materials	%	97.30
First-time inspection pass rate of semi-finished products	%	99.90
First-time inspection pass rate of finished products	%	99.60
Product customer complaint quality defect rate (PPM)	/	2.4
Logistics error rate	%	0.011
Local communities		
Number of people involved in volunteer activities (total)	person	61
Total volunteer service hours	hour	2,984
Total amount of charitable donations	CNY10,000	1,673.03
Governance performance		
Anti-corruption		
Number of corruption-related lawsuits filed against issuers or employees and concluded during the reporting period	case	0
Amount of compensation for corruption-related lawsuits filed against issuers or employees and concluded during the reporting period	CNY	0
Number of internal corruption reports received	case	0
Number of internal corruption incidents	case	0
Number of special internal audits conducted (within the Company)	times	2
Percentage of full-time employees receiving business ethics training	%	100

Appendix 2: GRI Standards Index Table

Description	Botanee reported information cited in this GRI content index from January 1, 2023 to December 31, 2023 in accordance with GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
No.	Index	Disclosures	Location in this report
1	GRI 2: General Disclosures	2-1 Organizational details	About This Report
2		2-2 Entities included in the organization's sustainability reporting	About This Report
3		2-3 Reporting Period, frequency and contact point	About This Report
4		2-4 Restatement of information	About This Report
5		2-5 External assurance	No external assurance yet
6		2-6 Activities, value chains and other business relationships	About This Report
7		2-7 Employees	Seeking Joint Development in Diversity and Inclusion
8		2-8 Workers who are not employees	Seeking Joint Development in Diversity and Inclusion
9		2-9 Governance structure and composition	Upholding Integrity as Cornerstone of Sound Operation
10		2-10 Nomination and selection of the highest governance body	Upholding Integrity as Cornerstone of Sound Operation
11		2-11 Chair of the highest governance body	Upholding Integrity as Cornerstone of Sound Operation
12		2-12 Role of the highest governance body in overseeing the management of impacts	Upholding Integrity as Cornerstone of Sound Operation
13		2-13 Delegation of responsibility for managing impacts	Upholding Integrity as Cornerstone of Sound Operation
14		2-14 Role of the highest governance body in sustainability reporting	Upholding Integrity as Cornerstone of Sound Operation
15		2-15 Conflicts of interest	Upholding Integrity as Cornerstone of Sound Operation
16		2-16 Communication of critical concerns	Upholding Integrity as Cornerstone of Sound Operation
17		2-17 Collective knowledge of the highest governance body	Upholding Integrity as Cornerstone of Sound Operation
18		2-18 Evaluation of the performance of the highest governance body	Upholding Integrity as Cornerstone of Sound Operation
19		2-19 Remuneration policies	Seeking Joint Development in Diversity and Inclusion
20		2-20 Process to determine remuneration	Seeking Joint Development in Diversity and Inclusion
21		2-21 Annual total compensation ratio	Seeking Joint Development in Diversity and Inclusion
22		2-22 Statement on sustainable development strategy	Upholding Integrity as Cornerstone of Sound Operation
23		2-23 Policy commitments	Upholding Integrity as Cornerstone of Sound Operation
24		2-24 Embedding policy commitments	Upholding Integrity as Cornerstone of Sound Operation
25		2-25 Processes to remediate negative impacts	Upholding Integrity as Cornerstone of Sound Operation
26		2-26 Mechanisms for seeking advice and raising concerns	Upholding Integrity as Cornerstone of Sound Operation
27		2-27 Compliance with laws and regulations	Upholding Integrity as Cornerstone of Sound Operation
28		2-28 Membership associations	Upholding Integrity as Cornerstone of Sound Operation
29		2-29 Approach to stakeholder engagement	Upholding Integrity as Cornerstone of Sound Operation
30		2-30 Collective bargaining agreements	Upholding Integrity as Cornerstone of Sound Operation

