



麗豐股份有限公司

CHLITINA HOLDING LIMITED

上市股票代碼：4137

2023 永續報告書

SUSTAINABILITY REPORT

CHLITINA

# CHLITINA HOLDING LIMITED (4137)

## 2023 Sustainability Report

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## About this Report

Chlitina Holding Limited published its first Sustainability Report/ESG Report in 2024. It describes the company's concepts and responses to various major issues as it is moving towards sustainable development. It also explains the latest key achievements of the company and the future blueprint. This report was commissioned by the Board of Directors and supervised by CEO Chao Cheng-You, who formed an ESG planning team with representatives from various departments to collect and integrate data. We hope that all stakeholders interested in the Chlitina Group can understand our concepts and practices in the field of green management, employee dialogue, social participation, and integrity governance, as well as our continuous efforts and determination regarding various sustainable development issues. By conducting surveys and gathering opinions from various stakeholders, and through quantitative analysis, we identified seven categories of stakeholders and their major concerns. This report can also be seen as a channel for dialogue between the Group and its stakeholders. We expect that through disclosure, communication, and feedback, we can understand each other's efforts and expectations and move towards a better future together.

## Report Scope and Boundaries

The content of this report covers responses, specific measures, and company performances related to issues of concern to key stakeholders. The reporting boundaries are consistent with the consolidated financial statements of Chlitina Holding Limited. Some information, depending on availability, includes data from subsidiaries such as Chlitina (China) Trading Co., Ltd., Weishuo (Shanghai) Daily Product Co., Ltd., and Shanghai Lunxin Medical Beauty Clinic Co., Ltd., It is specially noted as such when applicable. This report presents the company's actions and various performance data in terms of green management, employee dialogue, social participation, and governance integrity from January 1, 2023, to December 31, 2023. Financial data is calculated in New Taiwan Dollars, while environmental and health and safety-related performance is expressed using internationally recognized indicators.

## **Report Compilation Principles**

The overall content and structure of this report are primarily based on the options of the GRI 2021 Standards issued by the Global Sustainability Standards Board (GSSB). The content and structure related to environmental aspects and greenhouse gas inventory are disclosed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Sustainability issues that have a material impact on the industry's finances are also disclosed in accordance with the standards of the Sustainability Accounting Standards Board (SASB). An index of GRI, TCFD, and SASB indicators is included in the appendix for reference.

## **Report Assurance**

Internal Assurance: Data and information were compiled by the ESG Planning Team, presented to the Board of Directors for review, and approved by the Chairman prior to publication. Additionally, internal audits are conducted annually for the Quality Management System (ISO 9001), Occupational Health and Safety Management System (ISO 45001), Environmental Management System (ISO 14001), and Greenhouse Gas Inventory (ISO 14064-1). Starting from 2025, these will be submitted to external verification to ensure the accuracy of published data and information. This sustainability report being the company's first, information recompilation does not apply.

## **Report Preparation Unit**

This report was prepared by the company's ESG Planning Team and published on the company's website. Reporting Period: This report will be issued annually, no later than August 31 of each year, in accordance with legal requirements. The reporting period aligns with the company's financial reporting period. The financial report is audited and certified by Deloitte & Touche.

## Disclosure and Release

Beginning in 2024, the Chlitina Group will prepare and publish the Chlitina Holding Limited Sustainability Report every year. This report released in August 2024 covers the period from January 1, 2023, to December 31, 2023, with the scope of the disclosed data and content primarily focusing on the operational activities of the Chlitina Group. In line with our commitment to environmental protection, this report will be available exclusively in electronic format.

## Feedback and Contact Info

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## About the Chlitina Group

Chlitina Holding Limited was established on July 3, 2012, in the Cayman Islands as an investment holding company. Its primary business is the operation of the CHLITINA beauty salon franchise. The “CHLITINA” brand was founded in Taiwan in 1989, with its main business being the research, development, manufacturing and sale of beauty and skincare products. The brand boasts a strong franchise network and brand recognition, forming a comprehensive industrial integration advantage. Relying on its high-quality products and business model, Chlitina opened its flagship store in Shanghai in 1997 under the leadership of Chairman Chen Pi-Hua, marking its official entry into the Chinese market. The company went public in Taiwan in 2013 and currently operates in Taiwan, Mainland China, and Hong Kong, covering the Greater China region. It is also actively expanding into Southeast Asia. There are around 5,000 CHLITINA franchise locations worldwide. Over the years, the company has trained over 300,000 professional beauty consultants, becoming a leading brand in the Chinese beauty salon industry.

In addition to the stable annual growth of its main business channel, the Chlitina Group is actively developing other affiliated brands and channels, including the Xinmeili e-commerce platform, the Uplider medical beauty and anti-aging clinics, RnD nail and eyelash services, Kindshare Biomedical Limited, and CHLITINA Home Spa, among others. The goal is to create the next driving force for the Chlitina Group’s operations and to leverage the group’s advantages in research and development, production, branding, and chain store business scale in order to reinforce the Group’s unique position in the beauty and health industry.

Company Name	CHLITINA HOLDING LIMITED
Established	3 July 2012
Company Headquarters	10F, 107 Songren Road, Xinyi District, Taipei City 18F, 666 Zhongshan Wanbo Building Huai Hai West Road, Changning District, Shanghai City
Personnel	864 Employees
Capital Stock	NT\$ 825 million
Main Business	CHLITINA Franchise Beauty Salons
Products and Services	<ul style="list-style-type: none"><li>Research and development, manufacturing, and sales of beauty products and skincare sets</li></ul>

	<ul style="list-style-type: none"> <li>• Franchise beauty salon operation and promotion services</li> <li>• E-commerce platform operation</li> <li>• Medical beauty and anti-aging clinics operation</li> <li>• Nail and eyelash extension services</li> </ul>
Business Scale	2023 Consolidated Revenue: RMB1,032 million (NT\$ 4,535 million)

## Financial Performances in the Last Four Years

### Operating revenue (Unit: NT\$ million)

2020	2021	2022	2023
4,055	5,271	4,069	4,534

### Gross profit (Unit: NT\$ million)

2020	2021	2022	2023
3,451	4,377	3,357	3,786

### Operating profit (Unit: NT\$ million)

2020	2021	2022	2023
1,120	1,771	1,179	1,197

### Net profit after tax (Unit: NT\$ million)

2020	2021	2022	2023
959	1,355	689	1,033

**Earnings per share** (Unit: NT\$)

2020	2021	2022	2023
12.09	17.05	8.68	13.03

**Cash dividends per share** (Unit: NT\$)

2020	2021	2022	2023
8.50	12.00	7.00	10.50

**Cash dividend payout ratio** (Unit: %)

2020	2021	2022	2023
70%	70%	81%	81%

Note: Figures are based on Chlitina Group consolidated financial reports.

## CHLITINA Beauty Salon Franchise International Network Layout:

4,839 stores (end of March 2024)

Mainland China: 4,594

Taiwan: 224

Vietnam, Hong Kong: 21

### Northwestern China

Xinjiang	13 stores
Gansu	21 stores
Shaanxi	96 stores
Ningxia	29 stores
Qinhai	5 stores

### Southwestern China

Tibet	3 stores
Sichuan	176 stores
Chongqing	75 stores
Yunnan	18 stores
Guizhou	71 stores
Guangxi	51 stores

(not on this map)

Vietnam: Ho Chi Minh City Flagship Store

### North China

Inner Mongolia	214 stores
Beijing	321 stores
Hebei	157 stores
Shanxi	96 stores
Tianjin	148 stores

### Northeastern China

Heilongjiang	42 stores
Jilin	51 stores
Liaoning	100 stores

### East China

Shandong	169 stores
Henan	118 stores
<b>Jiangsu</b>	<b>425 stores</b>
<b>Shanghai</b>	<b>424 stores</b>
Anhui	166 stores
Hubei	213 stores
Jiangxi	147 stores
Hunan	286 stores

Shanghai Flagship Store

3 Flagship Stores  
in Taipei/New Taipei

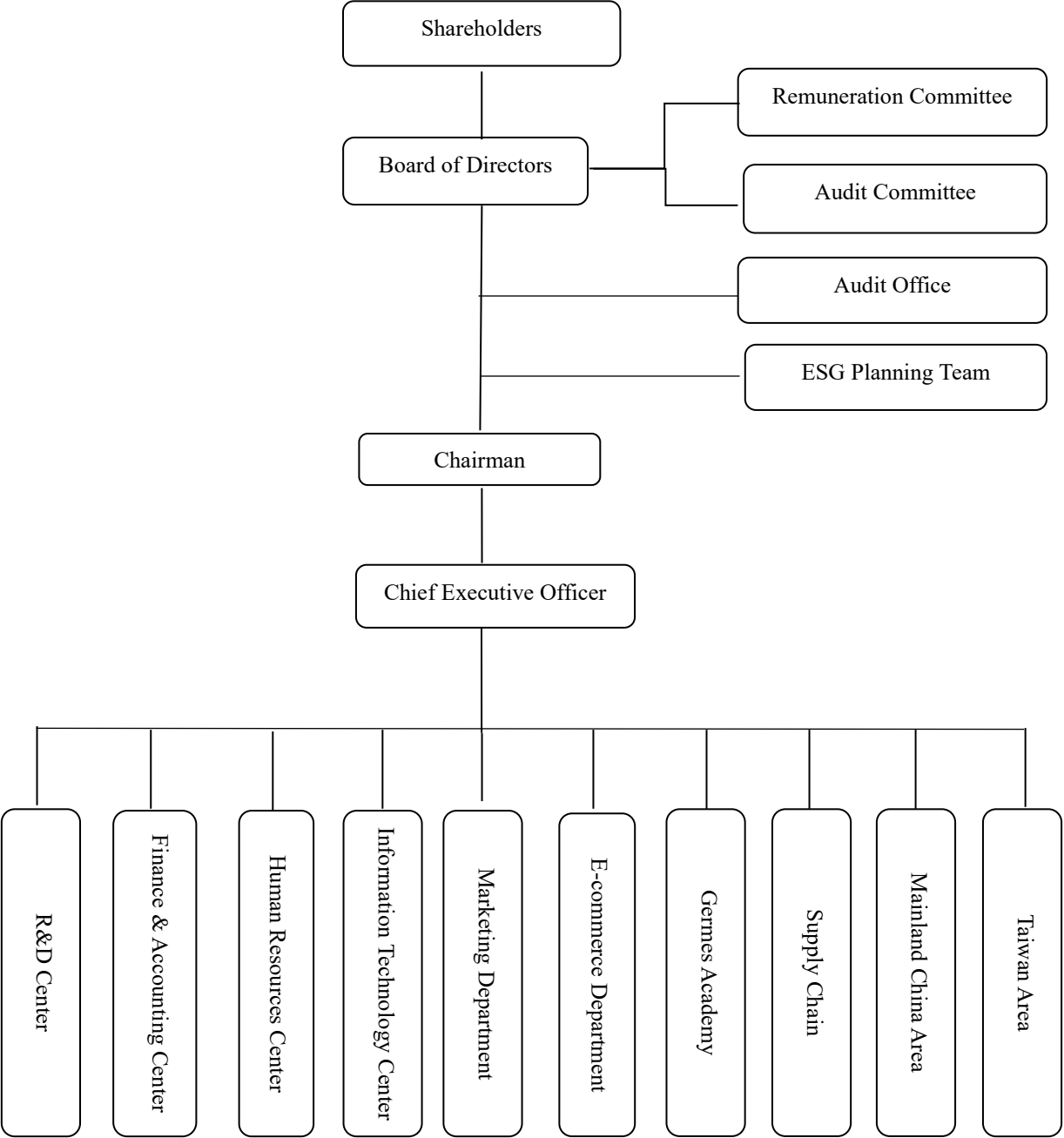
Taiwan 224

### Southeast China



<b>Zhejiang</b>	<b>410 stores</b>
Fujian	81 stores
<b>Guangdong</b>	<b>460 stores</b>
Hainan	8 stores

Chengdu Flagship Store



Organizational Chart



## Introduction to Organizational Functions

Department	Responsibilities	
R&D Center	<ol style="list-style-type: none"> <li>1. Enhance the company's own research and development capabilities and support the early-stage development of new products.</li> <li>2. Define standard costs and achieve effective cost control, manage and maintain regulatory compliance, and coordinate communication between departments.</li> <li>3. Develop green and eco-friendly products and innovation, control products and raw materials quality, and lead the company towards sustainable development.</li> </ol>	
Finance & Accounting Center	<ol style="list-style-type: none"> <li>1. Draw up annual budget and prepare financial statements for the group.</li> <li>2. Develop the group's tax policies and planning.</li> <li>3. Handle the group's accounting operations, and financial and capital planning.</li> <li>4. Manage investor relations and shareholder services.</li> <li>5. Establish an effective governance framework and implement corporate governance requirements, including the disclosure of operational information and related matters.</li> </ol>	
Human Resources Center	<ol style="list-style-type: none"> <li>1. Create and implement human resource planning and personnel management system.</li> <li>2. Formulate company's policies and regulations regarding human right,schild labor and so on; ensure harmonious labor relations and smooth communication.</li> <li>3. Supervise safety, health and hygiene matters at all locations.</li> </ol>	

Information Technology Center	<ol style="list-style-type: none"> <li>1. Develop a reasonable budget for the IT department and plan the group's software and hardware resources effectively.</li> <li>2. Establish the network systems, applications, and business systems needed by entities within the group.</li> <li>3. Establish, manage, and implement the SAP system, integrating the company's ERP management operations.</li> <li>4. Establish and execute the Management Information System (MIS), integrate the company's computerized management operations.</li> </ol>	
Marketing Department	<ol style="list-style-type: none"> <li>1. Based on the company's operational development direction, undertake brand image building, brand value creation, and brand image enhancement to elevate the company's brand positioning.</li> <li>2. Develop new products, optimize the product portfolio, draft product promotion plans, and organize their implementation.</li> <li>3. Plan communication strategies, advertising campaigns, and promotion plans; execute brand communication strategies, and prepare marketing budgets.</li> <li>4. Collect market information, analyze market trends and consumer needs, survey industry development trends, and conduct market research and sales forecasts.</li> <li>5. Plan and publish contents on new media platforms (WeChat, Douyin, Xiaohongshu, etc.).</li> <li>6. Establish and maintain media relations and public relations.</li> <li>7. Organize, plan, and provide creative output and copywriting for marketing events.</li> </ol>	
E-commerce	Operate business activities and promotional plans on CHLITINA HOME SPA and other e-commerce platforms.	

Germes Academy	Develop training courses, teach courses within and outside the group's premises, and provide related support.	 
Supply Chain	<ol style="list-style-type: none"> <li>1. Handle production and outsourced processing, achieve annual production plans and targets.</li> <li>2. Implement supply chain management to ensure stable raw material supply and reduce price volatility risks, promote energy-saving plans, and improve energy use efficiency.</li> </ol>	
Mainland China Area	Organize business growth in the Mainland China region.	
Taiwan Area	Organize business growth in the Taiwan region and South East Asia.	



Year	Important Company Milestones
1989	Creation of the “CHLITINA” brand in Taiwan.
1997	First “CHLITINA” beauty salon opens in Shanghai, marking the official entry on the Mainland China market
1999	First “CHLITINA” flagship store on Shanghai’s Huai Hai Road.
2002	A training center is established in Shanghai and offers various professional training programs.
2003	The Songjiang Factory in Shanghai, where CHLITINA products are manufactured, is equipped with advanced production equipment, adheres to strict scientific production management and quality control systems, and it obtains the Cosmetics Good Manufacturing Practice (GMPC) certification from Intertek Testing Services Ltd., Shanghai. The factory’s excellent quality control standards have also earned it the International URS ISO 9001 and Shanghai Quality System Certification Center ISO 9001 international quality certifications, making it one of the few domestic daily products and cosmetics companies to receive both certifications.
2004	Customer services are strengthened to accelerate market expansion, establishing branches in Beijing, Guangzhou, Chengdu, and Dalian, thus enhancing customer awareness and recognition of the brand.
2005	The company expands around Mainland China, its franchise network surpasses 2,000 CHLITINA beauty salons.
2006	Shanghai Yongji Trade Co., Ltd. (hereafter referred to as Yongji) is established, and the number of franchises reaches 2,475.
2007	-A CHLITINA self-owned store is inaugurated in Chengdu. -Weishuo (Shanghai) Daily Product Company Limited (hereafter referred to as Weishuo) is established. -Chlitina International Limited is established.
2008	-A CHLITINA self-owned store is inaugurated in Dalian. -The Centre de Recherche et de Developpement de Chlitina France is established in Paris, and enters a Research & Development partnership with a French laboratory.
2009	-Hong Kong Chlitina Limited is established -Weishuo officially starts mass production.
2011	-Both CHLITINA’s Chinese (克麗緹娜) and English brand names are included in the list of “China Well-Known Trademarks” announced by China’s State Administration for Industry and Commerce. -Chlitina Group Limited is established.
2012	-Chlitina Intelligence Limited is established. -Chlitina takes part in the 7th China (Shanghai) International Beauty Expo, where it receives a “Most Influential brand” award as well as the “2012 Most Influential Beauty Franchise” award. -Chlitina Holding Limited is established in the Cayman Islands, the first steps towards going public. -Chlitina is awarded the “Asia Brand Grand Prize” and the “Most Promising Chain Store Organization in China” by the China Entrepreneurship and Franchise Industry Association.

Year	Important Company Milestones
	<ul style="list-style-type: none"> <li>-At the 4th Hers Quality Life Awards organized by <i>Hers</i> magazine, the Chlitina brand received the “Most Loved Brand by Millions of Women” award.</li> <li>-Chlitina is recognized as one of the 2012 China High-Growth Chain Enterprises at the Top 50 Forum and Awards Ceremony organized by <i>Chuangyebang</i> online news media, in recognition of the brand’s reputation, prestige, and strong future growth potential.</li> <li>-Chlitina Marketing Limited and its Taiwan Branch are established.</li> </ul>
2013	<ul style="list-style-type: none"> <li>- The CHLITINA brand is awarded “Top 10 Most Valuable Brands in Asia” at the Asia Brand Annual Meeting and China Brand Annual Awards Ceremony.</li> <li>-Weishuo receives the “Advanced Enterprise” award from the Songjiang District People’s Government.</li> <li>-In May, Chlitina receives the “2013 Most Influential Entrepreneurial Investment Brand Award” and the “2013 Annual Entrepreneurial Expo Golden Award” at the National Brand Project Franchise and Entrepreneurship Exhibition.</li> <li>-In May, <i>Beauty Salon Magazine</i> awarded the Chlitina Group the “Top 10 Business Model” award.</li> <li>-In May, Chlitina was honored with the “Leading Brand” and “2013 Most Valuable Beauty Chain Organization” awards at the 18th China Beauty Expo.</li> <li>-In August, Chlitina is awarded “2013 China High-Growth Chain Top 50” by <i>Chuangyebang</i> online news media.</li> <li>-In November, CHLITINA is honored with the “2013 Trusted Brand in China’s Hair and Beauty Industry” award by the Shanghai Commerce Commission, <i>Morning News</i>, and the Shanghai Hair and Beauty Industry Association.</li> <li>-On November 27, CHLITINA HOLDING LIMITED is listed on the Taiwan Stock Exchange.</li> </ul>
2014	<ul style="list-style-type: none"> <li>-In January, CHLITINA is honored with a “City Light” award as the most beloved brand by 7.6 million readers of <i>Fengshang</i> magazine at the Fengshang Gala.</li> <li>-In January, “CHLITINA E.P.O. Facial Cleanser” is recognized as “2014 Most Classic Cleansing Product” at the Fengshang Gala.</li> <li>- In February, the company is honored with a “2013 China Public Welfare Collective Award” at the 3rd China Public Welfare Festival.</li> <li>-In February, the company’s Light Up Project is honored with the “2013 Best Public Welfare Spirit Award” at the 3rd China Public Welfare Festival.</li> <li>-On March 3, the company holds the Women Love Bravely - CHLITINA Blossoming 25th Anniversary Brand Gala, unveiling its new slogan: “Women Love Bravely.”</li> <li>In May, the Chlitina Group is honored with the “Investors’ Favorite Brand” award at the 15th China (Shandong) Wealth Creation Expo.</li> <li>-In June, “CHLITINA E.P.O. Facial Cleanser” is honored with the “2014 Most Potential Entrepreneurial Project Award” and the “2014 Annual Entrepreneurial Expo Gold Award” at the 20th National Brand Project Franchise and Entrepreneurship Exhibition.</li> <li>-In June, the company is honored with the “2014 Best Brand Image Award” at the 3rd China Financial Summit.</li> <li>-In September 2014, the company is honored with the “2014 China Fragrance, Essential Oils, and Cosmetics Industry Excellent Product Tour Exhibition Special Contribution Award” and the “China Fragrance, Essential Oils, and Cosmetics Industry Leading</li> </ul>

Year	Important Company Milestones
	<p>Enterprise Award.”</p> <ul style="list-style-type: none"> <li>-In September, the company receives the “2014 Most Fashionable Beauty Chain Organization” award.</li> <li>-In November, the company is honored with the “2013 Annual China Franchise Entrepreneurship Contribution Award” and the “2013 China Top 120 Franchise” award by the China Chain Store &amp; Franchise Association.</li> <li>-In November, the company is honored with the “Outstanding Contribution Award for 25 Years of Project Hope” by the China Youth Development Foundation.</li> </ul>
2015	<ul style="list-style-type: none"> <li>-In January, Ms. Chen Pi-Hua, Chairman of the Chlitina Group, is honored with the “2014 China Public Welfare Personality Award.”</li> <li>-In January, the company is honored with the “2014 China Public Welfare Collective Award.”</li> <li>-In June, CHLITINA collaborates with Hubei TV to create the legendary reality show “Perhaps Love” around the “Women Love Bravely” theme.</li> <li>-In July, a grand event is held in Xiamen for the launch of Xinmeili, the company’s new beauty business.</li> <li>-In October, CHLITINA is listed as one of the “2015 Top 20 International Brands in Taiwan” by Interbrand, the world’s largest marketing consultancy firm.</li> <li>-In November, CHLITINA’s Deluxe Renew Firming Cream wins the “Best 4D Contouring Award” from <i>Femina</i> magazine after a successful blind test.</li> </ul>
2016	<ul style="list-style-type: none"> <li>-In January, Chairman Chen Pi-Hua is honored with the “2015 China Public Welfare Personality Award.”</li> <li>-In January, the Chlitina Group is honored with the “2015 Responsible Brand Award.”</li> <li>-In March, the company holds a press conference in cooperation with the 19th Shanghai International Film Festival.</li> <li>-In March, the company holds a gala at the Shanghai Culture Square, hosted by its brand ambassador the mandopop star A-Lin, and introduces the new brand concept of “Cocoon Spirit.”</li> <li>-In March, the company partners with the Shanghai International Film Festival to launch a global fundraising campaign for the “Women Love Bravely” documentary project.</li> <li>-In April, TV and print advertisements featuring brand ambassador A-Lin are simultaneously released on both sides of the Taiwan Strait.</li> <li>-In April, computers donated by the company’s Light Up Charity reach Anzhai County, Anhui Province.</li> <li>-In April, CHLITINA’s Intensive Boosting Treatment Whitening Essence is honored with the “Annual Best Whitening and Repair Award” by <i>Femina</i> magazine.</li> <li>-From May 11 to 16, Chlitina’s Light Up Charity holds a training session in Shanghai for teachers from all regions in China.</li> <li>-In June, Chlitina becomes the official partner of the 19th Shanghai International Film Festival, with CHLITINA being the only designated skincare brand for the festival.</li> <li>-In June, Chairwoman Chen Pi-Hua is elected chapter president of the National Medical Beauty Industry Association in China.</li> </ul> <p>From April to July 2016, Taiwan invested in the mainland’s high-profile TV drama “The Legend of Mi Yue,” enhancing brand</p>