No.	Index	Disclosures	Location in this report
31	GRI 3: Material Topics	3-1 Process to determine material topics	Upholding Integrity as Cornerstone of Sound Operation
32		3-2 List of material topics	Upholding Integrity as Cornerstone of Sound Operation
33		3-3 Management of material topics	Upholding Integrity as Cornerstone of Sound Operation
34	GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Not relevant
35		201-2 Financial implications and other risks and opportunities due to climate change	Green Circularity for a Pleasant Environment
36		201-3 Defined benefit plan obligations and other retirement plans	Seeking Joint Development in Diversity and Inclusion
37		201-4 Financial assistance received from government	Seeking Joint Development in Diversity and Inclusion
38	GRI 202: Market Presence	202-1 Ratio of entry-level wage to local minimum-wage by gender	Seeking Joint Development in Diversity and Inclusion
39		202-2 Proportion of senior management hired from the local community	Seeking Joint Development in Diversity and Inclusion
40	GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Green Circularity for a Pleasant Environment
41		203-2 Significant indirect economic impacts	Not relevant
42	GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Green Circularity for a Pleasant Environment
43	GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Upholding Integrity as Cornerstone of Sound Operation
44		205-2 Communication and training about anti-corruption policies and procedures	Upholding Integrity as Cornerstone of Sound Operation
45		205-3 Confirmed incidents of corruption and actions taken	Upholding Integrity as Cornerstone of Sound Operation
46	GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Upholding Integrity as Cornerstone of Sound Operation
47	GRI 207: Tax	207-1 Approach to tax	Upholding Integrity as Cornerstone of Sound Operation
48		207-2 Tax governance, control, and risk management	Upholding Integrity as Cornerstone of Sound Operation
49		207-3 Stakeholder engagement and management of concerns related to tax	Upholding Integrity as Cornerstone of Sound Operation
50		207-4 Country-by-country reporting	Upholding Integrity as Cornerstone of Sound Operation
51	GRI 301: Materials	301-1 Materials used by weight or volume	Green Circularity for a Pleasant Environment
52		301-2 Recycled input materials used	Green Circularity for a Pleasant Environment
53		301-3 Reclaimed products and their packaging materials	Green Circularity for a Pleasant Environment
54	GRI 302: Energy	302-1 Energy consumption within the organization	Green Circularity for a Pleasant Environment
55		302-2 Energy consumption outside of the organization	Green Circularity for a Pleasant Environment
56		302-3 Energy intensity	Green Circularity for a Pleasant Environment
57		302-4 Reduction of energy consumption	Green Circularity for a Pleasant Environment
58		302-5 Reduction in energy requirements of products and services	Green Circularity for a Pleasant Environment

No.	Index	Disclosures	Location in this report
59	GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Green Circularity for a Pleasant Environment
60		303-2 Management of water discharge-related impacts	Green Circularity for a Pleasant Environment
61		303-3 Water withdrawal	Green Circularity for a Pleasant Environment
62		303-4 Water discharge	Green Circularity for a Pleasant Environment
63		303-5 Water consumption	Green Circularity for a Pleasant Environment
64	GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Green Circularity for a Pleasant Environment
65		304-2 Significant impacts of activities, products, and services on biological diversity	Green Circularity for a Pleasant Environment
66		304-3 Habitats protected or restored	Green Circularity for a Pleasant Environment
67		304-4 Species included on the IUCN Red List and on national conservation lists with habitats in areas affected by the organization's operations	Green Circularity for a Pleasant Environment
68	GRI 305: Emissions	305-1 Direct (Scope 1) GHG gas emissions	Green Circularity for a Pleasant Environment
69		305-2 Energy indirect (Scope 2) GHG emissions	Green Circularity for a Pleasant Environment
70		305-3 Other indirect (Scope 3) GHG emissions	Green Circularity for a Pleasant Environment
71		305-4 GHG emissions intensity	Green Circularity for a Pleasant Environment
72		305-5 Reduction of greenhouse gas emissions	Green Circularity for a Pleasant Environment
73		305-6 Emissions of ozone depleting substances (ODS)	Green Circularity for a Pleasant Environment
74		305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Green Circularity for a Pleasant Environment
75	GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Green Circularity for a Pleasant Environment
76		306-2 Management of significant waste-related impacts	Green Circularity for a Pleasant Environment
77		306-3 Waste generated	Green Circularity for a Pleasant Environment
78		306-4 Waste diverted from disposal	Green Circularity for a Pleasant Environment
79		306-5 Waste directed to disposal	Green Circularity for a Pleasant Environment
80	GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Green Circularity for a Pleasant Environment
81		308-2 Negative environmental impacts in the supply chain and actions taken	Green Circularity for a Pleasant Environment
82	GRI 401: Employment	401-1 New employee hires and employee turnover	Seeking Joint Development in Diversity and Inclusion
83		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Seeking Joint Development in Diversity and Inclusion
84		401-3 Parental leave	Seeking Joint Development in Diversity and Inclusion
85	GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	Seeking Joint Development in Diversity and Inclusion