Year	Important Company Milestones
	<p>awareness.</p> <ul style="list-style-type: none"> <li>-In July, Chlitina receives the “2016 Outstanding Brand Image Award” at the 5th China Finance Summit, and Chairman Chen Pi-Hua is honored with the “2016 Best Financial Intelligence Personality Award.”</li> <li>-In August, Chief Operating Officer Chao Cheng-You is the only representative from the beauty industry invited to attend the Hangzhou B20 Summit.</li> <li>-In November, Chlitina’s new concept store debuts on Huaihai Road, in the commercial district of Shanghai, offering a unique five-sense experience to introduce the brand’s new luxury skincare concept, the “Cocoon Spirit”.</li> <li>-In November, Chlitina is selected for the second consecutive year as one of Taiwan’s Top 20 Global Brands. It is the sole representative from the beauty industry, with a brand value yearly growth rate of 19%, higher than the average growth rate of nearly 18% for all top 20 brands.</li> <li>-In November, Chairman Chen Pi-Hua is awarded an Honorary Doctorate in Humanities by Keuka College, New York State, for her outstanding long-term commitment to humanitarian care and continuous support for cultural exchange between the two sides of the Taiwan Strait.</li> <li>-In November, CHLITINA’s Protein Cream is honored with the “Annual Best Firming Award” by <i>Femina</i> magazine.</li> </ul>
2017	<ul style="list-style-type: none"> <li>-In January, the company receives the “2016 Annual Special Tribute Award” at the 6th China Public Welfare Festival.</li> <li>-In January, Chairman Chen Pi-Hua is honored with the “2016 Public Welfare Personality Award” at the 6th China Public Welfare Festival.</li> <li>-In February, Chlitina holds a press conference to announce its cooperation with the 20th Shanghai International Film Festival.</li> <li>-In February, the company collaborates with Shanghai Hongqiao International Airport to create the 2017 Women Art Exhibition around the theme of “Women Love Bravely”.</li> <li>-In February, the company hosts the “Soaring to New Heights for 20 Years” brand gala, upgrading its brand slogan to “Women Love Bravely and Become More Beautiful” and releasing three short documentaries in honor of every brave and loving woman.</li> <li>-In May, the company makes a donation to the Tongji University Education Development Foundation to support the development of medical and management talents and scientific research at university.</li> <li>-In May, the company’s UPLIDER Medical Beauty Clinic is officially established.</li> <li>-In June, the company’s Light Up Charity holds a teacher training session in Shanghai.</li> <li>-In June, Chlitina becomes the official partner of the 20th Shanghai International Film Festival, with CHLITINA being the only designated skincare brand for the festival.</li> <li>-In June, Chlitina collaborates with the 20th Shanghai International Film Festival to launch the “Women Love Bravely” documentary creation and investment project, and funds the production of documentary “Gangla Medo.”</li> <li>-In June, Chlitina holds the “Pink Power Ambassador” Gala in Shanghai.</li> <li>-In July, the brand is featured in the popular TV series “The First Half of My Life.”</li> <li>-In July, Chlitina is honored with the “2017 Outstanding Brand Image Award” at the 6th China Finance Summit.</li> <li>-In July, Chairman Chen Pi-Hua is honored with the “2017 (Industry) Influential Personality Award” at the 6th China Finance</li> </ul>

Year	Important Company Milestones
	<p>Summit.</p> <ul style="list-style-type: none"> <li>-In July, Chief Operating Officer Chao Cheng-You is honored with the “2017 Best Financial Intelligence Personality Award” at the 6th China Finance Summit.</li> <li>-In October, the Tongji University-Lifeng Group Regenerative Medicine Research Institute was officially established. (Lifeng is the transcription of Chlitina Holding Limited’s Chinese name)</li> <li>-In November, the company is selected as one of Taiwan’s Top 20 Global Brands for the third consecutive year, setting a new record in the local beauty industry.</li> <li>-In December, the company receives the “Best Classic Skincare Series Award” at the 2017 Sina Taste Awards.</li> <li>-In December, the company is awarded the “2017 Best Cooperative Partner &amp; Annual Hope Project Contribution Award” by the China Youth Development Foundation.</li> </ul>
2018	<ul style="list-style-type: none"> <li>-In January, Chlitina is awarded the “2017 Annual Special Tribute Grand Prize” at the 7th China Charity Festival.</li> <li>-In January, Chairman Chen Pi-hua is awarded the “2017 Annual Charity Figure Award” at the 7th China Charity Festival.</li> <li>-In February, the number of CHLITINA franchise stores exceeds 4,000.</li> <li>-In February, Chlitina receives the “Golden Classic Award for Top 10 Innovative Cases in the National Service Industry” from <i>China Business News</i>.</li> <li>-In March, the Chlitina Gala is held at the Kerry Center in Pudong, Shanghai.</li> <li>-In March, in cooperation with the China Youth Development Foundation, the company establishes the Light Up Fund, the first domestic fund dedicated to promoting reading.</li> <li>-In June, the company is again declared an official partner of the 21st Shanghai International Film Festival &amp; the 21st Shanghai TV Festival, with CHLITINA the only designated skincare brand for the Shanghai International Film Festival.</li> <li>-In June, the company is awarded the “2017 China Top 100 Franchises” and “2018 China Excellent Franchise Brand” by the China Chain Store &amp; Franchise Association.</li> <li>-In July, CHLITINA is featured in the dating show “Love at First Sight” on Anhui TV.</li> <li>-In October, CHLITINA’s Advanced Lightening Eye Serum is awarded the “Radiant Eye Pioneer Award” in the 2018 Beauty Exemple of <i>Rayli Her Style</i> magazine.</li> <li>-In October, COO Chao Cheng-You attends the 18th Forbes Global CEO Conference as a representative of the domestic beauty industry.</li> <li>-In November, Chlitina is awarded the “2018 Annual Influential Enterprise” grand prize at the 2018 China Finance Summit, and COO Chao Cheng-You is awarded the “2018 New Economy Person of the Year” grand prize.</li> <li>-In December, the Chlitina-funded documentary “Gangla Medo” is awarded the “Golden Ribbon” Excellent TV Program Award, with translations in 6 languages and broadcasts in 9 countries.</li> </ul>
2019	<ul style="list-style-type: none"> <li>-In January, the company is awarded the “2018 Annual Public Welfare Group Award,” and COO Chao Cheng-You is awarded the “2018 Annual Public Welfare Person Award.”</li> <li>-In January, the company is honored as one of the “Top 100 Enterprises in Xuhui District,” and COO Chao Cheng-You is appointed</li> </ul>

Year	Important Company Milestones
	<p>Vice President of the Xuhui District Committee of the Shanghai Taiwan Investors Association.</p> <p>-In March, Chlitina wins three awards: “2018 China Top 100 Franchises,” “2019 China Excellent Brand Award,” and “Excellent Franchisee Award.”</p> <p>-In June, Chlitina is again chosen as an official partner of the 22nd Shanghai International Film Festival &amp; the 20th Shanghai TV Festival, and the only designated skincare brand for the Shanghai International Film Festival.</p> <p>-In July 2019, the first “Reading for Beauty” Public Welfare Reading Summer Camp organized by the Chlitina Light Up Fund is successfully held in Duchang, Jiangxi.</p> <p>-In July 2019, Chlitina is awarded the “Corporate Social Responsibility Exemplar Award” at the 8th China Finance Summit, and COO Chao Cheng-You is awarded the “Industry Influential Person Award.”</p> <p>-In October 2019, Chlitina set a new industry record by being selected as one of Taiwan’s Top 20 Global Brands for the fourth consecutive year.</p> <p>-In October 2019, Chlitina once again collaborates with actress Ma Yili, writing a new chapter of the “Women Love Bravely” slogan.</p> <p>-In October 2019, COO Chao Cheng-You attends the 17th Global Vision Leaders Forum as a representative of the domestic beauty industry.</p> <p>-In November 2019, Chlitina is honored by the China Youth Development Foundation with the “Outstanding Contributor to the 30th Anniversary of Project Hope” award.</p> <p>-In December 2019, Chlitina is awarded the “Popular Skincare Gift Box Full Effect Care Award” and the “Popular Anti-Aging Cream Award” at the PC Lady 2019 Beauty Awards.</p> <p>-In December 2019, the CHLITINA brand is featured in the urban legal drama “The Best Partner.”</p> <p>-In December 2019, Chlitina (transcribed as “Lifeng”) holds an unveiling ceremony for the Tongji University-Lifeng Group Regenerative Medicine Research Institute at the Tongji University Jicheng Building.</p>
2020	<p>-In January, the company is awarded the 2019 Social Responsibility Public Welfare Charity Award.</p> <p>-In January, the “Reading for Beauty” public welfare project organized by the company’s Light Up Fund is awarded the “2019 Public Welfare Practice Award” at the 9th China Charity Festival, and Ms. Su Yu-Shan, the founder of the Light Up Fund, is awarded the “2019 Public Welfare Person Award.”</p> <p>-In February, the CHLITINA brand is featured in the urban legal drama “I will Find You a Better Home.”</p> <p>In February, Chlitina is awarded the “Fighting the Epidemic with Love” donation certificate by the China Youth Development Foundation.</p> <p>-In March, Chlitina joins the China Chain Store &amp; Franchise Association’s “Consumer Confidence Pledge.”</p> <p>-In July, Chlitina is awarded the “2019 China Top 100 Franchises” for the third consecutive year.</p> <p>-In July, Chlitina is awarded the “2020 Influential Quality Brand” and “2020 Influential Consumer Satisfaction Brand” at the 7th China Brand Influence Awards.</p> <p>-In August, the CHLITINA brand is awarded the “2020 Industry Influential Brand” at the 9th China Financial Summit, and CEO</p>



Year	Important Company Milestones
	<p>Chao Cheng-You is awarded the “2020 Industry Influential Person” award.</p> <p>-In August, the Shanghai TV Festival holds an awards ceremony at the Shanghai Theater, with Chlitina being the official partner and designated skincare brand of the Shanghai TV Festival for the fourth consecutive year, and the only brand sponsor of that year’s festival.</p> <p>-In September, the second phase of the Light Up Fund project in Shaanxi is officially launched.</p> <p>-In October, the first mini-series “Her and Their Stories,” co-produced by CHLITINA and Miao Yan Entertainment, premieres on the Youku platform.</p> <p>-In November, Chlitina’s new product, the Youthkeeper Serum receives the “Youth Rejuvenation Award” at the ELLE Beauty Star 75th Anniversary.</p> <p>-In November, the company is awarded “Top 25 Taiwan Global Brand” for the fifth time.</p> <p>-In November, Chlitina (China) Trade Co., Ltd. is awarded “Outstanding Taiwan Enterprise.”</p> <p>-In November, the company is listed among Forbes Asia’s “Top 200 Best Under A Billion.”</p> <p>-In December, “Her and Their Stories” is awarded “Best Commercial Video” at the Golden Touch 2020 Global Business Innovation Awards.</p>
2021	<p>-In January, the company is honored with the “2020 Enterprise with Outstanding Anti-epidemic Contribution” at the 10th China Charity Festival while the founder of the Light Up Fund, Ms. Su Yu-Shan, receives the “2020 Public Welfare Personality Award.”</p> <p>-In February, CHLITINA Youthkeeper Serum won the Top Innovation Award of Les Victoires de la Beauté in France in the professional SPA category.</p> <p>-In March, Chlitina receives two honors: “2021 Consumer Rights Advanced Unit” and “2021 National 3.15 Quality Brand (Product) Award.”</p> <p>-In March, the popular science entertainment show “Doctors’ Tips” with CHLITINA’s exclusive sponsorship goes online.</p> <p>-In May, the company’s Light Up Fund works with the Jackie Chan Charitable Foundation Beijing to donate funds to earthquake-affected Madoi County, Qinghai.</p> <p>-In May, the Phase II of the Light Up Fund: The Power of Reading” is launched in Huyi District, Shaanxi.</p> <p>-In June, the company holds a press conference for its “Beauty + New Consumption Strategy”, introducing the new concept of “Water, Microbiome, Regenerative Medicine” and emphasizing human health and beauty as a holistic cycle — “From Beauty to Health: Enhancing the Quality of Life.”</p> <p>-In June, the company is awarded the “CCFA Top 100 Chain-Style Business of China” for the fourth consecutive year.</p> <p>-In June, Chlitina is the only designated skin care brand of the Shanghai International Film Festival and Shanghai Television Festival for the sixth consecutive year.</p> <p>-In July, the company’s Light Up Fund works with the China Youth Development Foundation to donate RMB 500,000 and 1,000 boxes of BabuLong drinking water to support flood disaster relief efforts in Henan.</p> <p>-In July, Chlitina Group is honored with the “2021 Most Investment Value Award” and “2021 Most Growth Value Award” at the 10th China Finance Summit. Chlitina Group CEO, Mr. Chao Cheng-You, received the “2021 Outstanding Digital Pioneer” award.</p>

Year	Important Company Milestones
	<ul style="list-style-type: none"> <li>-In July, the P113 + oral care series is launched.</li> <li>-In August, the company is recognized as a “2021 Model Enterprise for Social Responsibility and Charity Implementation” by <i>Consumption Daily</i>.</li> <li>-In October, the company’s Light Up Fund works with the Jackie Chan Charitable Foundation Beijing to make a donation for flood disaster relief in Shanxi.</li> <li>-In November, the CHLITINA brand makes an impressive debut at the 2021 China International Import Expo.</li> <li>-In November, Chairman Chen Pi-hua is recognized as one of the Top 20 Chairwomen of Listed Companies in Taiwan.</li> <li>-In December, Chlritina wins “Top 25 Taiwan Global Brands” for the sixth consecutive year.</li> </ul>
2022	<ul style="list-style-type: none"> <li>-In January, the company is honored with the “Corporate Social Responsibility Model Award” and the founder of the Light Up Fund, Ms. Su Yu-Shan, receives the “Public Welfare Person Award” at the 11th China Charity Festival.</li> <li>-In January, the BabuLong Mineral Water is awarded the 2022 Superior Taste Award by the International Taste Institute in Belgium.</li> <li>-In March, the company receives three honors during the “China Association for Quality Inspection March 15 Event” for its leading role in the national product and service quality integrity as well as its premium quality and brand.</li> <li>-In May, the 3,676 franchise stores of the CHLITINA network take part in the “Home Protection and Care Program” by providing healthcare personnel, community personnel, and community volunteers with free beauty and skincare services in recognition for their contribution during the pandemic.</li> <li>-In June, the company is awarded the “CCFA Top 100 Chain-Style Business of China” for the fifth consecutive year, and three Chlritina store managers receive the “CCFA Golden Store Manager Award”.</li> <li>-In June, the company wins the 2022 (Industry) Leading Brand Award, CHLITINA Youthkeeper Serum is selected as the “2022 Excellent Popular Product”, and CEO Chao Cheng-You wins the “2022 (Industry) Leading Player Award” with his innovative “Beauty + New Consumption Strategy” at the 2022 Brand Innovation Development Conference (BIDC).</li> <li>-In June, the BabuLong Mineral Water wins the Monde Selection 2022 Grand Gold Award in Belgium.</li> <li>-In July, the company wins the “2022 Sustainability Model Award” and CEO Chao Cheng-You wins the “Outstanding Influential Entrepreneur Award 2022” at the 11th China Finance Summit.</li> <li>-In September, the company wins the “Quality Integrity Benchmark Enterprise” in the 2022 Quality Month organized by China Association for Quality Inspection.</li> <li>-In November, the company is awarded “Top 25 Taiwan Global Brands” for the seventh consecutive year.</li> <li>-In November, CHLITINA Youthkeeper Serum 50ML is launched and promotion events are organized together with actor Fei Qiming.</li> </ul>
2023	<ul style="list-style-type: none"> <li>-In January, the company is honored with the “Corporate Social Responsibility Model Award” and the founder of the Light Up Fund, Ms. Su Yu-Shan, receives the “Public Welfare Person Award” at the 12th China Charity Festival.</li> <li>-In March, the company receives three honors during the “China Association for Quality Inspection March 15 Event,” namely “National Leading Company in Quality and Integrity”, “National Quality Leading Brand in the Beauty Sector”, and “National Quality Leading Company in the Beauty Service Sector.”</li> </ul>



Year	Important Company Milestones
	<p>-In May, the company wins three major awards at the 4th Brand Innovation Development Conference (BIDC): CHLITINA wins the “2023 Industry Leading Brand” award; CEO Chao Cheng-You receives the “2023 (Industry) Leading Person” award; and CHLITINA Youthkeeper Serum wins the “2023 Outstanding Popular Product” award.</p> <p>-In June, the company is selected as one of the “CCFA’s Top 100 Consumer Service Franchises in 2022” for the sixth consecutive time and is ranked Top 1 in the beauty sector category. Three of our store managers are awarded the “CCFA Gold Store Manager” award.</p> <p>-In July, the company receives the “2023 Sustainability Model Award” at the 12th China Finance Summit, and CEO Chao Cheng-You wins the “Outstanding Influential Entrepreneur Award 2023.”</p> <p>-In August, after an unprecedented rainstorm hit the Beijing-Tianjin-Hebei region, the company’s Light Up Fund immediately makes a donation of RMB 200 000 to the Jackie Chan Charitable Foundation Beijing to help purchase relief supplies.</p> <p>-In September, the company wins the “Quality and Integrity Benchmark Enterprise” in the 2023 Quality Month organized by China Association for Quality Inspection.</p> <p>-In November, CHLITINA selected as one of the “Top 25 Taiwan Global Brands” for the eighth year.</p> <p>-In December, after an earthquake in Qinghai, Gansu Province, Chlitina’s Light Up Fund immediately donates RMB 300,000 to the Jackie Chan Charitable Foundation Beijing to help purchase relief supplies.</p>





## **Foreword by Chlitina Chairman Chen Pi-Hua**

Since its establishment, Chlitina has always placed sustainable management at the core of its corporate development philosophy. We firmly believe that “Continuity shapes history, develops culture, underpins management, and is the best foundation for a successful enterprise.” The Chlitina Group is committed to developing high-quality and competitive products, providing high-quality services, while never ceasing to innovate.

Under the leadership of our outstanding CEO, the Chlitina Group made significant progress in sustainable development over the past years. We established a comprehensive Environmental, Social, and Governance framework. We set specific, measurable targets and formulated action plans to ensure that we can continuously deepen ESG-related work and integrate it into our daily operations, making it an integral part of our corporate culture.

The Chlitina Group owns in full six major business entities with operations spanning both sides of the Taiwan Strait. In the process of constructing our ESG framework, targets, and action plans, we reviewed and integrated existing projects, elevating regional scattered actions into unified group targets and plans. This ensures that the benefits and effectiveness of each action are maximized, thereby enabling us to efficiently pursue sustainable management goals.

Looking ahead, we will continue to deepen the corporate culture and management philosophy that Chlitina has accumulated over the years, integrating them into all aspects of our ESG policy. Our three core competitive strengths—products, brand, and training—will be deployed under the spirit and commitment of our ESG goals. Although the path to sustainable management is filled with challenges, we will stay the course with confidence, and strive to achieve our goals. We hope that together, we can create a better future.

A handwritten signature in black ink, consisting of stylized Chinese characters, with a long vertical line extending downwards from the bottom right.

Chen Pi-Hua  
Chairman

# 1 Sustainability Commitments







## 1.1 Defining Sustainability Goals According to World Trends


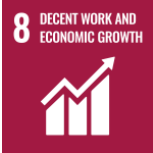



Since its establishment, the Chlitina Group has been committed to creating competitive products, providing high-quality services, and innovating with the times. While life has an end, the quality of life has no definite boundaries. With over 30 years of experience in the beauty industry, we uphold the core corporate culture of “Love and Sharing.” We use digital management as a tool to enhance corporate governance and collaborate with business partners in order to achieve mutual success. We hope that all customers and partners who come into contact with our company can experience the true beauty that comes from inner confidence. We aim to empower every customer to pursue their true selves, enhance their charm, and expand their life energy. Therefore, we continuously strive to strengthen our three core competencies: product, brand, and training. In the realm of beauty and health, we persistently pursue excellence, holding our products and services to the highest standards. By staying true to our original intentions, we can look forward to a promising future.

Our company’s concerns are not limited to operational aspects alone. Climate change and consumers’ expectations have led us to place greater emphasis on environmental protection and social responsibility. We have referred to global trends and benchmarks, and used the United Nations’ 17 Sustainable Development Goals (SDGs) to develop our ESG framework:



Following the spirit of this ESG framework, we integrate sustainable strategies into our management philosophy and guidelines, thereby formulating practical execution plans and quantifiable targets. These are directly internalized and reflected in our daily operations. We aim to contribute our unique strengths as the Chlitina Group, leading employees and business partners to generate a positive energy that benefits society and the environment.

Area	Target	Action Guidelines	SDGs	
Environmental	Environmental Protection	Greenhouse Gas Inventory Scope 1 and 2	7 12 13 15	  
		Greenhouse Gas Confidence		
		Reduction Plan Formulation		
		Energy Statistics – Electricity, Water Resources, Air Pollutants		
		Waste Statistics		
	Climate Change	TCFD Data Disclosure		
		Raw Material Impact		
	Products	Environmental-Friendly Packaging		
		Product Carbon Footprint		
Social Social Dialogue & Employee Involvement	Harmony and Progress in the Workplace	Employee Development and Growth	1 2 3 4 8	  
		Office Space Construction and Diversification		
	Charity and Care	Charity and Education		
		Physical and Mental Health, and Social Support		
		Employees and Consumers		
	Promoting Industry Development	R&D Projects		
		New Product Development Plan		
		Product and Services Quality Improvement		
		Brand Marketing and Development		
		Franchisee Training Plan		
		Implementing the Functions of the Board		

<b>Governance with Integrity</b>	<b>Corporate Governance</b>	of Director and Various Committees	3 8 9 12 16	    
		Implementing Internal Control, Internal Audit and Risk Management		
		Digitalization and Digital Management		
		Intellectual Property Management and Utilization		
		Information Security		
		Product Responsibility and Supplier Management		
		Compliance with the Law		
		Code of Ethical Conduct		
	<b>Protection of Stakeholders' Rights and Interests</b>	Code of Business Integrity		
		Code of Practice for Responsible Sustainable Development		
		Financial and Business Information Transparency		
		Communication with Investors		
		Communication with Stakeholders		
		Effective Media Image Management		

## ■ ESG Policy Making and Implementation

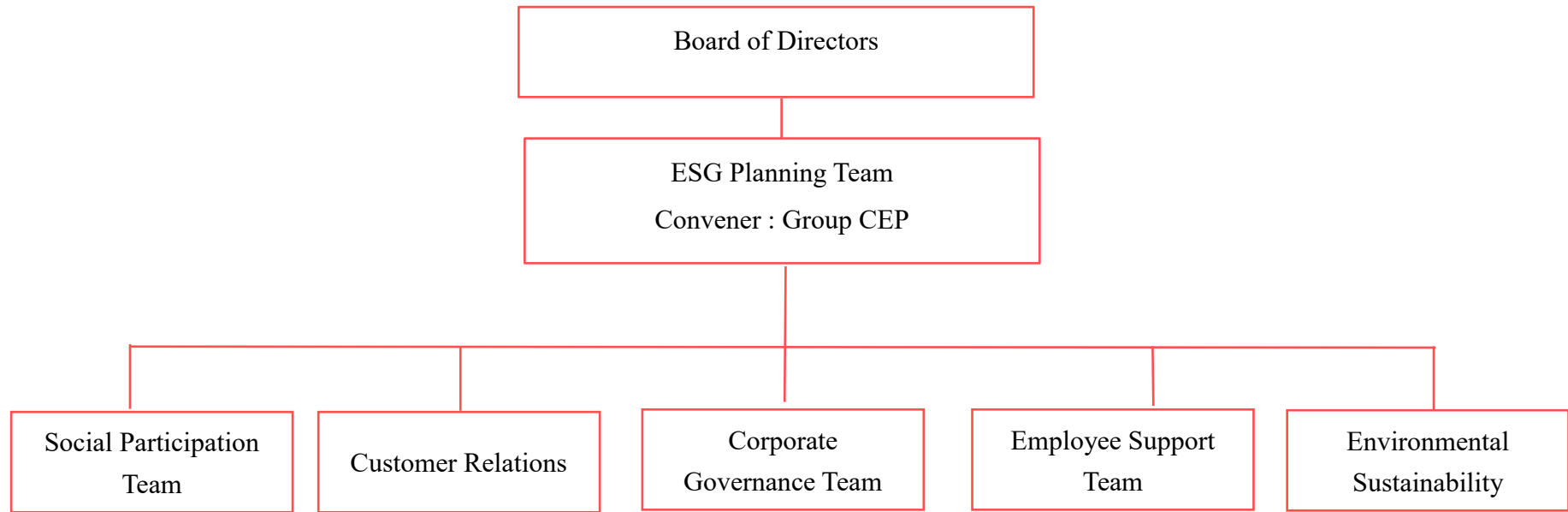
### Board of Directors

The highest decision-making unit of Chlitina Holding Limited's ESG planning team is the Board of Directors, which is responsible for promoting and deciding the company's sustainable development direction, supervising the company's ESG strategy. The Board of Directors also plays a key role in determining the company's sustainability commitments and goals. It discusses current risk opportunities and trends such as climate change, social participation and corporate governance from time to time, and proposes specific strategies for the group based on key risks to stabilize and maintain the company's sustainable operations.

In order to strengthen the company's management and identification of environmental, social and governance issues, the Board of Directors has tasked the group's CEO to serve as the general convener of the ESG Planning Team. His mission includes formulating an ESG framework and establishing corresponding performance indicators, action guidelines, and implementation plans. Additionally, he must coordinate various departments to complete the implementation of relevant work, regularly track their effectiveness and goal achievement, and summarize and report the implementation results of ESG governance work to the Board of Directors at least once a year.

### ESG Planning Team

The ESG Planning Team covers five areas: social participation, environmental sustainability, customer relations, employee care, and corporate governance. It is led by senior management from each subsidiary. The ESG planning team is responsible for reviewing the ESG implementation status of each of the group's subsidiaries and factory. It conducts ESG meetings with each site from time to time to assess current ESG development trends and regulatory trends. Based on the improvement needs of each site, the team assists in bridging resources and providing recommendations. At the same time, the ESG Planning Team needs to integrate various ESG action guidelines into the company's core business, internalizing them as part of daily operations. The team also communicates and collaborates with suppliers, customers, communities, and other stakeholders to jointly achieve the group's sustainable development goals.





## 1.2 Stakeholders Identification and Dialogue

The Chlitina Group uses the Global Reporting Initiative (GRI) Standards and the AA1000 Stakeholder Engagement Standards as its framework to identify significant sustainability topics for the company, which serve as the basis for disclosure in its sustainability reports. To effectively communicate with various stakeholders, the Chlitina Group refers to the five principles of the AA1000 SES Stakeholder Engagement Standards: inclusivity, materiality, responsiveness, impact, and transparency. Through these principles, the company understands the significant environmental, social, and governance issues that stakeholders are concerned about, and categorizes its main stakeholders into seven groups: employees, investors (shareholders), customers, franchisees, suppliers, banks, and others. The company has established dedicated communication channels to receive and respond to the concerns and needs of different stakeholders.

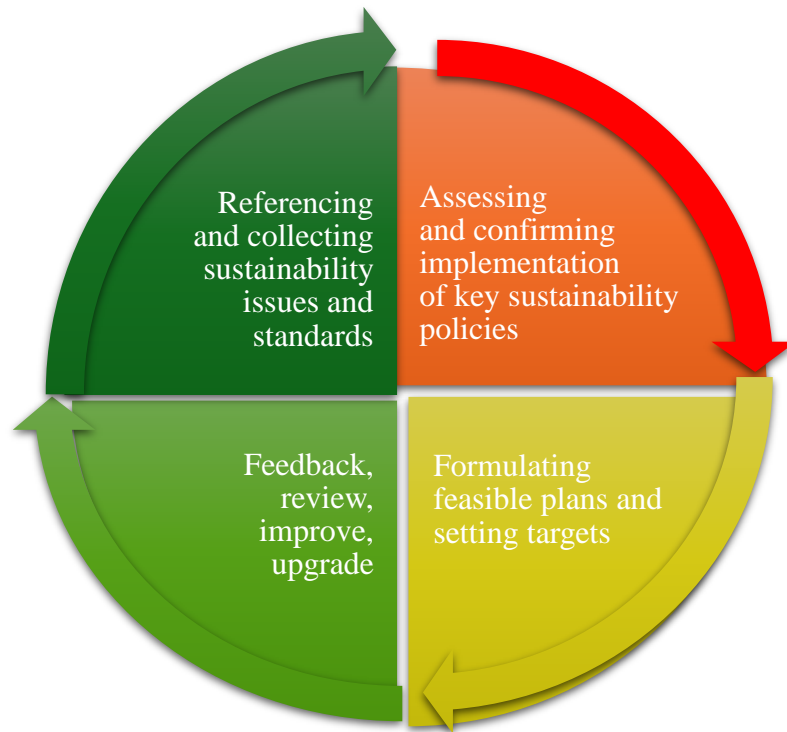
Stakeholder Type	Issues of Concern	Communication Channels & Response Methods	Communication Frequency
<b>Employee</b>	Employee Salary and Benefits Labor-Management Relationship	The company's business philosophy, operating status and various policy announcements are communicated to employees periodically through the internal electronic approval and announcement system, and the company's official website.	Irregular
		Employee Training and Education	Routinely
		Employee Management Meeting	At least once a year
		Dedicated mailbox collects employee opinions	Anytime
<b>Investor (Shareholder)</b>	Business Performance Corporate Governance	Shareholders Meeting	Yearly
		Revenue data announcement	Monthly
		Financial data announcement	Quarterly
		Shareholders Conference	At least once every quarter



<b>Stakeholder Type</b>	<b>Issues of Concern</b>	<b>Communication Channels &amp; Response Methods</b>	<b>Communication Frequency</b>
		Important business information published on TWSE's Market Observatory Post System	Routinely
		Investor Relations website and mailbox	Anytime
		Spokesperson and deputy spokesperson	Working days
<b>Customer</b>	Customer Relations Management	Customer relations electronic mailbox	Anytime
		Official Website & Facebook Account	Anytime
		Marketing Activities	Routinely
<b>Franchisee</b>	Improvement of Professional Service Skills Optimization of Profitability	Franchisee Meetings in the North, Center and South	Monthly
		Technical training and education	Routinely
		Online training is available through the section dedicated to franchisee recruitment on the company's official website	Anytime
<b>Supplier</b>	Good supply chain relationships to organize production and achieve reasonable profit returns, thereby creating shared prosperity in the industry	Telephone and electronic mail	Routinely
<b>Bank</b>	Relevant financial indicators such as the company's operating performance, profitability, capital allocation and turnover, liquidity, interest coverage ratio, and debt repayment ability	Senior management executives and financial managers	Twice a year
<b>Other</b>	Other issues related to the company	Telephone and electronic mail	Routinely

### 1.3 Important Topics and Strategic Goals

The Chlitina Group conducts an annual evaluation and analysis of major topics after the annual shareholders' meeting. This evaluation references international sustainability trends and standards, including the GRI Standards, SDGs (Sustainable Development Goals), SA8000 Social Responsibility Standard, SASB (Sustainability Accounting Standards Board) industry standards, RBA (Responsible Business Alliance) Code of Conduct, and information concerning public investments, stakeholder impact and interaction, third-party assurance, and evaluation focus points. This evaluation is conducted in conjunction with the company's established ESG framework and execution points to form actionable plans, aiming to quantify execution targets as much as possible. The plans are continuously reviewed, improved, advanced, and upgraded, as shown in the following diagram:



This project is planned and executed by the company's ESG Planning Team and reported directly to the Board. Through the process of forming the above sustainability policies, during the evaluation and confirmation of the execution of significant sustainability policies, it is necessary to assess their relevance and their feasibility through interviews with department heads, and consider the impact of each policy on the company's operational results, customer, brand image, employees, and stakeholder perceptions. This helps to identify significant themes and strategic goals.



**The company's major sustainability themes and management policies in 2023, and corresponding GRI disclosure items:**

Priority Level	Explanation
★★★	Highest priority
★★	Already in the execution stage
★	In the planning stage

Domain	Major Topics	Category	Identification Degree	Strategic Goal	GRI Disclosure
<b>E</b>	<b>Environmental Protection</b>	Greenhouse Gas Inventory	★★★	Conduct assessment in 2023~2024 and complete verification in 2025.	GRI 305 Emissions
		Greenhouse Gas Verification	★		
		Energy Statistics	★★★	Establish standard operating procedure, collect and compile relevant data, and implement at least one policy item annually starting from 2025.	GRI 302 Energy
		Waste Statistics	★★★		GRI 301 Materials, GRI 306 Waste
		Environmental Items Management and Improvement	★		General Guidelines
	<b>Climate Change</b>	Task Force on Climate-related Financial Disclosures	★★★	Disclose climate-related information, focusing on the impact of climate change on raw materials, track financial data, and maintain the gross margin at the originally set standard.	GRI 201 Economic Performance, GRI 301 Materials, GRI 305 Emissions
		Raw Material Impact	★		

Domain	Major Topics	Category	Identification Degree	Strategic Goal	GRI Disclosure
S	Product	Green Packaging	★★	At least one policy implemented every year starting from 2025.	GRI 301 Materials
		Product Carbon Footprint	★★	Localization of production and procurement, planning and implementation, and labeling of product carbon footprint, while coordinating with marketing and business operations.	
	Harmony and Progress in the Workplace	Talent Management (company perspective)	★★	Complete the overall planning for the group's human resource management by 2024, including the company's talent management plan and employee development plan from the perspective of employees. Additionally, integrate existing management schemes and continuously improve them.	GRI 401 Labor-employer Relationship, GRI 404 Training and Education
		Employee Development (employee perspective)	★★		
		Construction and diversification of workplace	★★	Create a good working environment to enhance work efficiency, foster good labor-management relations, and strengthen employee's sense of belonging and commitment to their work.	
		Employee	★★	Continuously care for employees' work environment and mental development, emphasizing team building, integrity, and sense of belonging.	
	Charity and Care	Social Care	★★	Carry out at least one welfare activity every year, including aspects such as charity and education, mental and physical health, and social assistance. Establish quantifiable indicators for such activities.	GRI 413 Local communities
		Consumer	★★	Continuously emphasize consumer rights in terms of product use, brand image, consumer feedback, by making sure all	416 Customer Health and

Domain	Major Topics	Category	Identification Degree	Strategic Goal	GRI Disclosure
	Industry Development Promotion			products comply with the regulations of the sales region such as the “Cosmetic Hygiene and Safety Management Act” in Taiwan and the “Cosmetic Supervision and Administration Regulation” in mainland China, as well as other relevant regulations in every sales region. Manufacture all products in GMP-certified factories to ensure consumer safety.	Safety
		R&D Investment and Output	★★	Continuously invest in and execute R&D projects and outcome plans, implementing at least one R&D project per year and establishing quantifiable indicators.	GRI 417 Marketing and Labeling
		Product Service and Quality	★★	Enhance raw material quality inspection at reception to meet production standards, executing at least one application per year and establishing quantifiable indicators or obtaining external evaluation awards.	
		Brand Marketing and Promotion	★★	Through various brand activities, including advertising, sponsorships, etc., enhance the brand image, increase the visibility and recognition of the group’s brands, and apply for various international awards to solidify brand achievements. Ultimately, training effectiveness should be directly and indirectly reflected in business sales, and quantifiable indicators should be established.	
		Franchisee Training Program	★★	A dedicated subsidiary is already conducting training programs, including regarding corporate culture, systems, products, technologies, services, O2O business model, internet marketing, and other related courses. Training plans can either be fixed-site or itinerant, regular or irregular.	

Domain	Major Topics	Category	Identification Degree	Strategic Goal	GRI Disclosure
				Ultimately, training effectiveness is directly and indirectly reflected in business sales, and quantifiable indicators should be established.	
		Responsible Procurement	★	This can be divided into product responsibility and supplier management: prioritize local procurement and production, enhance product quality management, and establish a supplier management system.	GRI 414 Supplier Social Assessment
<b>G</b>	<b>Corporate Governance</b>	Sound Management and Compliance Projects	★★★	All units (including the Board of Directors and various functional organizations) should implement management functions, effectively and continuously adhering to all established operational regulations and processes of the company, implementing digital management, and improving and updating in accordance with legal requirements and management trends. Within three years (by the evaluation year 2025), the company should achieve a cumulative increase of at least 10 points in the corporate governance evaluation score or maintain a ranking within the 50% (±5%) range.	
		Intellectual Property Rights	★★	A specialized subsidiary is responsible for managing the company's intellectual property, yielding both quantifiable and non-quantifiable benefits through established management mechanisms.	
		Information Security	★★★	A dedicated cybersecurity manager formulates the group's cybersecurity policies. Real-time updates of official website data provide consumers and shareholders with timely information. The company has obtained the Information	GRI 418 Customer Privacy

Domain	Major Topics	Category	Identification Degree	Strategic Goal	GRI Disclosure
				Security Level Evaluation Certification (Mainland China) for 2022.	
		Business Ethics	★★	Senior executives regularly organize training sessions on integrity in operations, ethical conduct guidelines, and practical guidelines for sustainable development responsibilities. Each department keeps up to date with regulations at all times.	GRI 205 Anti-corruption; GRI 206 Anti-competitive Behavior
		ESG Activities	★	Refer to the “Corporate ESG Information and Sustainable Economic Activities Self-Assessment Questionnaire” issued by the Joint Credit Information Center, as promoted by the Financial Supervisory Commission, and other relevant regulations to establish ESG-related workflows.	
	Protection of Stakeholders’ Rights and Interests	Information Transparency	★★	A dedicated Investor Relations manager and channels for communicating with investors are in place. The company’s financial and business information is updated and disclosed in a timely manner in accordance with legal requirements, along with effective media management, to provide investors and stakeholders with information about the company’s operations and to build the company’s overall image.	



## 1.4 Risks, Impacts, and Response Strategies

To effectively manage and achieve the sustainability targets and action guidelines set by the CHLITINA Group, in the execution and evaluation of various action plans scheduled for 2023-2024, we will also simultaneously assess risks and impacts. After confirming their scope of influence, we will formulate appropriate response strategies.

Area	Key Topics	Main Risks and Impacts	Action and Response Strategies
<b>E</b>	<b>Greenhouse Gas Inventory and Verification</b>	Incomplete statistics or inadequate data collection resulting in inaccuracies in produced information.	✧ Standardize procedures for information collection
	<b>Energy and Waste Statistics</b>		✧ Strengthen relevant training and education for employees
	<b>Reduction Scheme Formulation</b>	Failure to establish effective and implementable reduction measures, potentially increasing operational costs or expenses.	✧ Define attainable goals ✧ Regularly monitor the success of reduction actions and implement improvements ✧ Carry out cost estimation
	<b>Task Force on Climate-related Financial Disclosures</b>	Overlooking climate risks and opportunities, which may lead to operational risks.	✧ Collect data from multiple sources regarding the effects of climate change on operations ✧ Strengthen relevant training and education for employees
	<b>Raw Materials Impact</b>	Delayed procurement or quality variations of raw materials, potentially increasing production costs.	✧ Enhance supplier management and develop relationships with second and third-tier suppliers ✧ Investigate the substitutability of raw materials ✧ Conduct cost estimation and pricing strategies
	<b>Environmental-friendly Packaging</b>		
	<b>Product Carbon Footprint</b>		

Area	Key Topics	Main Risks and Impacts	Action and Response Strategies
<b>S</b>	<b>Employee Development and Growth Office Space Construction and Diversification</b>	Inefficient collection and analysis of relevant data and management solutions, causing increased operational costs or expenses.	<ul style="list-style-type: none"> <li>✧ Strengthen systematic talent retention and development programs</li> <li>✧ Establish and review employee KPIs</li> <li>✧ Ensure good communication between labor and management</li> </ul>
	<b>Social Welfare and Education</b>	Ineffectiveness and increased operational expenses.	<ul style="list-style-type: none"> <li>✧ Carry out thorough planning and execution of all activities in advance</li> <li>✧ Conduct cost estimation and budget management</li> </ul>
	<b>Physical and Mental Health, and Social Support</b>		
	<b>R&amp;D Projects</b>	Ineffectiveness and increased development expenses.	<ul style="list-style-type: none"> <li>✧ Strengthen industry information, new insights, trends, and consumer dynamics</li> <li>✧ Facilitate effective communication between project teams and relevant departments</li> <li>✧ Conduct cost estimation and budget management</li> </ul>
	<b>Product Development Projects</b>		
	<b>Product and Service Quality Improvement</b>	Lack of results and increased marketing and training expenses.	<ul style="list-style-type: none"> <li>✧ Strengthen industry information on new insights, trends, and consumer dynamics</li> <li>✧ Ensure adequate and good communication with franchisees</li> <li>✧ Collect market sentiment and information</li> <li>✧ Conduct cost estimation and budget management</li> </ul>
	<b>Brand Promotion and Development</b>		
	<b>Franchisee Training Program</b>		
<b>G</b>	<b>Implementing the Functions of the Board of Director and Various</b>	Ineffective management or poor management practices, policy	<ul style="list-style-type: none"> <li>✧ Conduct advance planning and subsequent evaluation of all strategies</li> </ul>

Area	Key Topics	Main Risks and Impacts	Action and Response Strategies
	<b>Committees</b>	discrepancies, and ineffective system implementation. System tools do not meet requirements. Information security concerns affect operations.	and plans ✧ Conduct effective execution and reporting of internal and external audits, along with reviews
	<b>Implementing Internal Control, Internal Audit and Risk Management</b>		✧ Ensure continuous improvement and regular inspection of system tools
	<b>Digitalization and Digital Management</b>		✧ Regularly review employee KPIs and operational processes
	<b>Information Security</b>		✧ Intensify training courses and employee education related to laws and operations
	<b>Intellectual Property Management and Utilization</b>	Unauthorized use of patents or trademarks by others, and industry-related knowledge leakage.	✧ Collect market sentiment and information ✧ Enhance relevant training and education for employees
	<b>Product Responsibility and Supplier Management</b>	Concerns or deviations in product quality and production processes, and suppliers' inability to deliver goods in a timely manner.	✧ Strengthen quality inspection of incoming materials to ensure production standards ✧ Collect and comply with information on product-related regulations ✧ Enhance supplier management and develop relationships with second and third-tier suppliers ✧ Investigate the substitutability of raw materials ✧ Conduct cost estimation and pricing strategies

Area	Key Topics	Main Risks and Impacts	Action and Response Strategies
			✧ Enhance relevant training and education for employees
	<b>Financial and Business Information Transparency</b>	Deviations in the collection of financial and business data, and failure to communicate effectively and in a timely manner.	✧ Strengthen the sources and accuracy of information to be disclosed
	<b>Communication with Investors, Stakeholders, and Media</b>		✧ Regularly communicate with various stakeholders at different levels ✧ Enrich the content of the company's official website ✧ Enhance relevant training and education for employees

## 2 Environmental Management

Item	Content
<b>Policies, Commitments and Priorities</b>	As global efforts to reduce carbon emissions fall short, extreme weather events are becoming increasingly severe, making climate change an urgent issue that businesses worldwide must address. Failure to properly manage and prevent extreme weather conditions could increase the risk of supply chain disruptions and the inability to sustain factory operations. Hence, the Chlitina Group is committed to the long-term goal of net-zero carbon emissions by 2050, demonstrating our determination to confront climate change to our stakeholders.
<b>Responsible Unit</b>	ESG Planning Team
<b>Short, Medium and Long Term Targets</b>	<ol style="list-style-type: none"> <li>1. Short Term (2027): Cut carbon emissions by 1% relative to the baseline year, and lower carbon intensity by 1% compared to the baseline year.</li> <li>2. Medium Term (2030): Cut carbon emissions by 3% relative to the baseline year, and lower carbon intensity by 3% compared to the baseline year.</li> <li>3. Long Term (2035): Cut carbon emissions by 5% relative to the baseline year, and lower carbon intensity by 5% compared to the baseline year.</li> </ol>
<b>Action Plan</b>	<p>The Chlitina Group integrates the concept of sustainability into its long-term corporate development plans, clearly defining goals and implementation performance in the areas of environmental, social, and corporate governance. The group plans to implement green marketing strategies to cultivate consumer awareness and acceptance of green products, enhancing the brand's green image. The execution includes:</p> <ol style="list-style-type: none"> <li>1. Converting existing products into low-carbon products, using locally sourced materials to reduce carbon footprint as well as sustainable materials, while continuously developing new green product lines and reasonably adjusting the product mix structure.</li> <li>2. Upgrading product specifications to comply with RSPO (Roundtable on Sustainable Palm Oil) standards for raw materials, and selecting ingredients with COSMOS (COSMetic Organic and Natural Standard) certification.</li> </ol>

Item	Content
	<ol style="list-style-type: none"> <li>3. Implementing planning for lightweight product packaging and reduce the use of plastic materials in outer packaging.</li> <li>4. Launching new product lines that use renewable resources, recyclable, or biodegradable packaging.</li> <li>5. Actively participating in community environmental protection and charity projects to give back to society and enhance the company's sustainability image.</li> </ol> <p>Greenhouse Gas Inventory and Verification: Complete the group's greenhouse gas inventory by 2023-2024 and achieve greenhouse gas inventory verification by 2025.</p>
<b>2023 Performance</b>	<ol style="list-style-type: none"> <li>1. Completed greenhouse gas inventory for selected entities, including Shanghai headquarters office, Weishuo factory, and Shanghai Lunxin clinic.</li> <li>2. Implemented climate-related financial disclosures (TCFD).</li> <li>3. Began gradually reviewing and replacing product packaging with environmentally friendly materials.</li> <li>4. Started calculating product carbon footprint and implementing reduction improvements.</li> <li>5. Ensured stable annual supply from suppliers, with no supply chain disruptions due to extreme weather conditions.</li> </ol>
<b>Complaint Handling Mechanism</b>	<p>Through monthly meetings at the factory and headquarters, we track and review energy usage. We require subsidiaries to conduct annual greenhouse gas inventory and verification, and to submit their annual carbon reduction progress to the headquarters. We track and review carbon reduction targets, and update carbon reduction strategies and policies as needed.</p>

Note: For the Chlitina Group, the baseline year is here 2023.