No.	Index	Disclosures	Location in this report
86	GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Seeking Joint Development in Diversity and Inclusion
87		403-2 Hazard identification, risk assessment, and accident investigation	Seeking Joint Development in Diversity and Inclusion
88		403-3 Occupational health services	Seeking Joint Development in Diversity and Inclusion
89		403-4 Worker participation, consultation, and communication on occupational health and safety	Seeking Joint Development in Diversity and Inclusion
90		403-5 Worker training on occupational health and safety	Seeking Joint Development in Diversity and Inclusion
91		403-6 Promotion of worker health	Seeking Joint Development in Diversity and Inclusion
92		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Seeking Joint Development in Diversity and Inclusion
93		403-8 Workers covered by an occupational health and safety management system	Seeking Joint Development in Diversity and Inclusion
94		403-9 Work-related injuries	Seeking Joint Development in Diversity and Inclusion
95		403-10 Work-related ill health	Seeking Joint Development in Diversity and Inclusion
96	GRI 404: Training and Education	404-1 Average hours of training per year per employee	Seeking Joint Development in Diversity and Inclusion
97		404-2 Programs for upgrading employee skills and transition assistance programs	Seeking Joint Development in Diversity and Inclusion
98		404-3 Percentage of employees receiving regular performance and career development reviews	Seeking Joint Development in Diversity and Inclusion
99	GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Seeking Joint Development in Diversity and Inclusion
100		405-2 Ratio of basic salary and remuneration of women to men	Seeking Joint Development in Diversity and Inclusion
101	GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Seeking Joint Development in Diversity and Inclusion
102	GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Seeking Joint Development in Diversity and Inclusion
103	GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	Seeking Joint Development in Diversity and Inclusion
104	GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Seeking Joint Development in Diversity and Inclusion
105	GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	Not relevant
106	GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	Not relevant
107	GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Sharing Wellness and Happiness with Gratitude
108		413-2 Operations with significant actual and potential negative impacts on local communities	Not relevant
109	GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Green Circularity for a Pleasant Environment
110		414-2 Negative social impacts in the supply chain and actions taken	Green Circularity for a Pleasant Environment
111	GRI 415: Public Policy	415-1 Political contributions	Not relevant
112	GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Technological Empowerment for a Skin Health Ecology
113		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Technological Empowerment for a Skin Health Ecology
114	GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	Technological Empowerment for a Skin Health Ecology
115		417-2 Incidents of non-compliance concerning product and service information and labeling	Technological Empowerment for a Skin Health Ecology
116		417-3 Incidents of non-compliance concerning marketing communications	Technological Empowerment for a Skin Health Ecology
117	GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Technological Empowerment for a Skin Health Ecology

Reader Feedback

Dear reader,

Thank you for reading this report. We sincerely look forward to your valuable comments and suggestions so as to improve our sustainability management. Please answer the following questions and give us feedback via:

Email: ir@botanee.com

Correspondence: No. 53 Keyi Road, Kunming High-tech Industrial Development Zone, Kunming, Yunnan Province



Please feel free to scan the QR code and fill in your feedback

What is your overall assessment of this report: (Please tick ✓ in appropriate box)

1. What is your overall assessment of this report ?

Good Average Poor

2. What do you think the quality of information disclosed in it?

Good Average Poor

3. How do you think this report reflects the Company's significant impact on economy, society and environment?

High Average Low

4. How well do you think the Company has done in safeguarding stakeholder interests?

Good Average Poor

5. Your comments and suggestions on our sustainability management:

Please leave your personal information if you are willing to:

Name :		Occupation :		Employer :	
Zip code :		Email :		Telephone :	
Address :					