## **2.1 Environmental Protection**

The impacts of climate change, including soaring raw material prices and global water resource risks, have significantly affected various industries. The Chlitina Group understands that businesses must shoulder greater responsibility and proactively address the challenges of climate change. We have set medium and long-term environmental protection goals focused on water conservation, energy conservation, waste reduction, and greenhouse gas reduction. To achieve these goals, the group has established a management model consisting of several steps: preparation and planning, effective implementation, thorough auditing, and continuous action. Through this management approach, the company aims to mitigate the risks posed by climate change to its operations and coexist harmoniously with the environment.

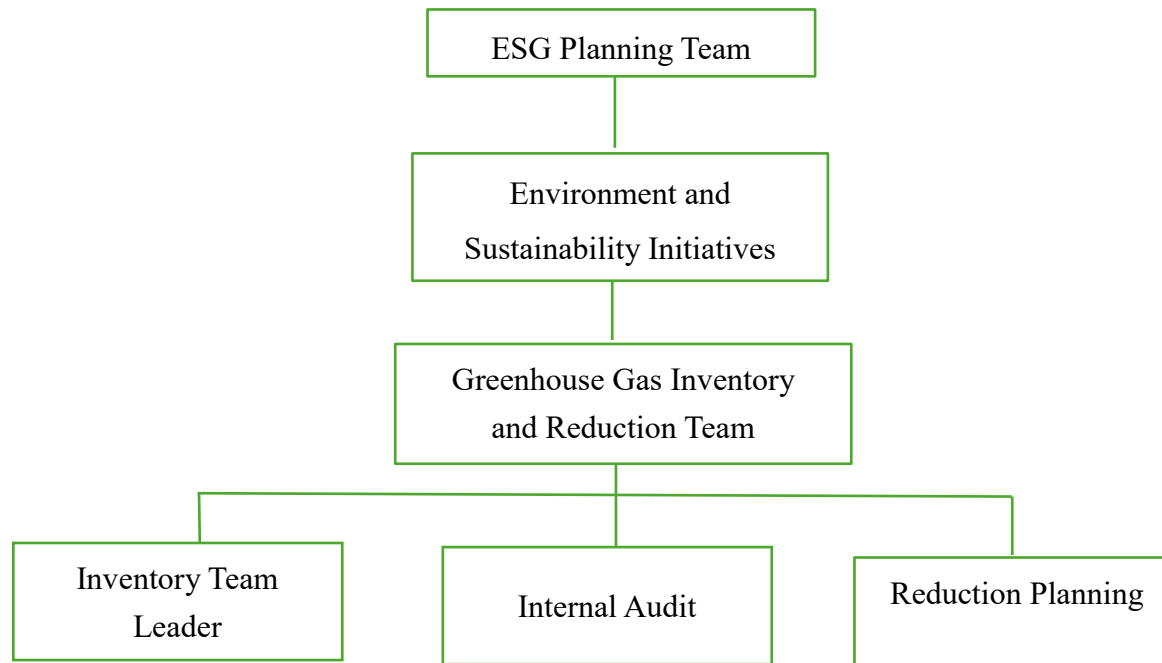
### **2.1.1 Greenhouse Gas Management**

- **Greenhouse Gas Inventory**

The Chlitina Group began executing greenhouse gas inventory-related work in 2023 at three key demonstration sites: the Shanghai headquarters, the Weishuo factory, and the Shanghai Lunxin Clinic. The plan is to gradually expand this initiative to all subsidiaries and operational sites within the group by 2024 and to conduct external verification in 2025. The company has also launched various concrete greenhouse gas reduction schemes, aiming to do its part in protecting the environment and mitigating or delaying the impact on the global environment as much as possible.

The Greenhouse Gas Inventory and Reduction Team is composed of three working groups: the Inventory Team Leader, Internal Audit, and Reduction Planning. The Inventory Team Leader, who is a management-level representative from each business unit, is responsible for compiling and calculating all potential greenhouse gas-related data or information from each business unit. This data will serve as the basis for future reduction or operational adjustments.

**Structure of the Greenhouse Gas Inventory and Reduction Team:**





**The 2023 Greenhouse Gas Inventory included the Shanghai headquarters office, the Weishuo factory, and the Shanghai Lunxin Clinic. Resulting statistics are compiled in the following table:**

Emission Quantities by Category	Emission Equivalents (tCO <sub>2</sub> e/year)	Proportion (%)
Category 1: Direct greenhouse gas emissions and extraction	439.5719	21.89
Category 2: Indirect greenhouse gas emissions from externally sourced energy	1,568.8247	78.11
Total quantity	2,008.3966	100.00
Emission rate (tCO <sub>2</sub> e/million dollar) (Note 2)	(Note 4)	

Note 1: The scope of the company's inventory follows the operational control approach, and covers the Shanghai headquarters office, the Weishuo factory, and the Shanghai Lunxin Clinic.

Note 2: The main greenhouse gas emissions of this company include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbons (HFCs).

Note 3: The greenhouse gas inventory follows the Guidelines for Greenhouse Gas Emission Inventory Operations published by the Environmental Protection Administration, Executive Yuan, and has not yet undergone third-party verification procedures.

Category 1 emission sources include fixed combustion emissions and fugitive emissions; Category 2 emission sources are purchased electricity

Note 4: It is planned to start collecting data for the entire group and calculate emission intensity in 2024.

Note 5: The global warming potential coefficients are based on data from the 2021 IPCC Sixth Assessment Report.

Note 6: The emission factors for emission sources are based on data from the "IPCC 2006 Guidelines for National Greenhouse Gas Inventories."

#### • **Targets and Achievements**

To proactively address the impacts of climate change, the Chlitina Group has not only set specific reduction targets for Category 1 and Category 2 greenhouse gases but also established corresponding targets for extreme weather factors faced by each operational site. The ESG Planning Team monitors the annual achievement status of each site, dynamically adjusts climate targets, and reports to the Board of Directors annually to confirm their effectiveness and suitability. The following are the climate-related targets and achievements set by the Chlitina Group:

Type of Target	Target Description	Current Stage
Carbon Reduction	By 2025, the group's total carbon emissions will be reduced by 1% compared to the baseline year, and carbon intensity will decrease by 1% compared to the baseline year.	Being executed
	By 2030, the group's total carbon emissions will be reduced by 3% compared to the baseline year, and carbon intensity will decrease by 3% compared to the baseline year.	Being executed
	By 2035, the group's total carbon emissions will be reduced by 5% compared to the baseline year, and carbon intensity will decrease by 5% compared to the baseline year.	Being executed
Physical Risks	Value and percentage of assets susceptible to extreme weather events such as typhoons and floods: Using the book value of real estate, factories, and equipment susceptible to impact in the current year as a percentage of total assets, the proportion was 37% in 2023, with an estimated gradual decrease of 1-3% by 2026 and a further decrease of 4-8% by 2031.	Being executed
Transition Risks	Conduct low-carbon transformation of existing products, using locally sourced materials as much as possible: The proportion of local materials in total materials consumed was 20.13% in 2023, with a planned gradual increase of 1-5% by 2026 and a further increase of 6-10% by 2031.	Being executed

A group-wide greenhouse gas inventory is planned in 2024.

### 2.1.2 Energy Statistics

To continuously improve environmental quality, reduce waste, and minimize excessive energy use, thereby achieving the goal of corporate sustainability, Weishuo (Shanghai) Daily Products Co., Ltd. has obtained the ISO 14001 Environmental Management System certification. The company adheres to the environmental protection regulations set by local governments at each production site. Each factory has established relevant management policies and implemented internal environmental, safety, and health inspection procedures, as well as smoking prohibition regulations. Environmental and safety personnel have been appointed, and in the future, the company will establish relevant management systems in accordance with industry requirements for environmental management.

- **Electricity**

The Chlitina Group uses the Energy Performance Indicator Tool to monitor the electricity usage of key energy-consuming equipments or areas within the factory, tracking and managing overall electricity consumption. Additionally, the group plans to develop internal education and training programs, conduct internal audits and reviews, and periodically update relevant internal and external risk assessment documents. For 2023, the following strategies are in place:

1. Continuously follow the Plan-Do-Check-Act energy management system operation model and use the Energy Performance Indicator Tool to monitor the electricity usage of key energy-consuming equipment or areas within the factory, tracking and managing overall electricity consumption.
2. Develop internal education and training programs, conduct internal audits and reviews, and periodically update relevant internal and external risk assessment documents.

#### Electricity Energy Consumption Statistics for the Chlitina Group in 2023:

Unit: kWh

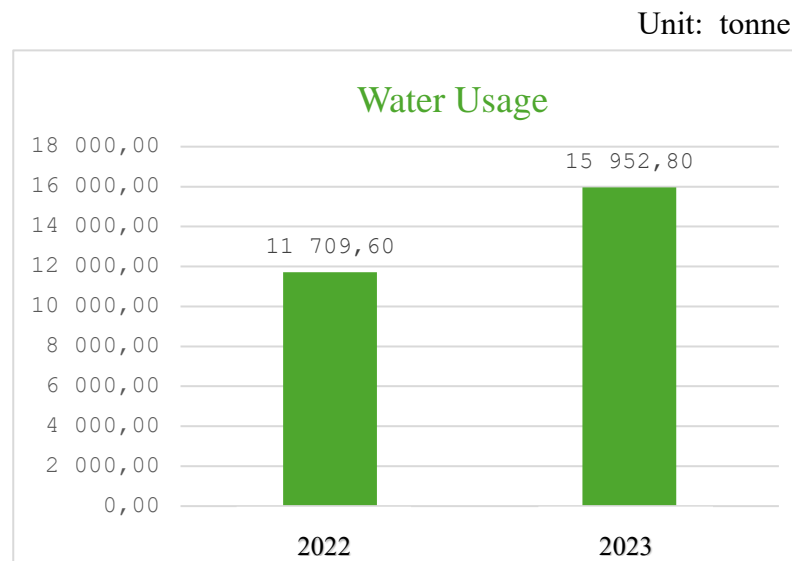
	Consumption
Mainland Area: headquarters, factory and other subsidiaries	2,896,664.0482
Hong Kong: other subsidiaries	29,211.0000
Taiwan Area: other subsidiaries and company branches	374,224.3500
South East Asia: other subsidiaries	42,167.0000

- **Water Resources**

Subsidiary Weishuo (Shanghai) Daily Products Co., Ltd. understands the water scarcity risks posed by climate change, and values the preciousness of water resources. To proactively address water resource issues, we have adopted the concept of a circular economy and formulated relevant management policies to reduce water waste and wastewater discharge.

Policy	Method
Improve water use efficiency	Prioritize the use of water-saving equipment. Regularly track water usage and inspect water-use equipment and pipes every year in order to reduce waste and leakage.
Water resource recycling and reuse	Evaluate the establishment of a rainwater collection system in the factory, improve water recycling rate, and recycle cooling water.
Compliance with regulatory reviews	Ensure wastewater discharge meets local environmental standards.

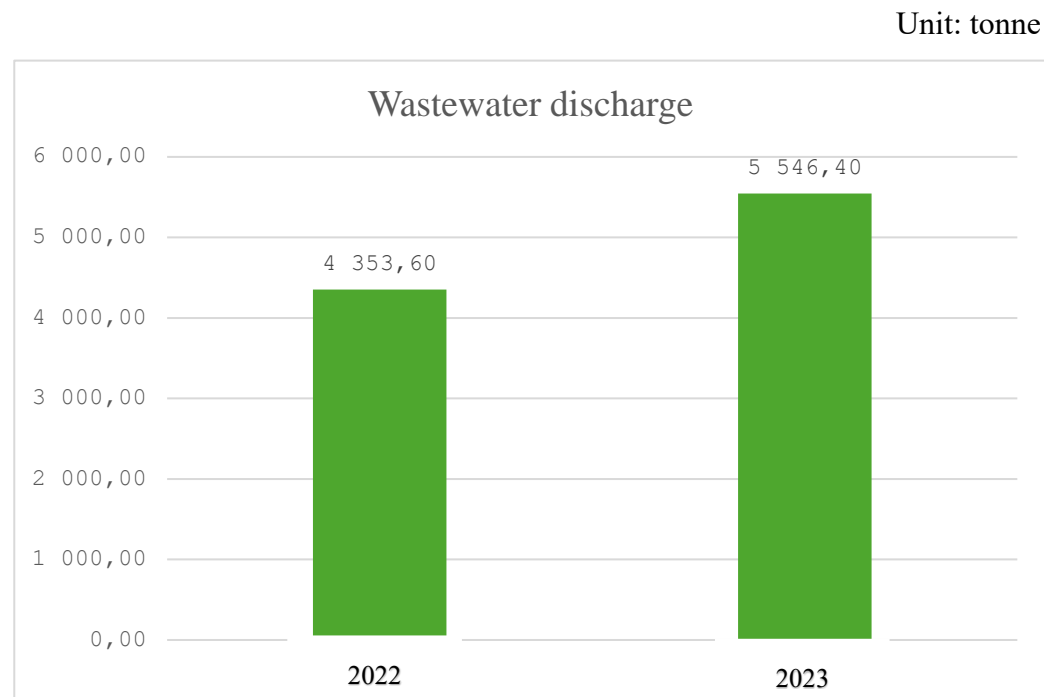
Water Usage Statistics over the Past Two Years:



- **Wastewater**

Located in Shanghai, mainland China, Weishuo (Shanghai) Daily Product Co., Ltd., the production site of Chlitina Group, has obtained the ISO 9001 quality certification and the ISO 14001 environmental management systems certification, and adheres to Good Manufacturing Practice (GMP) standards. The factory also has obtained HACCP compliance verification certificate. Upon the establishment of the factory, it obtained an environmental impact assessment report. Since the factory building is leased from related party Kelti (China) Company, the wastewater generated during the production process is currently treated using physical and biological treatment equipment provided by that company before being discharged into the sewage system. This is because the volume of wastewater discharged does not yet meet the standards for direct discharge into the municipal sewer system. Additionally, the related party has obtained a wastewater discharge permit.

**Water Consumption and Wastewater Discharge Statistics Over the Past Two Years:**



- **Ultrapure Water**

Chlitina Group's subsidiary Weishuo (Shanghai) Daily Product Co., Ltd. does not currently use any ultrapure water in its manufacturing process. Moving forward, the group will embrace the principle of continuous improvement, cultivating awareness among all employees to continuously monitor water resource usage and periodically adjust reduction plans. Additionally, these measures will be extended to other subsidiaries that have not yet implemented them to maximize benefits.

- **Air Pollution Management**

Chlitina Group's subsidiary, Weishuo (Shanghai) Daily Products Co., Ltd., uses air pollution control equipment to enhance and improve environmental quality. Each factory regularly performs maintenance and upkeep on various environmental protection and control equipment to ensure that these systems operate normally. During the manufacturing process, there are no emissions of nitrogen oxides, perfluorocarbons, or volatile organic compounds, among other air pollutants.

**Air Pollutant Emissions Statistics over the Past Four Years:**

Unit: tonne

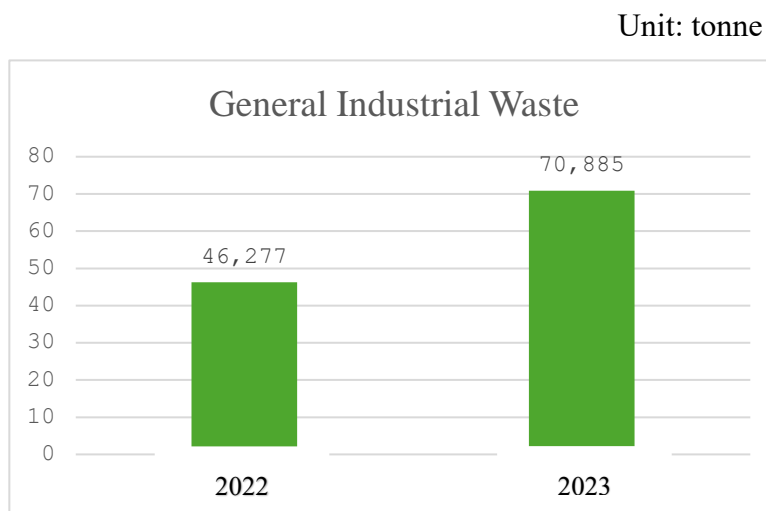
Type of Pollutant	2020	2021	2022	2023
Nitrogen oxides (NO <sub>x</sub> )	0.012	0.024	0.01554	0.01968
Perfluorocarbons (PFCs)	-	-	0.12	9.2127
Volatile organic compounds (VOCs)	0.00514	0.01032	0.0072	0.00667

### 2.1.3 Waste Statistics

In addressing the issue of waste, Chlitina Group's subsidiary, Weishuo (Shanghai) Daily Product Co., Ltd., focuses on reducing waste at the source of production, enhancing waste classification and recycling, increasing the reuse rate, reducing waste generation, and monitoring the end-of-life treatment of waste to achieve the goals of a circular economy.

Policy	Method
Reduction at source	To implement waste reduction at the source, the company has adopted measures such as reducing packaging materials, reducing plastic use, using eco-friendly inks, and utilizing recycled materials in product packaging. In the production process, the group actively evaluates the use of raw materials in equipment and optimizes process technologies to reduce waste of raw materials.
Waste Recycling and Reuse	To implement the recycling and reuse of process waste, the company recycles or practices double-sided printing with used paper in the office and actively recycles bottles from consumer products.
Proper Waste Disposal and Tracking	To ensure proper waste disposal, all waste is classified and stored according to regulatory requirements and entrusted to qualified waste treatment companies for final disposal.

### General Industrial Waste Statistics over the Past Two Years



#### 2.1.4 Environmental Items Improvement and Management

To address climate change and align with the global goal of “Net Zero Emissions by 2050,” the Chlitina Group has set up a Greenhouse Gas Inventory and Reduction Task Force in September 2023. The task force has begun implementing a greenhouse gas inventory plan covering Scope 1 and Scope 2 emissions across the entire group, with quarterly reports to the Board of Directors as mandated. To advance low-carbon transition and climate adaptation, the following energy-saving and carbon reduction management policies have been formulated:

- 1 **Monitoring Greenhouse Gas Emissions:** Annually, the group conducts greenhouse gas inventory and verification in accordance with the GHG Protocol. In the future, the group will gradually expand the scope of the inventory following international standards, progressively completing the greenhouse gas inventory for each operating site and setting specific short, medium, and long-term carbon reduction targets to enhance the transparency of greenhouse gas information disclosure.
- 2 **Improving energy efficiency:**
  - Gradually switching to low-energy equipment, improving the efficiency of air conditioning systems, reducing electricity and water usage, and replacing traditional lighting with LED lighting, among other energy-saving measures.
  - Improving the operational efficiency of existing production equipment, conducting feasibility studies to optimize energy efficiency, and enhancing the energy-saving modes of production and office operational equipment.
- 3 **Reducing Product Carbon Footprint:** To lower the carbon footprint of its products, the company is progressively transitioning to green packaging designs. This involves reducing the quantity of packaging materials and the use of plastic for both product packaging and transportation. Furthermore, the company is increasingly adopting recycled paper for transport packaging, switching to eco-friendly soy-based inks for printing, and using Forest Stewardship Council (FSC)-certified paper products such as FSC MIX Paper to minimize environmental impact and support forest conservation. The company is increasingly utilizing local, natural, and sustainably developed materials, and actively engaging in large-scale bottle recycling. The company is also reasonably adjusting product combinations.
- 4 **Continuously Promoting Energy Conservation and Carbon Reduction Initiatives:** Encouraging the reuse or double-sided printing of paper in offices and promoting the use of electronic documents. Additionally, capturing and reusing waste heat from boiler emissions in the production process to preheat boiler water, thereby reducing fuel consumption.
- 5 **Increasing the Proportion of Renewable Energy:** Evaluating the conversion of existing solar power generation in factory areas for self-use, and establishing a clear timeline for renewable energy planning to reduce dependence on non-renewable electricity.

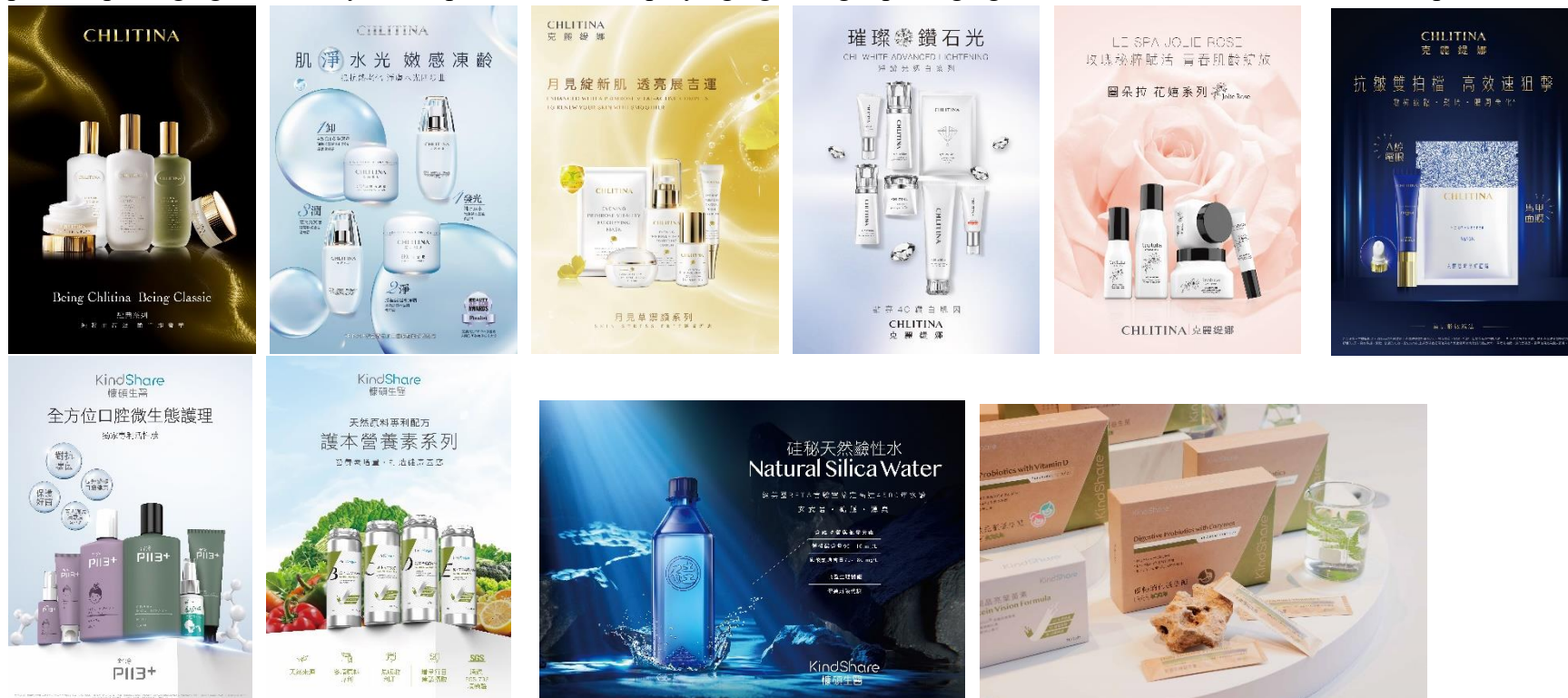
Going forward, the Chlitina Group will monitor emission hotspots through routine carbon audits to manage its greenhouse gas emissions. The aim is to begin disclosing comprehensive data statistics for the entire group in 2024.



## 2.2 Products

The Chlitina Group, committed to protecting public health, considers product responsibility as a top priority in its operations and production. As such, we manage every aspect of the product production process with the most stringent quality and hygiene standards. We aim to develop more high-quality products, complemented by annual quality targets set within the factory and periodic charitable activities to give back to society. Through these initiatives, we hope to demonstrate our commitment and build trust among our customers in our products.

We increasingly consider sustainability in our product design and development in order to minimize the environmental impact of our products across their entire lifecycle, from raw material sourcing, product manufacturing, and distribution to product use and waste recycling. We strive to ensure that each product offers exceptional value to consumers at an affordable market price. We are dedicated to continuous improvements in product packaging, with many of our products now employing lightweight packaging materials to reduce resource consumption.



### 2.2.1 Green Packaging

To promote environmental sustainability, in addition to using eco-friendly soy-based inks for our printed materials, starting from 2023, we have started using FSC Mix-certified materials in the packaging design of our newly developed products. This certification means that paper packaging items use a mix of materials, including wood from FSC-certified sustainable forests, recycled materials, and wood from legal and sustainable sources although they are not yet certified.

Products in the Exocare skincare series were developed by our subsidiary Kindshare Biomedical Ltd. through an exclusive collaboration with U-Neuron Biomedical Inc., a leading authority in amniotic stem cell technology. Utilizing a patented extraction technology and advanced laboratory equipment, U-Neuron selects stem cells from the amniotic liquid of a pregnant doe (INCI name: Deer Amniotic Active Extract D-AFE®) at a rate of one in a million. The entire process is cruelty-free, harmless, free of ethical controversies, and ensures a high hygiene and safety. The Exocare series has been tested by third-party labs and proven to effectively stimulate collagen production and to provide high-efficiency skin repair. The Exocare skincare series thus combines both effectiveness and sustainability.

In addition to packaging of the aforementioned products, starting this year, our company has begun gradually adjusting the packaging materials for all our products. Our objective is to transition all our products to packaging made from eco-friendly paper materials in the near future.



### 2.2.2 Product Carbon Footprint

In order to fulfill its responsibility as a global citizen, the company is intensifying its efforts towards carbon reduction. Besides converting office lighting to LED bulbs, promoting the use of public transportation for business travel, replacing overseas trips with online video conferences whenever possible, and advocating energy-saving practices such as turning off lights and conserving water, the company has been planning for the past two years to expand its carbon reduction measures to include the reduction of product carbon footprint.

Our company's self-developed Youthkeeper Serum (30ml) was officially launched in late 2020. This product utilizes our proprietary patented technology relating to the dispersion of nano-structured lipid carriers with moisturizing and skin care functions, as well as micro-emulsion deep hydration technology. The formula also includes seven key anti-aging peptides that effectively reduce wrinkles, tighten skin, and stimulate collagen production, precisely slowing down signs of aging. Upon its launch, the product received high praise from consumers and achieved impressive sales results. To further implement carbon reduction actions, we began calculating and planning the reduction of CHLITINA products' carbon footprint in 2021, using the Youthkeeper Serum as an example. Our goal is to create profits for the company while also contributing to the environment. Therefore, we have made three major adjustments in the manufacturing process:

- Maximizing local procurement and production, and conserving energy throughout the manufacturing process
- Adjusting packaging in terms of raw material quality and quantity
- Introducing new product sizes, and promoting carbon reduction measures and their effectiveness to consumers

The Youthkeeper Serum was reintroduced in 2022 with a larger size. Following certification by an external third-party professional organization, the original Youthkeeper Serum (30ml) was determined to have a carbon footprint of 434g CO<sub>2</sub> per bottle. The updated Youthkeeper Serum (50ml) has a carbon footprint of 517g CO<sub>2</sub> per bottle, resulting in an approximate 28% reduction in carbon emissions for this product.



## 2.3 Climate Change

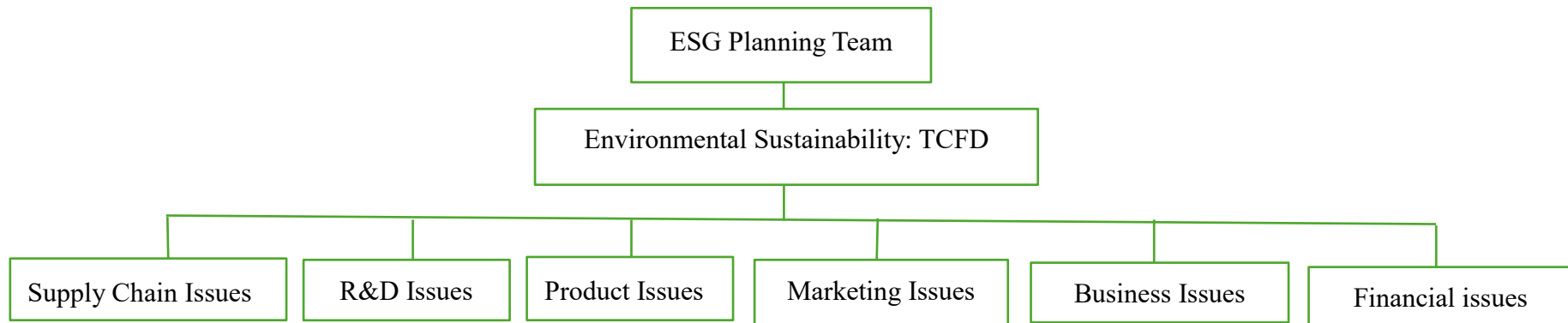
Following the conclusion of COP27, the United Nations Climate Change Conference, the global failure to reduce carbon emissions has become apparent. Extreme weather events, such as heavy rainfall and droughts, are intensifying with rising temperatures, increasingly becoming significant potential risks to business operations. In accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), the CHLITINA Group has established a climate change governance framework based on the four core elements of TCFD: Governance, Strategy, Risk Management, and Metrics and Targets. This framework aims to identify significant climate-related risks and opportunities, develop corresponding strategies, and set sustainable climate-related metrics and targets to achieve the transition to a low-carbon economy.

As a global citizen, the Chlitina Group is committed to addressing the potential risks posed by climate change and actively formulating management strategies and actions to enhance climate resilience. Additionally, to mitigate the pace of climate change, we are planning to gradually transform our operations towards low-carbon practices.

- **Task Force on Climate Issues**

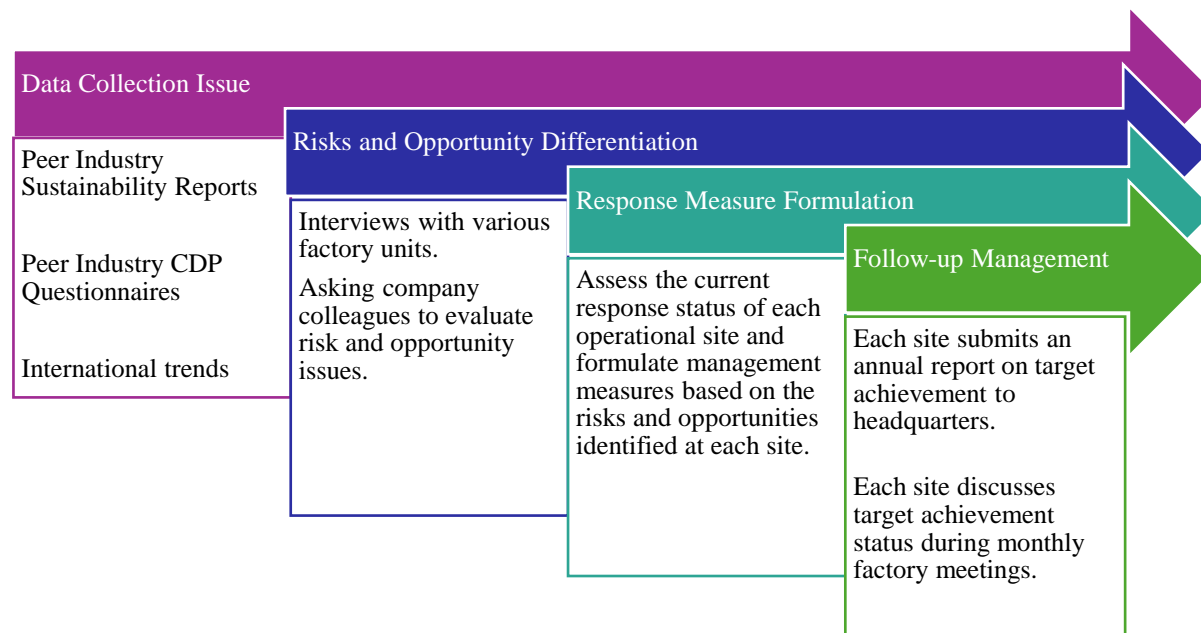
To bolster our company's management and identification of climate-related risks and opportunities, the ESG Planning Team has formed a Task Force on Climate-related Financial Disclosures. This task force is responsible for analyzing the impact of climate change on our operations, identifying potential risks and opportunities, and developing response plans and measures. The task force will regularly monitor the progress and achievement of these plans and goals, reporting the annual climate governance work results to the Board of Directors at least once a year. To minimize the impact and financial risks of climate change on our company and to identify key risks and opportunities in the context of climate change, we must proactively respond to and understand current trends to enhance the climate resilience of the group. The TCFD consists of six working groups focused on supply chain issues, R&D issues, product issues, marketing issues, business issues, and financial-related issues. Each working group is led by senior management from the respective subsidiary. The TCFD is responsible for compiling the current climate-related issues of each subsidiary and factory within the group. The task force will hold periodic meetings with each location to assess current industry trends related to climate risks and opportunities. Based on the climate risk issues faced by each location within the group, the task force will help bridge resources and provide recommendations to enhance their climate resilience.

## Task Force on Climate Issues



### 2.3.1 Task Force on Climate-related Financial Disclosures (TCFD)

To help the company understand current key climate opportunities and risks, the ESG Planning Team annually reviews sustainability reports and CDP climate questionnaires from industry peers to identify risk and opportunity issues. The team also gathers annual climate risk response updates from relevant subsidiaries and departments. Through interviews with units involved in climate issues, the team assesses the impact and likelihood of these issues. This information is then consolidated and analyzed to identify Chilitina Group's annual key climate risks and opportunities. The findings are presented to the Board of Directors for decision-making and strategic planning.

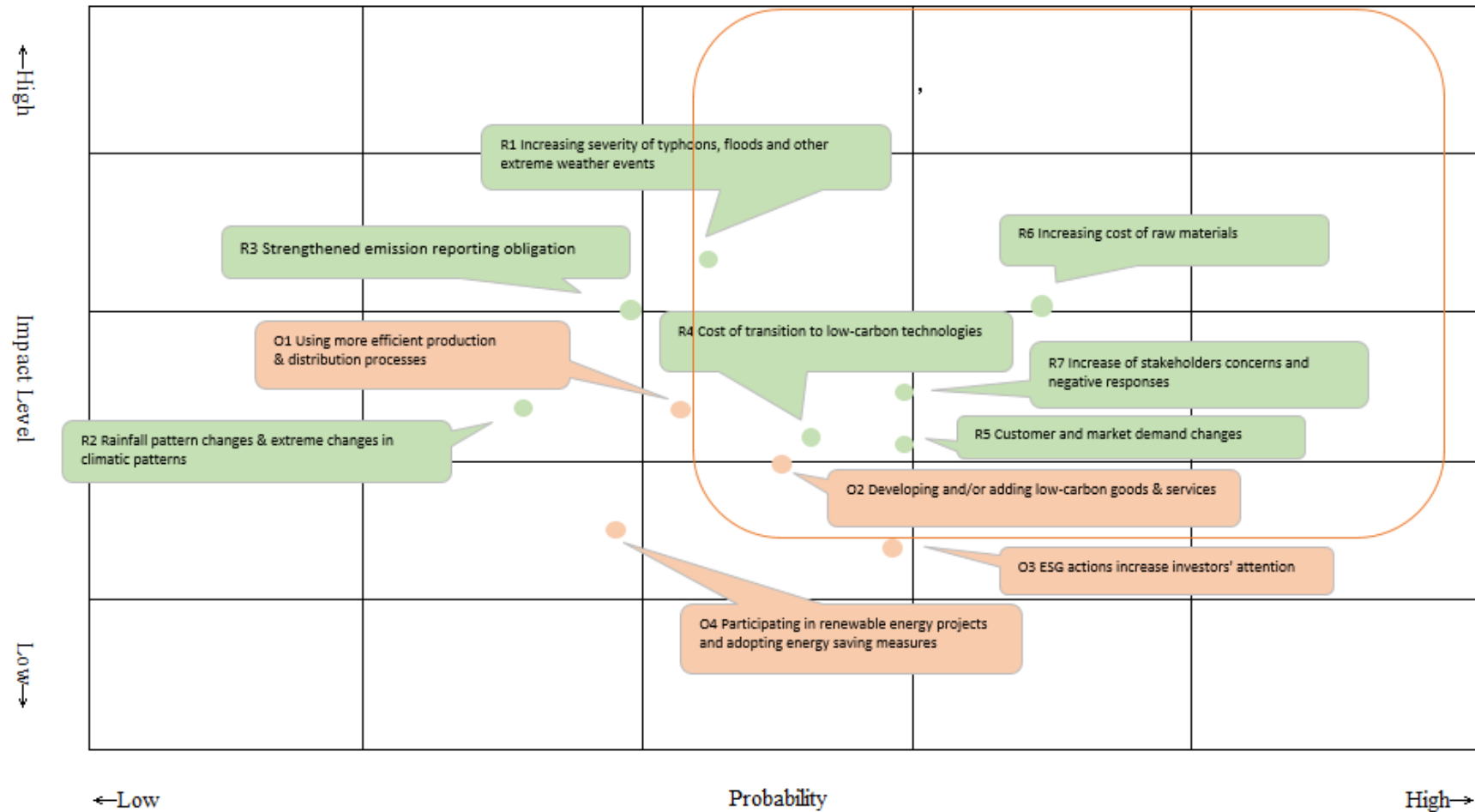


### ■ Climate Change Response Strategies

To formulate the company's key climate change strategies, it is first necessary to identify annual climate risks and opportunities. In 2023, the CHLITINA Group's ESG Planning Team, following the TCFD guidelines, industry reports, and international trends, compiled a list of climate issues specific to the CHLITINA Group. Through discussions with the ESG team and various departments about the actual challenges and responses, six key climate risks and opportunities were identified, including four transition risks, one physical risk, and one climate opportunity.

The results of the climate risk and opportunity identification are listed below, including the timeline for each issue, the current status, and future response strategies.

### Climate Risk and Opportunity Assessment Matrix



■ **Key Climate Risk and Opportunity Issues and Response Policies**

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
Material Risk	Heightened severity of typhoons, floods and other extreme weather events	Long term (over 5 years)	The Chlitina Group has offices in China and Taiwan, and a factory in Shanghai's Songjiang District. If typhoons and floods occur frequently, it may result in equipment damage, asset losses, or production shutdowns.	<ol style="list-style-type: none"> <li>1. Extreme weather conditions may cause asset losses, requiring additional expenses for repairs or replacement. If the damage is severe, it may result in one-time high costs of relocating and furnishing new office spaces.</li> <li>2. Extreme weather conditions may lead to the temporary closure of operating sites, preventing employees from working normally. This can disrupt or interrupt the company's business and operations. The company may need to rent temporary facilities or use cloud resources, incurring new operating costs that directly affect period revenue and profitability.</li> <li>3. Extreme weather conditions</li> </ol>	<ol style="list-style-type: none"> <li>1. Regularly assessing the extreme weather risks in the areas where the Chlitina Group is located and enhancing disaster prevention facilities to reduce potential losses caused by extreme weather.</li> <li>2. Implementing remote work contingency plans, establishing remote work policies and emergency plans, and setting up backup operation centers in safe areas to ensure business continuity.</li> <li>3. The Chlitina Group is gradually improving the drainage systems of its factories and planning flood prevention measures.</li> <li>4. The Group regularly conducts emergency evacuation and</li> </ol>



Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
				<p>causing operational disruptions may lead to a decrease in revenue.</p> <p>4. To ensure the recovery of critical operational capacity, additional overtime pay or hiring temporary labor may be required, increasing related personnel costs.</p>	<p>disaster prevention drills for employees to enhance their risk awareness and disaster response capabilities.</p>
Technology Risk	Cost of transition to low-carbon technology	Long term (over 5 years)	<p>In recent years, the global economy has increasingly supported low-carbon, high-efficiency technologies and improvements, which will impact the Chlitina Group's industrial competitiveness.</p>	<p>1. The company will need to upgrade factory equipment or build new low-carbon production lines, including the adoption of energy-efficient equipment and renewable energy facilities, which will significantly increase the company's capital expenditure.</p> <p>2. Low-carbon production may require the use of new eco-friendly materials and green packaging, the procurement costs of which are typically</p>	<p>1. Strengthen cost control from research and development, procurement, production, and logistics, continuously optimize processes, improve operational efficiency, and control additional expenditures during the transition process.</p> <p>2. Establish long-term cooperation mechanisms with suppliers, promote low-carbon and green procurement, and share the</p>

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
				<p>higher than traditional materials, leading to increased operating costs.</p> <p>3. Traditional high-carbon products and equipment may require provisions for inventory write-downs or asset impairment losses, impacting the company's financial performance.</p>	<p>burden of environmental costs together.</p> <p>3. Increase market education and promotion to enhance consumer awareness and education about low-carbon products, and improve customer acceptance of environmental premiums..</p> <p>4. Apply for government support policies in areas such as energy conservation, emission reduction, and environmental tax refunds to obtain financial assistance.</p> <p>5. Plan to achieve low-carbon, high-efficiency technologies and improvements through methods such as waterless formulations and low-energy manufacturing processes.</p> <p>6. The Chlitina Group is gradually planning improvements such as</p>

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
					<p>enhancing the efficiency of air conditioning systems, replacing traditional lighting with LED lighting, and reducing electricity and water consumption through energy-saving measures.</p> <p>7. The Group's factories are evaluating the installation or replacement of low-energy consumption equipment and setting reduction targets for electricity and other resources to improve use efficiency.</p>
Market Risk	Evolution of market and customers needs	Medium term (3 to 5 years)	In recent years, as consumers' environmental awareness has increased, so has their demand for low-carbon and sustainable products,	<ol style="list-style-type: none"> <li>1. Sales of traditional high-carbon products may gradually decline, impacting revenue performance</li> <li>2. Changes in the pricing strategy for low-carbon and sustainable products may affect product profit margins</li> <li>3. The company's promotion of low-carbon and sustainable</li> </ol>	<ol style="list-style-type: none"> <li>1. Implement green marketing strategies to cultivate consumer awareness and acceptance of green products, enhancing the brand's green image.</li> <li>2. Adjust pricing and profit models to set reasonable prices for low-carbon products.</li> <li>3. Transform existing products to be low-carbon, using</li> </ol>

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
			which may impact the sales volume of CHLITINA products.	<p>products may require increased marketing and advertising expenditures, potentially increasing costs.</p> <p>4. Traditional inventory products may not sell in a timely manner, increasing the risk of inventory obsolescence and resulting in provisions for inventory write-offs.</p>	<p>localized materials to reduce carbon footprint and eco-friendly materials. Continuously develop new green product lines and reasonably adjust the product mix structure.</p> <p>4. The Group will implement packaging reduction plans to reduce the use of plastic materials in outer packaging and plan for product carbon footprint audits.</p> <p>5. Strengthen demand forecasting and inventory management capabilities to reduce the risk of excess inventory and devaluation.</p>
Market Risk	Increase of raw material prices	Medium term (3 to 5 years)	Since the Group primarily uses natural raw materials, and relies to a certain extent on natural resources, product quality might be	<p>1. A scarcity of natural raw materials would impact material costs, resulting in higher product prices. Price increases would affect consumers' purchasing power, leading them to reduce their consumption. But a failure to raise product prices would lead to a decrease in the company's</p>	<p>1. Develop new raw material supply channels and find import substitutes to avoid resource scarcity</p> <p>2. The Group maintains at least two suppliers for major raw materials and actively looks for new suppliers to mitigate supply chain disruption risks.</p>

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
			significantly affected by climate change, potentially impacting both quality and production volume.	<p>overall gross margin and net profit.</p> <p>2. The company might need to find new sources of raw materials or diversify supply sources, which could increase supply chain management costs.</p>	
Reputational Risk	Growing concern and negative feedback from stakeholders	Medium term (3 to 5 years)	In recent years, as a global trend towards sustainability has taken shape, stakeholders are increasingly concerned about a company's sustainability performance. If the Group does not actively engage in sustainable development, it may negatively impact	<p>1. If the company does not actively invest in sustainable development, it may lose the support of some consumer groups, reducing brand identification and loyalty, and leading to a decline in revenue.</p> <p>2. If suppliers and distributors place greater importance on the environmental performance of their partners in the future, and the company does not proactively respond to environmental performance expectations, it may heighten supply chain management risks and negatively affect revenue.</p> <p>3. In the future, governments</p>	<p>1. Integrate sustainability concepts into the company's long-term strategic planning, setting clear objectives and performance indicators for environmental, social, and corporate governance aspects of sustainable development.</p> <p>2. Establish a high-level leadership committee dedicated to sustainable development to coordinate all related work and ensure effective implementation.</p> <p>3. Actively respond to stakeholders' expectations for sustainability performance, continuously promoting various sustainability initiatives each year and reporting them through sustainability reports.</p>

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
			<p>consumers' and society's perception.</p>	<p>may impose stricter penalties for environmental pollution, which could result in the company having to pay substantial fines or even being required to halt production for rectification, thereby impacting revenue</p> <p>4. Investors are increasingly favoring companies with strong sustainability performance. If the company does not actively respond to this trend, it may lead to limited financing channels and increased financing costs.</p>	<p>4. Leverage both online and offline channels to conduct green marketing, establishing a positive environmental image for the company and enhancing brand reputation.</p> <p>5. Actively engage in community environmental and philanthropic initiatives, contributing to society and strengthening the company's sustainability image.</p> <p>6. Plan replacement of raw materials with those that meet Roundtable on Sustainable Palm Oil (RSPO) standards and select raw materials with COSMetic Organic and Natural Standard (COSMOS) certification.</p> <p>7. Implement plans to reduce the weight of product packaging, minimizing the use of plastic materials in outer packaging.</p> <p>8. Launch new product lines featuring packaging made from renewable resources, recyclable materials, or biodegradable materials.</p>

Area	Issue	Timeline of Impact	Current Status of Risks and Opportunities	Financial Impact	Response Policies and Management Measures
Opportunity	Designing and/or Boosting Low-Carbon Products and Services	Medium term (3 to 5 years)	In recent years, consumers' environmental awareness has increased, leading to a higher demand for low-carbon and sustainable products.	Demonstrate the company's commitment to environmental responsibility, enhance brand reputation and consumer loyalty, and launch low-carbon, eco-friendly products and related services, thereby attracting new consumer groups and increasing revenue.	<ol style="list-style-type: none"> <li>1. Implement low-carbon modifications to existing products, utilizing local materials to reduce carbon footprint and sustainable materials. Continuously develop new green product lines and appropriately adjust the product portfolio.</li> <li>2. Communicate with investors and consumers to convey the company's green and low-carbon philosophy, establish a positive image, and showcase the environmental features of products through diverse marketing channels to attract eco-conscious consumers.</li> </ol>

### **2.3.2 Raw Material Impact**

Our company operates within the consumer goods sector, utilizing raw materials primarily derived from chemical synthesis, plant extraction, biotechnological synthesis, or fermentation. The packaging materials used include paper, glass, and plastic bottles. Through effective production processes, inventory management, and supplier management, our company has not experienced any material shortages or price increases. This ensures stable production and security in raw material management. Our robust raw material management practices provide a strong foundation for continuous production and market supply.



## 2.4 Biodiversity Conservation

The production base of subsidiary Weishuo (Shanghai) Daily Product Co., Ltd., is located in the Songjiang Industrial Zone of Shanghai. Songjiang Industrial Zone is not designated as a globally or nationally important area for biodiversity, nor is it an environmentally protected or restored habitat. However we fully recognize the importance of conserving biodiversity for the environment, climate, and ecosystems. Therefore, to protect the ecosystem, our company carefully selects the sources of raw materials and manufactures environmentally friendly products, avoiding further destruction of wild animal and plant habitats. We also call on our supply chain to jointly support biodiversity and respect ecological balance.

- **Complying with International Regulations and Responding to International Initiatives:** Adhering to international and local forest-related laws or specific regulations, avoiding deforestation, and following the principle of Zero Net Deforestation. Ensuring that operational activities or factory establishment comply with international, national, and local laws related to biodiversity and deforestation. Proactively engaging in and responding to activities and initiatives aimed at protecting biodiversity.
- **Reducing Environmental Impact:** If operational activities are near key biodiversity areas, sequential measures such as avoidance, impact mitigation, alternative restoration, and offsetting will be taken to reduce ecological impact.
- **Protecting Biodiversity:** Committed to biodiversity conservation, aiming for a Net Positive Impact on the environment and ecosystems.
- **Enhancing Environmental Awareness:** Promoting the concepts of biodiversity and forest protection, raising the ecological conservation awareness of internal and external stakeholders, and actively collaborating with stakeholders to promote ecological conservation actions.



## 3 Social -- Employee Dialogue and Social Engagement

### 3.1 Human Rights Policy Declaration

Our company provides equal employment opportunities to all employees regardless of gender, religion, or political affiliation. We also strive to create a positive work environment, ensuring that employees are free from discrimination and harassment. We support and adhere to international labor and human rights standards, including the principles outlined in the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the International Labour Organization (ILO) conventions.

#### Human Rights Identification and Risk Mitigation

To ensure the implementation of our human rights policy, the CHLITINA Group has established six key human rights management policies and corresponding action plans:

Human Rights Management Policies	Action Plans
Prohibiting Child Labor	The company only accepts job applications from individuals aged 18 and above, and conducts verification checks on all hired employees to ensure thorough compliance. In 2023, no child labor was employed.
Eliminating Employment Discrimination	The company adheres to local government labor laws, international standards, and our corporate human rights policy. We implement internal regulations to ensure that there is no discrimination based on race, class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, pregnancy, appearance, physical features, or physical and mental disabilities.
Prohibiting Forced Labor	The company adheres to local government labor laws, international standards, and our corporate human rights policy, ensuring that no individual is forced or coerced into performing labor against their will. We implement a vacation system and encourage our colleagues to maintain a healthy work-life balance.

Ensuring Workplace Safety and Health	The company provides employees with a safe and healthy work environment. Please refer to the content of Measures for Protecting Employee Personal Safety and their Work Environment.
Strengthening Professional Training	The company assists employees in enhancing workplace safety, understanding common occupational hazards, reducing the likelihood of occupational accidents, and improving technical skills. Each workplace arranges for employees to undergo various professional training programs.
Ensuring Social Security for Workers	To provide care and protection for employees, all employees are enrolled in government-sponsored social insurance programs.

Going forward, we will continue to focus on human rights protection issues, promote relevant education and training to enhance human rights awareness, and minimize the likelihood of related risks.

### 3.2 Workplace Harmony and Progress

The Chlitina Group is proactively enhancing its recruitment and selection mechanism to ensure the right talent is placed in the right position. In matters of recruitment, assessment, employment, assignment, placement, performance evaluation, or promotion of job seekers or employees, we emphasize and promote equal opportunities. We do not discriminate or provide differential treatment based on race, class, language, ideology, religion, political affiliation, place of birth, gender, sexual orientation, age, marital status, appearance, physical or mental disabilities, zodiac sign, blood type, or labor representation. We implement a diverse talent management approach. As of December 31, 2023, the CHLITINA Group employed a total of 864 people, including 9 in the parent company.

#### Distribution of CHLITINA Group employees in 2023:

Workforce Description		Male		Female		Total	
		Headcount	Proportion	Headcount	Proportion	Headcount	Proportion
Age	Above 40	96	41.92	217	34.17	313	35.77
	36—40	64	27.94	163	25.67	227	25.69
	31—35	40	17.48	139	21.89	179	20.37
	26—30	21	9.17	89	14.02	110	13.54
	25 or under	8	3.49	27	4.25	35	4.63
Function	Manager	50	21.84	95	14.96	145	16.78
	Ordinary Employee	159	69.43	500	78.74	659	76.27
	Production Line Workers	17	7.42	31	4.88	48	5.56
	R&D Personnel	3	1.31	9	1.42	12	1.39
Geographical Area	Mainland China Area	205	89.52	544	85.67	749	86.69
	Taiwan and South East Asia	24	10.48	91	14.33	115	13.31

### 3.2.1 Human Resource Management

Talent is the most important competitive advantage of our company. Continuous education and training can inspire employees to unlock their personal potential, enhance their knowledge, and ensure effective use of human resources, ultimately improving overall company performance and helping us to achieve our operational goals. To enhance employee quality and work skills, new employees undergo training upon joining the company. We also regularly provide general and specialized training as needed. Through e-learning, we offer long-term management training for employees at various management levels. To uphold our company's employee training philosophy, we are dedicated to the continuous development and cultivation of talent. In the future, we will continue to deepen and expand our talent development initiatives, building a high-quality talent team and encouraging colleagues to actively participate in various learning and training opportunities. This will foster a positive learning environment within the company.

#### Labor-Management Agreements and Employee Rights Protection Measures:

1. Manager-employee communication meetings are regularly held to convey the company's management philosophy and ensure smooth communication channels.
2. Employee grievance channels are in place to ensure that employees' rights are fairly and reasonably addressed through various channels. To date, our company has not experienced any major labor disputes.
3. Internal and external audit mechanisms reinforce the company's management systems.
4. Diverse policy communication methods (such as internal websites, email, mandatory training, and online learning platforms) are employed to enhance employees' understanding of various policies.

#### ■ New Employee Recruitment Rate

Distribution of new employees by gender and age in 2023:

Item		2020	2021	2022	2023
Total Number of New Hires		219	253	169	292
Annual New Hire Rate (%)		28.2%	31.5%	21.5%	33.8%
Gender	Male	38	52	47	83
	Female	181	201	122	209

Item		2020	2021	2022	2023
Age	Above 40	27	29	26	63
	36 – 40	40	53	27	46
	31 – 35	53	60	49	67
	26 – 30	58	66	46	55
	25 or under	41	45	21	61
Geographical Area	Mainland China Area	168	211	115	213
	Taiwan and South East Asia	51	42	54	79

Definition: Annual New Hire Rate = Total Number of New Hires in the Year / Total Number of Employees at Year-End

#### ■ Turnover Rate

In 2023, the total number of employees who left the CHLITINA Group across all regions was 233, with an overall turnover rate of 28%, an increase of 3% compared to the same period in 2022. Both the overall turnover rate and the number of voluntary resignations showed a slight increase. In the Taiwan region, the establishment of new business entities led to higher personnel turnover during the startup phase, resulting in irregular employee departures.

In terms of resignation management, when an employee submits a resignation request, their supervisor immediately arranges an exit interview. Additionally, the HR department investigates the primary reasons for the employee's departure, conducts resignation analysis, and uses this information to improve subsequent talent retention measures. The goal is to continuously retain excellent professional talent within the company.

For retired employees who wish to continue working for the company, a rehiring program is in place to help middle-aged and senior individuals return to the workforce. Our company, which serves as the operational headquarters with a focus on support services, maintains a stable workforce with fixed annual staffing levels for each function. Furthermore, for the education and training of employees at our various factories, we mainly adhere to government regulations, with each department applying for external training based on their specific functions.

**2020-2023 Personnel Turnover Figures and Rates:**

Item / Year		2020	2021	2022	2023
Mainland China	Total Number of Departures	186	177	161	168
	Overall Employee Turnover Rate	24.2%	30.1%	16.4%	29.7%
	Annual Departure Rate	26.8%	25.3%	23.0%	23.5%
	Voluntary Resignations	138	157	102	130
	Voluntary Resignation Rate	19.9%	22.4%	14.6%	18.2%
Taiwan & South East Asia	Total Number of Departures	41	42	39	65
	Overall Employee Turnover Rate	60.7%	47.2%	57.4%	73.1%
	Annual Departure Rate	48.8%	47.2%	41.5%	60.2%
	Voluntary Resignations	34	41	34	56
	Voluntary Resignation Rate	40.5%	46.1%	36.2%	51.9%

**Definitions and Explanations:**

1. Overall Employee Turnover Rate:  $\text{Number of New Hires in the Year} / ((\text{Number of Employees at the Beginning of the Year} + \text{Number of Employees at the End of the Year}) / 2) \times 100\%$
2. Annual Departure Rate:  $\text{Number of Departures in the Year (incl. Voluntary Resignations)} / ((\text{Number of Departures at the Beginning of the Year} + \text{Number of Departures at the End of the Year}) / 2) \times 100\%$
3. Voluntary Resignation Rate:  $\text{Number of Voluntary Resignations in the Year} / ((\text{Number of Departures at the Beginning of the Year} + \text{Number of Departures at the End of the Year}) / 2) \times 100\%$

**Turnover According to Geographical Area & Gender:**

Geographic area / Year		2020	2021	2022	2023
Mainland China	Male	43	39	45	46
	Female	143	138	116	122
Taiwan & South East Asia	Male	10	8	9	11
	Female	31	34	30	54

**Turnover According to Geographical Area & Age:**

Age / Year		2020	2021	2022	2023
Mainland China	Above 40	25	18	27	21
	36—40	35	37	43	33
	31—35	50	57	40	40
	26—30	51	36	34	47
	25 or under	25	29	17	27
Taiwan & South East Asia	Above 40	16	17	14	32
	36—40	4	12	6	8
	31—35	8	4	4	9
	26—30	9	7	10	9
	25 or under	4	2	5	7

To help new employees quickly adapt to the workplace and company culture, the Chlitina Group focuses on “Recruitment and Hiring Procedures” and “New Employee Development Training.” This includes implementing “Optimized Interview Processes for New Employees,” “New Employee Productivity Enhancement Plans,” and “New Employee Course Training” programs. These measures allow new employees to



gain an understanding of the corporate culture, industry concepts, and relevant occupational safety knowledge through the interview and training processes.

Additionally, the company is committed to promoting workplace diversity and equality, ensuring equal pay for equal work, and equal opportunities for advancement to both men and women. Over 65.50% of managerial positions in the Group are held by women, promoting sustainable and inclusive economic growth. In 2023, the average proportion of female employees was 73.50%.

### ■ Diversity in the Workplace

The Chlitina Group supports the employment of individuals with disabilities and indigenous peoples. In the Taiwan region, the group has established channels such as the Campus Ambassador Project to recruit individuals with physical disabilities, visual, hearing or speech impairments, severe physical disabilities, or chromosomal abnormalities. As of the end of 2023, in the Taiwan region, the company was not legally required to employ any individuals with disabilities and did not employ any. In the Mainland China region, the company was required to employ 3 individuals with disabilities and actually employed 3, demonstrating the company's support for disadvantaged groups. In the future, the company will strive to conduct internal job evaluations so as to create more employment opportunities for individuals with disabilities.

#### 2023 Employees with Disabilities / Indigenous People:

	Male		Female	
	Number	Rate	Number	Rate
Mainland China	2	0.2%	1	0.1%
Taiwan & South East Asia	0	0.0%	0	0.0%

### ■ Cultivating and Developing Diversity

Our company maintains close ties with educational institutions through industry-academia collaborations. With a long history and advanced technology in professional fields, we are a preferred partner for many schools. The company continuously collaborates with various institutions

to secure projects, participates in lectures and paper presentations, and provides product testing services. The Chlitina Group's rich fermentation technology knowledge makes it a top choice for off-campus teaching visits by students from relevant departments, helping them connect theoretical knowledge with practical applications. For instance, in 2023, there were 3 student visits to our subsidiary, Weishuo (Shanghai) Daily Product Co., Ltd., with a total of 15 participants. Through our efforts, we aim to help bridge the technology gap between industry, government, and academia, develop innovative research and technologies, and nurture key talent for tomorrow.

#### ■ Investing in Industry-Academia Collaboration Research and Partnering with Universities

The Chlitina Group actively promotes collaboration between academia and industry, linking the company's new products and materials with the research expertise of professors from universities across the country. This collaboration enhances the company's research and development capabilities, validates product efficacy, and accelerates industrial upgrades, as well as the industrialization and marketization of research outcomes transferred by universities.

#### Collaboration Partner — Institute of Biomedical Engineering, National Tsing Hua University

Year	Collaboration Project
2020	Ministry of Science and Technology's Industry-Academia Collaboration Project: Developing Nitric Oxide as an Innovative Active Ingredient for Skincare Products
2021	Ministry of Science and Technology's Industry-Academia Collaboration Project: Developing Multifunctional Betulin (Continuation of Previous Research)
2022~ Present	Cosmetic Ingredient Efficacy Testing and Analysis Services

#### ■ Performance Evaluation and Long-Term Incentives

The Chlitina Group and its subsidiaries provide compensation and benefits that comply with local laws and regulations, and that are never below the legally mandated minimum wage. All regular employees are entitled to insurance and retirement plans as required by law. The Group adopts an equal pay policy, ensuring that compensation is not influenced by factors such as location, race, ethnicity, background, social status, lineage, religion, physical disability, gender, sexual orientation, pregnancy, marital status, political views, or age. The Group considers total compensation, including salary, benefits, bonuses, and rewards, when designing its compensation system.

Our company carries out an annual industry salary survey and adjusts compensation based on changes in the external environment, the company's operational status, and individual performance to ensure that salaries are competitive and fair. Additionally, by enhancing operational efficiency, we strive to increase the income levels of our employees. In regions where short-term or part-time employees are hired, we ensure that they are provided with the legally required insurance and benefits from their first day of employment.

The compensation package for senior management includes fixed components such as base salary, year-end bonuses, and benefits, as well as variable components such as bonuses and cash rewards, with a primary focus on variable components. They also benefit from the legally required insurance plans.

The fixed components of compensation are designed to maintain our company's average competitiveness within the industry. The variable components are determined based on a comprehensive assessment of both the company's and the individual's operational performance. The better the company's and the individual's operational performance, the higher the proportion of variable components to fixed components. Performance evaluation standards are based on the achievement of comprehensive annual goals related to financial performance (such as revenue and profit), market/customer, organizational growth, and personnel development. At the beginning of each year, evaluation items, targets, and weightings are set according to the internal and external operating environment. The compensation for managers is based on individual performance and reviewed and evaluated by the compensation committee, which then makes recommendations to the board of directors for approval and execution.

Additionally, the Group is committed to providing fair and reasonable compensation for its employees. Our company's salary policy is based on position, individual abilities, and industry standards, aiming to ensure that every employee receives appropriate compensation according to their job responsibilities, skills, and contributions. By offering a living wage, we not only motivate employees to achieve greater professional success but also attract and retain the best talent in the industry.

#### ■ **Salary Structure and Adjustment Mechanism**

We establish important annual targets and mandate each subsidiary to perform initial goal-setting for each department (including company goals, departmental goals, and individual goals) at the start of the period. Mid-year progress checks and end-of-year performance reviews are

conducted to ensure accurate assessments. The outcomes of these evaluations are used as the basis for promotions, salary adjustments, bonus distributions, and reward allocations, and are also connected to education and training planning. The status of our performance evaluations for 2023 is shown in the tables below:

**Salary structure: Salaries are structured on a twelve-month basis, with a system for additional non-regular payments:**

Performance Bonus	Awarded based on the company's operational results and individual work performance.
Year-End Bonus	Awarded at the end of the year based on the company's operational results.
Business Bonus	Awarded according to performance or various KPIs.
Special Bonus	Awarded for Special Project Contribution.

**Salary adjustment mechanism: probationary salary adjustment, annual salary adjustment, and special salary adjustment**

Probationary Salary Adjustment	New employees who perform exceptionally well during their probationary period.
Annual Salary Adjustment	Conducted at the beginning of the year, taking into account the company's operational status for the year, price fluctuations, labor market conditions, and work performance.
Special Salary Adjustment	Made in response to talent competition and other special considerations.

### 3.2.2 Personnel Development

#### ■ Employee Diversity Training

The Group develops strategic planning and development goals based on the company's mission, vision, stage objectives, and core values, as well as shared behavioral values. Through quantitative analysis, we produce human resource management reports to determine training needs and perform gap analysis to define training goals and plans. We consider education and training as the most cost-effective investment, rather than just an expense, aiming to maximize the potential of our employees.

**Employee Training at Chlitina Group Over the Past 3 Years:**

Item / Year	2021	2022	2023
Total Training Expenses (NT\$)	868,040	11,055	785,518
Number of Participating Employees	200	726	6,168
Average Training Expenses per Employee (NT\$)	4,340	15	127
Total Training Duration (Hours)	1,600	7,514	740,160
Number of Participating Employees	200	726	6,168
Average Training Hours per Employee (Hours)	8	10.35	119.42

Definition: Average Training Hours = Total Training Duration / Number of Participating Employees

**Average Training Hours in 2023 By Employment Level:**

Item	Total Training Hours	Number of Participating Employees	Average Training Hours per Participant
Managerial Level	181,800	1,515	120
Non-Managerial Level	558,360	4,653	120

**Average Training Hours in 2023 By Gender:**

Gender	Total Training Hours	Number of Participating Employees	Average Training Hours per Participant
Male	183,000	1,525	120
Female	557,160	4,643	120

**Return on Human Capital Investment**

The Group regularly tracks indicators such as the Return on Human Capital Investment (Human Capital ROI) to assess the learning effectiveness of training programs. This continuous evaluation helps to improve the content of education and training programs and strengthens the alignment between organizational goals and training needs.

Unit: 1,000 NT\$

2023	Basic Salary	Return on Human Capital Investment
Mainland China, Taiwan and South East Asia	754,044	351%

Note: Return on Human Capital Investment = Total Revenue (Total Expenses – Total Compensation Costs) / Total Compensation Costs  
(where Total Compensation Costs include salaries, bonuses and benefits)

### Training Indicators and Results

Talent is the most crucial competitive advantage for the company, and ongoing education and training can inspire employees to realize their personal potential, enhance their knowledge, and ensure effective use of human resources, ultimately improving the company's overall performance and achieving its operational objectives. To elevate the quality and skills of our employees, our company provides pre-job training for new hires and offers management and professional training for management-level employees based on their specific needs.

Our company encourages employees to participate in various training programs offered by internal and external institutions to provide them with the latest industry and market information. We actively promote the diverse development of our employees and help them enhance their professional skills. For new employees, we conduct comprehensive training that covers knowledge, skills, and attitudes, including but not limited to the company's operating philosophy, brand culture introduction, business unit and organizational structure explanation, product and business model introduction, behavioral guidelines and regulations explanation, information security, and financial process explanation. The company's chief corporate governance officer, accounting manager, audit manager, and their deputies attend the legally required annual training hours, with 66 hours of training completed in 2023. Additionally, we organize annual team-building activities such as the "Chlitina Wonderland Journey" to spread the company's operating philosophy and help employees better integrate into the team, promoting cross-departmental collaboration to enhance individual and corporate competitiveness. We also conduct a "Professional Experience Officer" course, which involves role-swapping and immersive experiences to stimulate employees' empathy.

To uphold the company's employee training philosophy, our company is dedicated to continuously driving talent development. Going forward, we will continue to deepen and expand our talent development principles, cultivate a high-quality talent pool, and encourage employees to actively engage in various learning and training opportunities, creating a positive learning environment within the company.

### ■ Employee Support Measures Exceeding Legal Requirements

Our biggest operating locations are in mainland China, where we have set up a Welfare Committee. Besides adhering to the “Labor Contract Law of the People’s Republic of China,” the “Shanghai Labor Contract Regulations,” and local government requirements for labor insurance and health insurance, and in line with relevant Chinese laws, regulations, and policies, our company offers employees various allowances, bonuses, holidays, cultural and recreational activities, continuing education programs, and social insurance benefits.

### ■ Employee Welfare Measures

Category	Specific Project
Insurance	Group corporate insurance
Compensation	Employee’s salary, performance bonus, dividends, 3 annual festival gifts (money), year-end bonus
Benefits	Employee’s birthday gift, marriage, funeral, and maternity allowances, year-end party, pregnancy-friendly work environment, employee purchase discount, travel rewards for outstanding employees
Health and Happiness	Department employees annual banquet, family activities, charitable activities, and health-related activities

### ■ Retirement Policy and Implementation Status

The subsidiaries (including branch offices) of our group located in Taiwan comply with the “Labor Retirement Fund Act” and related regulations issued by the local government, and have established a defined contribution retirement plan applicable to local employees. Each month, a contribution of no less than 6% of the salary is made to the employee’s individual account at the Labor Insurance Bureau. The payment of the employee’s retirement fund is based on the amount in the employee’s dedicated retirement account and the accumulated benefits, and can be received either as a monthly retirement pension or a lump-sum retirement payment.

The subsidiaries located in mainland China contribute to the pension insurance scheme as required by the government of the People’s Republic of China, by deducting a certain percentage of the total salary of local employees each month. Each employee’s retirement fund is managed and coordinated by the government, and besides the monthly contributions, our group has no further obligations. The details of the defined contribution retirement benefit plan are as follows:

Responsible Administration	Beneficiary	Retirement Fund Contribution Rate
Municipal or Provincial Governments across Mainland China	Employees of all subsidiaries in Mainland China	16%

In Hong Kong, subsidiary Hong Kong Chlitina International Limited complies with the Mandatory Provident Fund Schemes Ordinance of Hong Kong Special Administrative Region and implements a mandatory retirement plan for employees hired under the Hong Kong Employment Ordinance. This plan defines a contribution retirement benefit scheme managed by an independent trustee. According to the plan's provisions, both the employer and the employee are required to contribute 5% of the employee's relevant income. Apart from the monthly contributions, our group has no further obligations.

In Vietnam, subsidiaries Yongli Trading Co., Ltd. and Vinh Le Co., Ltd. comply with the Social Insurance Law and the Law on Health Insurance of the Socialist Republic of Vietnam which stipulate that employers must contribute 21.5% of the total labor wages (including 17.5% for social insurance, 3% for medical insurance and 1% for unemployment insurance), while employees contribute 10.5% of their total wages. For male employees, retirement pensions will represent 45% of their average wage, equivalent to 20 years of contribution to the retirement scheme, and this percentage will increase by 2 percentage points every year up to a maximum of 75% of their average wage. For female employees, retirement pensions will represent 45% of their average wage, equivalent to 15 years of contribution to the retirement scheme, and the retirement pension will increase by 2 percentage points every year up to a maximum of 75% of their average wage. Apart from the monthly contributions, our group has no further obligations.

## ■ Health Checks

The Chlitina Group periodically conducts health promotion activities. The Taipei headquarters has set up a health center with a medical room managed by a dedicated health management team. Besides handling emergency medical care, the team also offers health consultations and services for employees. In 2023, no employee requested office medical assistance and 1 employee requested a one-on-one health consultation. In the future, the company will continue to provide office medical assistance and one-on-one health consultation services.

Comprehensive health examinations can help in the early detection of diseases. The company organizes regular health checks for employees in special job roles (such as those exposed to high noise levels, dust, or X-rays) with specific examination items. In the Taiwan region, an annual



health check is organized for all employees. Overseas factories proactively offer health check plans with comprehensive examination items to help employees understand their health status. In 2023, the company organized health checks for all employees. Through internal promotion and dedicated reminders, the attendance rate for health checks in mainland China increased from 62% in 2021 to 85% in 2023, while the attendance rate in Taiwan was again 100%.

Following annual health checks, professional medical personnel at each office or factory location provide medical assistance and regular check-up reminders for any significant abnormalities identified in the health examination results, ensuring comprehensive care services. For employees with health anomalies, professional consultations are also offered. Regular doctor consultations are held in the office areas to provide employees with professional consultation channels. The company proactively manages and develops plans for education/training, guidance, prevention/risk monitoring, and medical assistance related to individual health anomalies. All employees' personal health service records and information are used solely to evaluate whether employees are in a safe workplace environment and are not used for any other purposes. This data is securely managed by the dedicated health management unit and is not disclosed externally.

**Employee Health Care Over the Past 3 Years:**

Item	2021		2022		2023	
	Mainland China	Taiwan & South East Asia	Mainland China	Taiwan & South East Asia	Mainland China	Taiwan & South East Asia
Number of employees eligible for health check	564	99	560	70	552	148
Number of participants	348	99	463	70	468	148
Participation rate (%)	62	100	83	100	85	100

### **3.2.3 Workplace Safety**

#### **■ Environmental, Health, and Safety Management Framework**

To ensure the safety and health of employees and on-site workers, Weishuo (Shanghai) Daily Product Co., Ltd. has established an “Occupational Safety and Health Policy.” This policy includes regular (at least once a year) inspections and maintenance of fire safety and hygiene equipment, escape doors (and stairs), and conducting fire safety drills.

The company also provides annual health check benefits for employees and holds annual labor safety and health education and training to ensure a safe and healthy working environment. Through the participation of all employees and the diligent fulfillment of occupational safety and health management responsibilities by managers at all levels, the company is committed to continuously reduce the risk of occupational hazards.

The goal is to provide a high-quality, safe and healthy working environment, aiming for zero accidents and sustainable development, to create the most employee-friendly working environment for the Chlitina Group.

#### **A. Personnel Safety Training**

To ensure safe production, from January to December 2023, the company organized a total of 384 safety and environmental protection training sessions (including externally certified training).

These sessions included: Volunteer Firefighter Emergency Response and Firefighting Drills, Fire Emergency Evacuation Drills, Accident Case Study Safety Education Training, Hazardous Chemicals Accident Response Training with Chemical Specialists, Forklift Operator Training, Environmental Emergency Response Drills, Fire Safety Officer Training, Fire Safety Manager Training, Special Equipment Operator Training, Fraud Detection Training, Winter and Summer Accident Prevention Training, Special Operations Safety Training, and so on.

Through these training sessions, employees’ knowledge, awareness, and skills in prevention and emergency response have been greatly enriched.

## **B. Investment in Safety Equipment and Emergency Supplies**

To ensure safe production, in April 2023, the company replaced 5 fire alarm control panels that were installed during the construction phase of the factory (due to its long service time, the system's information transmission was not sensitive enough, and there were frequent false alarms). This replacement enhanced the reliability of the automatic fire alarm system and effectively improved the company's technical security level.

Additionally, the company replaced expired emergency supplies: emergency supplies purchased in 2019 (including protective suits, protective gloves, gas masks, protective goggles, and waste collection bags) were renewed in July 2023.

## **C. Monitoring of Operational Processes (Outsourced Inspections)**

To ensure that environmental pollution sources (wastewater, exhaust gas, noise) meet emission standards, to protect the safety and health of employees in the workplace, and to guarantee the reliability of lightning protection systems in production and office areas:

1. In April 2023, the company commissioned a qualified third-party inspection agency to examine of the company's environmental pollution source emissions. Data collected was found to meet national and local standards.
2. In September 2023, the company commissioned a qualified occupational health inspection agency to inspect sites exposed to occupational hazards. Data collected was found to meet relevant national regulations.
3. In October 2023, the company commissioned a qualified occupational health examination agency to conduct an annual occupational illness examination for employees. No cases of occupational illnesses were found among the employees.
4. In April 2023, before the storm season, the company commissioned a qualified lightning protection inspection company to inspect the lightning protection systems in place in the production workshops, warehouses, and office areas. Any identified risks were promptly rectified to ensure the effectiveness of the lightning protection systems.

#### D. Additional Safety-Related Measures

1. To address potential production incidents, anomalies, or emergency situations, the company formulated a specific emergency response plan (with a validity period of 3 years) in August 2021. Comprehensive plans were also developed for broader incidents, and these plans underwent drills and verification. The plans were subsequently filed with the relevant government emergency management departments.
2. To prepare for potential sudden environmental events, anomalies, or emergency situations, the company created specific emergency response plans (with a validity period of 3 years) in May 2023. These plans underwent evaluation, drills, and verification. The plans were subsequently filed with the relevant government emergency management departments.
3. Regarding the handling of precursor chemicals, the company has established relevant management systems. Dedicated personnel were assigned to attend training and obtain certification in handling hazardous chemicals. A dual-person, dual-lock management system was implemented, with dual signatures required for inventory records. Every year in the first quarter, the company reports the previous year's usage and purchase of precursor chemicals to the Public Security Bureau's Precursor Chemical Management Division. The company obtained the relevant record-keeping certificate on February 28, 2023.
4. In September 2023, Weishuo (Shanghai) Daily Product Co., Ltd. successfully passed the ISO45001, ISO14001, and ISO9001 audits conducted by a qualified agency and obtained the corresponding certificates. Through the implementation of system management, the company improved its management standards in safety and environmental protection.

#### Occupational Injury Statistics

Item	Mainland China	Taiwan & South East Asia
Year	2023	2023
Total employee count	749	115
Total worked hours	1,486,016	228,160
Main category of work-related injury	-	Traffic accident
Number of disabling injuries	0	1
Number of days lost due to disabling injury	0	164

Number of reportable injuries	0	1
Number of work-related fatalities	0	0
Occupational disease incidence rate (%)	0	0%
Occupational injury rate (%)	0	0.88%

Item definition:

1. Number of disabling injuries: Refers to the number of workers who suffered injuries resulting in death, permanent total disability, permanent partial disability, or temporary total disability due to occupational accidents.
2. Number of days lost due to disabling injuries: Refers to the total number of days lost due to injuries in a single case. This includes the days during which the injured person is temporarily (or permanently) unable to return to work, excluding the day of the injury and the day of return to work, but including all intervening days (such as Sundays, holidays, or company shutdown days) and any subsequent days off due to the accident after returning to work.
3. Number of reportable injuries: Refers to the number of workers who suffer injuries resulting in death, loss of work, restricted work or job transfer, emergency medical treatment, loss of consciousness, or are diagnosed by a doctor as having a serious injury or illness due to occupational accidents.
4. Occupational disease incidence rate:  $(\text{Number of occupational disease cases} / \text{Total work hours}) * 200,000$ .
5. Occupational injury rate:  $(\text{Number of occupational injury cases} / \text{Total work hours}) * 200,000$ .

NB: Days are calculated based on workdays.

Additionally, it is our group's responsibility and obligation to create a healthy and safe workplace that ensures the physical and mental well-being of every employee.

1. Offices are equipped with an independent access control system, managed by dedicated personnel from the operations department, who oversee the registration and usage of access cards.
2. Offices include all-gender restrooms, catering to various individuals and promoting gender inclusivity.
3. A small library is provided to employees, breaking away from traditional learning methods and fostering knowledge and innovation.
4. We conduct at least one annual inspection and maintenance of fire safety, hygiene equipment, and escape doors (stairs). Fire safety drills are held regularly. Additionally, we provide annual health check benefits for employees and conduct annual labor safety and health education

training to ensure a safe and healthy work environment.

5. To maintain office safety, flammable and hazardous materials are not permitted in the office. In accordance with tobacco control regulations, smoking is prohibited in all office areas. Drinking water facilities that meet potable water standards are cleaned and maintained at least once a year. The environmental hygiene and cleaning of the workplace are managed by a professional cleaning company on a daily basis. Work environment and equipment are disinfected and cleaned at least twice a year.





### 3.3 Public Welfare and Social Care

The Chlitina Group is deeply committed to sustainable business practices and social responsibility, embracing the philosophy of “Love and Sharing.” By combining corporate governance with humanistic education, we integrate philanthropy and care into our corporate strategy, generating positive energy within the group. By leveraging corporate resources and collaborative efforts, we extend our support to various segments of society. We believe that the inherent goodness of people can create a warmer society. Through ongoing artistic philanthropy and humanistic initiatives, we ensure that corporate resources reach those in need. This is our responsibility and self-imposed obligation as a corporate entity.




### 3.3.1 Social Welfare

The sustainability of a business is founded on a harmonious and prosperous society. The Chlitina Group recognizes that only by collectively advancing society and the economy can we generate the momentum needed to drive the group towards sustainable operations. Therefore, the Group takes the initiative, whether it is promoting industrial advancements or deeply engaging in social welfare. We are committed to creating sustainable talent, sustainable industries, and a sustainable society through our persistent efforts and dedication.


#### ■ Philanthropy and Education



The Chlitina Group philanthropic ideals are profoundly integrated with its brand culture and into its actions. The Light Up Fund encompasses various domains, including disaster relief, encouraging reading, environmental protection initiatives, and promoting arts and humanities. This further embodies the corporate motto “Love and Sharing,” fostering a deep connection and emotional resonance with the public. The group has been honored with the “2023 Corporate Social Responsibility Pioneer Award” and the “2023 Philanthropic Person of the Year Award.” These awards not only acknowledge the group’s long-term dedication to philanthropic achievements but also underscore the Chlitina Group’s warmth and commitment to society.




### 2023 Activities of the Light Up Fund

Project Framework		Contents
Light Up Relief	Sending emergency supplies to people in Qinhai and Gansu provinces after magnitude 6.2 earthquake	<p>The company donated a large quantity of emergency supplies, including:</p> <ul style="list-style-type: none"> <li>Food supplies: 1,600 self-heating meals, 3,600 instant noodle cups, 9,600 bottles of mineral water</li> <li>Daily necessities: 2,939 bedding sets, 100 power banks, 480 packs of sanitary napkins, 320</li> </ul>
		





Project Framework		Contents	
		<p>packs of wet wipes, 1,000 electric kettles</p> <ul style="list-style-type: none"> <li>Disinfection supplies: 16 foggers, 160 bottles of insecticide, 16 electric sprayers, 16 packs of 84 disinfectant tablets each, 100 solar power banks.</li> </ul>	
	<p>Sending emergency supplies to people affected by most severe rainstorm in 140 years in the Beijing-Tianjin-Hebei urban areas</p>	<p>The company donated a large quantity of emergency equipment and supplies, including:</p> <ul style="list-style-type: none"> <li>First batch: Minhe County, Qinhai: 22 tents (20 sq meter each), 110 camping beds, 110 sets of bedding (3 items each), 110 electric blankets, 110 cotton winter coats, 180 pairs of cotton shoes.</li> <li>Second batch: Shiyuan township, Jishishan County, Gansu: 700 cotton quilts, 700 mattresses, 800 pairs of cotton gloves, 1,000 electric kettles, 1,000 power strips, 400 flashlights.</li> <li>Third batch: Shiyuan township,</li> </ul>	




Project Framework		Contents	
		Jishishan County, Gansu: 6 boxes (200 units) of power banks, 1,000 power strips, 1,000 heating blankets, 655 pieces of children's clothing, 76 pairs of children's cotton shoes.	
	Bringing warmth to underprivileged children in rural villages	<p>About a hundred impoverished children were provided with drawing supplies, daily necessities, and clothing around the middle and at the end of the year:</p> <ul style="list-style-type: none"> <li>20 sets were sent to underprivileged children in "Sun Village", Duchang County, Jiangxi Province.</li> <li>80 sets were sent to children from disadvantaged families in 12 "seed schools" in Jiang County, Shanxi Province.</li> </ul>	
Light Up Humanities	Cultural activities	<p><b>Chlitina documentary venture capital project "As Long As We Dare To Try"</b></p> <p>The documentary "Leap of Faith" was nominated for the Golden Goblet Award competition section at the 25th Shanghai International Film</p>	



Project Framework		Contents
		Festival.
	Cultural activities	<p><b>Bringing Art Into Daily Life</b> Supporting performances year-round at the Shanghai Culture Square, the city's premier artistic venue. Supporting annual top-tier West Bund Art and Culture Festival in Shanghai.</p> 
	Parent-child activities	<p><b>Public Welfare Empowerment Initiatives — Parent-child Project:</b> “No Spanking Day” &amp; ”Decoding Emotions”. Company branches organized 13 such events.</p> 
	Parent-child activities	<p><b>Public Welfare Empowerment Initiatives — Parent-child Project:</b> May 1<sup>st</sup> Children's Day Activity result: Through these soft parent-child social activities, franchisees and consumers felt the brand's care and warmth, enhancing brand cohesion.</p> 


Project Framework		Contents	
	<p><b>Parent-child activities</b></p>	<p><b>Public Welfare Empowerment Initiatives — Parent-child Project:</b></p> <p>“Disaster Safe Escape” &amp; “Environmental Olympics”</p> <p>Beijing and its neighboring provinces have recently experienced earthquakes and inland flooding. To help everyone understand how to correctly and effectively protect themselves and their children during disasters, the Beijing branch, in collaboration with the Youth Safety Education Center, organized the “Little Environmental Guardians” and “Disaster Safe Escape” public welfare parent-child activities. This allowed children to learn the correct methods of protection and escape during disasters while having fun.</p>	 



Project Framework		Contents
	Parent-child educational activities	<p><b>Public Welfare Empowerment Initiatives:</b> on World Food Day, calling on children to cherish and conserve food</p> <p>9 branches organized events, attended by 156 families. By integrating seasonal hot topics, children can gain knowledge about farming, become interested in the origins of food, understand its value, and cultivate environmentally friendly habits of thrift and avoiding waste in daily life. The event also features parent-child games to strengthen the parent-child relationship, and throughout the activity, children's environmental awareness is reinforced.</p> 
	Treasuring old objects	<p><b>Public Welfare Empowerment Initiatives</b></p> <p>5 flea markets organized in Jiangxi, Hunan, Hangzhou, Jili, and Shaanxi</p> <p>Guangzhou — Beach cleaning activity</p> <p>Jiangxi — Incorporating Carnival Activities into the Meeting</p> 

Project Framework		Contents
Light Up Reading	Third session Jiang County, Shanxi Province	<p><b>Third Session, Jiang County, Shanxi Province: Creating an Interest-Based Reading System</b></p> <p>A total of 12 schools were involved, with 230 classes taught, impacting a cumulative total of 18,000 students and teachers over the course of a year.</p> <p>Three new reading course models were introduced, including: Visual Journal Class, Self-Protection Safety Class, and Drama Class.</p> 
	Special reading activities	<p><b>Special Reading Class</b></p> <p>The Light Up Fund organized 230 reading classes that benefited a total of 7,565 children.</p>  

Project Framework		Contents	
	Seed Teacher Training	<b>Third Teacher Training Annual Initiative — May Training Classes</b> From the theory of reading to demonstration classes, and then to field visits to outstanding schools, teachers gain a systematic understanding of the impact of reading on children. Through multi-dimensional and comprehensive reading instruction, every teacher can become a guiding light in the lives of rural children.	
	Seed Teacher Training	<b>Third Teacher Training Annual Initiative — July Training Classes</b> Three demonstration classes on Visual Diary and Drama, led by 4 experts, benefited over 600 teachers, students, and parents across the entire county.	

Project Framework		Contents
Light Up Environmental Protection	Environmental Advocacy and Implementation	<p><b>Empty Bottle Initiative</b></p> <p>A total of 29 branches and 156 franchise stores participated, displaying and promoting environmental protection concepts across 52 cities, reaching over 30,000 consumers. Cumulatively, 11.82 tonnes of recyclables were collected, including 147,800 empty bottles, resulting in a carbon reduction of 25.84 tonnes.</p> 



## ■ Physical & Mental Health, and Social Assistance

To promote the physical and mental health of the general public, the Chlitina Group Board of Directors has donated NT\$80 million to support the independent operation of the non-profit Jian Tong Culture and Education Foundation. The foundation was established by the Gem Fortune Group and focuses primarily on promoting career planning, livelihood counseling, business management, balancing family life and work, and highlighting the meaning of life and promoting a holistic health care. The Chlitina Group actively collaborates with the Jian Tong Culture and Education Foundation to co-host various public welfare lectures and courses, aiming to help the public improve their health and share the abundance of life together.

### Main Topics:

- Advocating for a Balanced Life through Healthy Eating and Nutritional Supplements
- Elevating Spiritual Harmony and Emotional Well-Being for a Fulfilling Life

### Activities organized by the Jian Tong Culture and Education Foundation in 2023:

Date and Place	Activity Title	Contents
2023/08/05 Hsinchu	“Prof. Han Bor-Cheng’s Around the Island Chats”	Donating 50 copies of the book “Harnessing the Power of Nature to Fight Against Cancer.”
2023/08/19 Yilan	“Prof. Han Bor-Cheng’s Around the Island Chats”	Sharing personal experience of fighting against cancer, to show how food can be used as medicine for the body, and using spiritual and emotional relief to address inner turmoil.
2023/08/29 Miaoli	“Prof. Han Bor-Cheng’s Around the Island Chats”	Sharing personal experience of fighting against cancer, to show how food can be used as medicine for the body, and using spiritual and emotional relief to address inner turmoil.
2023/09/04 Keelung	“Prof. Han Bor-Cheng’s Around the Island Chats” (host)	Sharing personal experience of fighting against cancer, to show how food can be used as medicine for the body, and using spiritual and emotional relief to address inner turmoil.

Date and Place	Activity Title	Contents
2023/09/10 Matsu	“Prof. Han Bor-Cheng’s Around the Island Chats” (co-host)	Sharing personal experience of fighting against cancer, to show how food can be used as medicine for the body, and using spiritual and emotional relief to address inner turmoil.
2023/9/16 (Sat.) Taipei	– “Prof. Han Bor-Cheng’s Unbound Cuisine” – Healthy Cooking Class (host)	Sharing healthy eating concepts and conducting live demonstrations to promote stress-free, unbound cooking.
2023/10/06 Chungli	“Community Health Seminar” (co-host)	Sharing personal detox and comfort food recipes with the public.
2023/10/14 Taichung	“Pr. Han Bor-Cheng’s Unbound Cuisine” – Healthy Cooking Class	Sharing healthy eating concepts and live demonstrations to promote stress-free, unbound cooking.
2023/11/5	“Self-Improvement and Family Harmony – The Ultimate Key to Health”	How the benefits of healthy eating can start from the family dining table and bring mental relief, beautifying life in all aspects.
2023/11/11	“Pr. Han Bor-cheng’s Weekend Tea and Juice Party”: Healthy Cooking Class	How to use the concept of unbound cooking to create healthy and delicious vegetable and fruit juices and afternoon tea treats.
2023/12/12 2023/12/19 2023/12/26	“Life Medicine” Series (Fist Session) – Spiritual Healing and Happiness: Healing Your Life and Your Work	Online and in-person lectures: How to manage emotions in life and work, and how to use the right perspective to view oneself and relationships with others.
2023/12/16 Hsinchu	Hsinchu – “Professor Han Bor-Cheng’s Unbound Cuisine” – Healthy cooking class	Sharing healthy eating concepts and conducting live demonstrations to promote stress-free, unbound cooking.

Date and Place	Activity Title	Contents
2023/12/20	Public Lecture: “From Anti-Aging Table to Spiritual Liberation”	By sharing cancer survivor stories, helping everyone understand the real challenges of cancer patients, and how to maintain good health and keep cancer at bay through a healthy diet and a joyful attitude.
2023/12/25	“Love is Back, Cancer is Gone”	By sharing cancer survivor stories, through sharing cancer survivor experiences, teaching everyone how to stay healthy and keep cancer at bay through diet and a positive mindset.



### 3.3.2 Relationships Between Employees and Customers

#### ■ Employee Care

To achieve sustainable operations, the Chlitina Group adopts a “top-down and bottom-up” dual strategy. On the one hand, the management should focus on important issues related to our core business, set clear visions and goals, pay attention to performance and benefits, and establish a comprehensive sustainable development strategy to lead the enterprise towards long-term, stable growth. On the other hand, guidance from the top alone is not enough. A truly sustainable culture needs to permeate the daily work of every employee from the bottom up. This means cultivating awareness, understanding, and action towards sustainable development in each employee, so that their every small action at work can contribute to the enterprise’s sustainability goals. Therefore, the Chlitina Group values the work environment and the mental and physical development of its employees. Through the following three major programs, the Group provides good working conditions and support, while caring for the overall development of employees. This helps to build team spirit, and a sense of honor and belonging, thereby creating a vibrant and cohesive team where every small action by employees contributes to the enterprise’s sustainability goals.

- **Employee Health and Welfare Plan:** Health check-ups are regularly scheduled. In Taiwan, a health check-up is organized annually, while overseas factory and offices proactively offer health check-up plans. These comprehensive check-ups help employees understand their health status. Regular health promotion activities are organized, and a health center has been established in the Taipei office, equipped with a medical room and staffed by a dedicated health management team. In addition to handling emergency medical care, the team provides health consultations and services to help employees maintain their physical and mental well-being.
- **Team Building Activities:** Departmental gatherings, birthday celebrations, family travel, and DIY craft courses, indoor and outdoor activities are organized to enhance trust and cooperation among employees. These activities provide opportunities for employees to get to know each other and interact, thereby strengthening team cohesion and a sense of belonging.
- **Comfortable Working Environment:** All-gender restrooms are provided to accommodate different individuals, promoting gender diversity. A reading area with various books and magazines, and relaxation spaces, allow employees to find moments of tranquility amidst their busy work schedules. This promotes mental health and fosters creativity.

Not only can these programs enhance employee satisfaction and loyalty, but they can also contribute to employees’ motivation and creativity. Additionally, these initiatives help the company to attract and retain top talent. This fosters team collaboration, improves overall work efficiency and performance, and drives the continuous growth and sustainable operations of the enterprise.

## ■ Customer Care

As consumer behaviors and consumption trends evolve, meeting consumer needs remains a core strategy in our company's product development. To adapt to the rapidly changing market environment and diverse consumer demands, CHLITINA focuses on three key aspects: product usage, brand image, and customer feedback. By understanding consumer needs through these aspects, we can respond to market changes, enhance product competitiveness, and increase consumer satisfaction.

### ➤ Product Use:

- A. Product Usage Training and Trial Activities: We regularly organize product usage training courses for employees, distributors, and consumers to ensure everyone fully understands the product's usage methods and best practices. Additionally, we hold product trial activities, inviting target customers to try new products for free and providing detailed usage guides. Consumers are encouraged to share their trial experiences and feedback on social media.
- B. Product Technical Support Service: a customer hotline promptly addresses any issues consumers encounter while using the products, providing professional technical guidance and solutions. Also, we publish answers to Frequently Asked Questions and post detailed video tutorials on the company's official website and social media platforms to help users quickly find solutions.

### ➤ Brand Image:

- A. Brand Promotion and Marketing: The company communicates through social media platforms such as Weibo, Xiaohongshu, TikTok, WeChat, etc., publishing high-quality brand stories, product information, and consumer testimonials to enhance brand awareness and reputation.
- B. Participation in Fairs and Other Events: We participate in important domestic and international fairs and events to showcase our latest products and technologies. These events enable us to engage with potential customers and partners, build connections, and elevate the brand image.

### ➤ Customer Feedback:

- A. Feedback Gathering and Improvement: A dedicated consumer feedback platform as well as surveys and questionnaires allow us to gather consumers' opinions and suggestions about the products. This enables the company to understand consumer needs and expectations, and the feedback is used to improve and upgrade the products.

- B. **Consumer Reviews and Case Studies:** Through a consumer review system on the official website and major e-commerce platforms, consumers are encouraged to share their product usage experiences and reviews. We gather and compile successful case studies of consumers using our products, and share these through our website, social media, and promotional materials. This offers valuable insights for other potential consumers and enables continuous improvement of products and services based on the feedback.

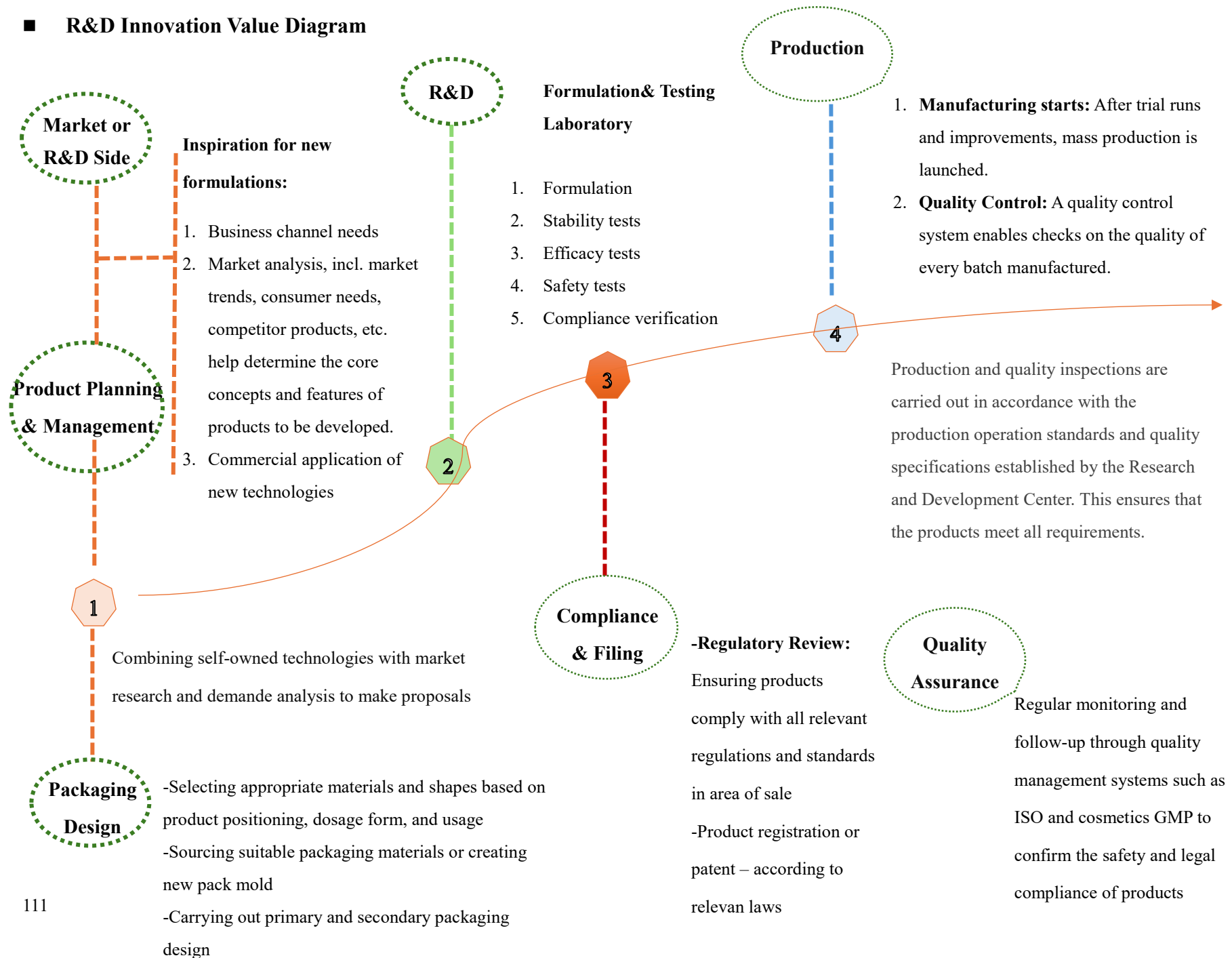
Effective Product Usage Strategies ensure that consumers can fully experience the value of the products. Coupled with a strong brand image that boosts market awareness and customer trust, and the collection and analysis of customer feedback, the company can gain a deeper understanding of consumer needs, enabling us to continuously enhance the quality of our products and services. These three elements work together to drive the company's sustainable development and market competitiveness.

### **3.4 Promoting Industry Development**

#### **3.4.1 R&D Investment and Implementation**

The Chlitina Group is committed to product research and development, combining formula design with manufacturing technology to develop distinctive products that stand out in the market. Both in terms of quality and efficacy, our products are unique and cannot be replicated. We also strive to avoid reliance on specific raw material suppliers so as to always be able to make changes to our formulations and control costs. Our company has extensive experience in formula development, allowing us to design products that offer the best value at reasonable prices. Our manufacturing technology ensures smooth production, stable quality, and efficiency.

## ■ R&D Innovation Value Diagram





■ **Execution and Management of R&D Projects and New Product Development**

● **Execution and Management of New Beauty and Skin Care Product Development**

No.	Stage	Tasks involved
1.	<b>Proposal and Feasibility Analysis</b>	<p><b>Market trends and consumer needs analysis</b></p> <ul style="list-style-type: none"> <li>• Market trends: Researching market trends, consumer needs, competitor products, etc.</li> <li>• Needs analysis: Identifying target consumer groups and their needs, and determine the core concepts and features of the product.</li> </ul> <p><b>Product concept</b></p> <ul style="list-style-type: none"> <li>• Based on market research and demand analysis, determining the product's functions (moisturizing, whitening, anti-aging, etc.) and texture (powder, cream, gel, lotion, oil, etc.).</li> <li>• Formulation : Determining a texture based on the product concept and selecting appropriate active ingredients and other basic ingredients.</li> <li>• Packaging needs : Determining packaging shape, material, and quantity based on product texture and other needs (for instance protection from exposure to light).</li> </ul> <p><b>Regulatory Check</b></p> <ul style="list-style-type: none"> <li>• Understanding the cosmetics regulatory requirements and prohibited or restricted substances specifications in future sales areas.</li> <li>• Determining main ingredients compliance and dosage limits.</li> <li>• Does the factory have the required qualifications (Production Licence) to manufacture the designed formula?</li> <li>• Are new equipment necessary, or should manufacturing be outsourced?</li> <li>• Analysis of other risks.</li> </ul>
2	<b>New Project Development Approval</b>	<p><b>New Product Development Schedule</b></p> <ul style="list-style-type: none"> <li>• Specifications: texture, physicochemical indicators range, stability test items, etc.</li> <li>• Other formulation needs: compliance with natural or organic certifications, bio-based content requirements, preservative or other additive-free requirements, etc.</li> </ul>

3	<b>Formulation Design and Sample Production</b>	<p><b>First stage of development:</b> The laboratory designs and proposes a preliminary formula according to stated requirements.</p> <p><b>Stability:</b> Tests are performed in order to ensure that the preliminary formula is stable under various environments.</p> <p><b>Sensory evaluation:</b> Formula samples are tested for texture, skin feel, fragrance, etc.</p> <p><b>Efficacy:</b> Formula samples are tested for efficacy to ensure the formula delivers intended effects.</p> <p><b>Safety:</b> Tests are performed to ensure the formula is safe to use and meets regulatory requirements.</p>
4	<b>Quality Confirmation - Experimental Phase</b>	<p>Once the laboratory samples have been tested and validated by the Marketing Department, and a quality confirmation form has been signed, the following tests are carried out:</p> <ul style="list-style-type: none"> <li>• Packaging material testing (including trial filling)</li> <li>• Stability test/Compatibility test</li> <li>• Preservative efficacy testing</li> </ul>
5	<b>Manufacturing Trial</b>	<p>Production equipment and batch calculations are used to determine the manufacturing parameters and conditions for mass production. Trial production is performed at the factory, and the semi-finished products are assessed through various physicochemical evaluations to decide if adjustments are needed or if trial production is validated.</p>
6	<b>Technology Transfer</b>	<p>The physicochemical properties of the trial production, including 3-month accelerated stability and preservative efficacy, must be consistent with the quality achieved during the experimental stage on laboratory samples.</p> <p>Research and development personnel assist the production of first three batches to confirm the reproducibility of the manufacturing process.</p> <p>The formula table, raw material specifications, and production manufacturing operation standards of the new product are transferred to the supply chain.</p>
7	<b>Compliance Review and Information Gathering for Filing</b>	<p>The R&amp;D Center prepares all necessary information for registration before product launch, including the full ingredient list, and helps with regulatory review.</p>

8	<b>Marketing and Sales Support</b>	Based on the product's characteristics and main ingredients, new presentation material containing relevant references and information is provided to the Marketing Department. The product is submitted to a third-party testing agency to verify product claims.
9	<b>Market Feedback and Improvement</b>	Consumer feedback is gathered and reviewed to evaluate the product's strengths and weaknesses. Improvements and upgrades are conducted based on consumer feedback. Assistance is provided to the Quality Department with customer complaints analysis and response.

● **Cosmetic Active Ingredient Development and Management**

No.	Stage	Tasks involved
1	<b>Evaluation of Feasibility Before Product Development</b>	Defining new product goals, and researching competitor products, scientific literature and patents.
2	<b>New Product Development Project</b>	<b>Raw material cultivation and post-processing:</b> - collecting production data for future production planning and cost calculations - obtaining samples for efficacy testing
3	<b>Product Potential Assessment – Confirming Feasibility of Further Development</b>	Initial evaluation of efficacy, stability test, safety test (efficacy under standard conditions), raw material inspection (if no certification information when raw materials are imported), stability test, cost calculation, INCI name application (USA).
4	<b>Further Development Evaluation</b>	Complete activity assessment, literature submission and patent application, material strain analysis and selection, trial mass production process, sample batch analysis, establishment of standard production process and quality standards, and production cost re-evaluation.
5	<b>Production Quantity</b>	Development of mass production process, quality monitoring and tracking, and quality & quantity optimization

### 3.4.2 New Product Development Over the Past Three Years

Product Launch Year	Product Name	Product Characteristics
2021	<b>Purifying &amp; Moisturizing Dual Clay Mask</b>	<ul style="list-style-type: none"> <li>• Home care product sold through e-commerce channel.</li> <li>• Two formulas, pink and green, to be used according to skin condition of different areas of the visage.</li> <li>• Two different formulas combined into one product through specific packaging.</li> </ul>
2021	<b>Ectoin Fairylike Series:</b> Hydration Gel Cleansing Cream Refreshing Lotion Purifying Lotion Energizing Eye Cream Repairing Cream	<ul style="list-style-type: none"> <li>• Designed for young women entering the workforce.</li> <li>• A basic skin care series aimed at preventing the early signs of aging, repairing the complexion, and moisturizing the skin.</li> </ul>
2022	<b>CHLITINA Multi-effect Booster Kit</b> Intense Hydration Serum Long-Lasting Radiance Serum Long-Lasting Soothing Serum	Home care series designed for e-commerce channel.
2022	<b>Ubebe Series:</b> Hair & Body Cleansing Mousse Pure Soothing Barrier Cream	<ul style="list-style-type: none"> <li>• Safe, gentle and non-irritating, moisturizes and repairs skin barrier.</li> <li>• First products for which we asked and obtained “USDA Certified Biobased” label.</li> </ul>
2022	<b>Efficacy Testing Platform for Active Cosmetics Ingredients</b>	<ul style="list-style-type: none"> <li>• Establishment and implementation of in vitro and 2D cell experimental methods for efficacy screening and analysis of cosmetic raw materials</li> <li>• Antioxidant activity assay</li> </ul>

		<ul style="list-style-type: none"> <li>• DPPH assay</li> <li>• SOD assay</li> <li>• Ferrous ion-chelating ability assay</li> <li>• DCFHDA assay</li> <li>• Skin whitening assay</li> <li>• Tyrosinase activity assay</li> <li>• B16 Melanocyte assay</li> <li>• Cytotoxicity assay</li> <li>• Collagen content assay</li> <li>• Wound healing assay</li> <li>• Gene expression for elastin production</li> </ul>
2023	<b>Facial Care Products Sold on TMall E-Commerce Channel:</b> Peptide Yeast Lotion Anti-Wrinkle Eye Cream Intense Hydration Moisturizing Toner Extra Firming Moisturizing Lotion	<ul style="list-style-type: none"> <li>• Products specifically designed for customers of e-commerce channel.</li> <li>• Product efficacy verified by a third-party agency.</li> </ul>
2023	<b>113+ Prebiotics Care Series:</b> Prebiotics Cleansing Gel Prebiotics Toner Prebiotics Serum Prebiotics Essential Cream	<ul style="list-style-type: none"> <li>• A new generation of skin protection concept: skin microecological care.</li> <li>• Through prebiotics, probiotics, postbiotics, and antibacterial peptides, we can increase the diversity of the skin's microecology, thereby strengthening the skin's natural defense.</li> <li>• Efficacy verified: highly moisturizing, repairing sensitive and fragile skin, anti-wrinkle effect</li> </ul>
2023	<b>Youthkeeper Mask 1.0</b> <b>Youthkeeper Mask 2.0</b>	Facial mask product developed using proprietary nano-structured lipid carrier technology.

■ **Industrial Collaborations and Value Creation**

<p><b>France:</b> with France Lab Beauty Architects</p>	<p><b>“Trotula by CHLITINA” brand</b></p> <ul style="list-style-type: none"> <li>● <b>Beauté d’Arômes Series:</b> Moisturizing Body Veil Sugar Body Scrub Precious Body Oil Ambrosial Elixir</li> <li>● <b>Le spa Jolie Rose Series:</b> Face Cleansing Nectar Wonder Face Lotion Ultimate Face Serum Ultimate Face Cream Wonder Eye Cream</li> </ul>	<ul style="list-style-type: none"> <li>• These exclusive Body and Face skin care products integrating French fragrances have been developed in collaboration with a French cosmetics laboratory.</li> <li>• Designed and made in France for CHLITINA, the products expand the group’s portfolio while retaining a distinctive French identity.</li> </ul>
<p><b>Germany:</b> with Ocean Pharma GmbH</p>	<p><b>Exclusive importer for Skinicer/Spirulina Products:</b></p> <p>Facial Cleanser Repair Cream Repair Serum Repair Mask Sedative Shampoo Repair Lotion (self-produced)</p>	<ul style="list-style-type: none"> <li>• The products contain Spiralin®, an ingredient extracted from microalgae Spirularin and patented by Ocean Pharma GmbH.</li> <li>• Products have verified effective repair and oil control capabilities.</li> <li>• The Repair Lotion was developed under authorization by Ocean Pharma and integrates its patented ingredient.</li> </ul>

## ● Development Planning of Other Projects

In recent years, in addition to actively expanding its beauty salon franchise network, the company has also begun to develop other beauty-related businesses, with a view to further exploring the market, raising brand positioning, enhancing the group's overall competitive advantage, expanding the company's sales channels, and its revenue scale and profitability, to create greater value for shareholders.

(1) Establishment of and investment in medical beauty clinics, using existing beauty franchise network resources to expand our medical beauty market.

(2) Cooperation with companies or individuals with excellent resources to promote research in regenerative medicine.

(3) Review of market trends and operational needs of each subsidiary, and promotion of multiple channels and franchisee recruitment.

(4) For relevant investment plans, the company conducts investment evaluation and approval procedures in accordance with regulations.

### 3.4.3 Brand Marketing and Development

The Chlitina group comprises four major brands and distribution channels, with the CHLITINA Beauty Salon Franchise being its primary focus. We strive to apply the skincare philosophy of “medicine-based, beauty-oriented” to our skincare products and services, providing professional and personalized comprehensive skincare solutions for women facing various skin issues. In addition to our self-developed products, we have been actively introducing advanced technologies and products from other industries in recent years. Targeting different consumer groups across various channels, we continuously launch new beauty and wellness products, expanding our product lines. Since 2015, we have gradually added the XINMEILI E-commerce Platform, the UPLIDER Medical Aesthetics and Anti-Aging Clinics, and the RnD Nail and Eyelash Salon Franchise to our portfolio. Our brand development strategy is centered around CHLITINA, using a unified yet diversified approach to expand into other beauty segments.

Our beauty business primarily revolves around female professionals and customers. Therefore, the original spirit of the brand is centered around the concept of “Women Love Bravely.” This emphasizes that women should bravely pursue what they love, encompassing their significant one, family, career, and dreams. As society evolves, the brand’s motto has been upgraded to “As Long As We Dare To Try”. To promote the brand, we employ various methods, including but not limited to traditional media and new media. This includes sponsoring high-end international events, organizing large-scale brand galas, and integrating various forms of advertising. These efforts aim to enhance consumer brand recognition and attract high-end consumer groups. In recent years, due to the development of the internet and the impact of the COVID-19 pandemic, our brand marketing and development strategies have actively utilized internet functionalities and operations. We have organized both online and offline marketing activities. Consequently, the original XINMEILI e-commerce platform will be officially upgraded to CHLITINA HOME SPA in 2024. This is a new retail brand launched by the group, introducing exclusive high-end products from our French strategic partner, including the “Le spa Jolie Rose” series of home skincare and beauty products, and the “Beauté d’Arômes” series of body spa products. This initiative aims to expand our target customer base and enhance consumer loyalty.

In response to the green trend and technological advancements of the future, our brand development not only upholds its original principles but also incorporates various ESG (Environmental, Social, and Governance) considerations and practices. We aim to live up to our responsibilities as global citizens and integrate these values into our brand development strategy. By doing so, we hope to gain the support and recognition of consumers and make our operations sustainable. We must remember our roots and, under the guidance of ESG principles, strive to protect the



environment, give back to society, and strengthen our governance. By fulfilling our brand and corporate responsibilities, we can maintain a positive corporate image, earn the trust of the public, and achieve excellent business performance. From another perspective, when facing challenges in our business operations, we must address them with integrity and a proactive attitude. This approach will provide investors with a sense of security and enable the company to sustain its growth and development.

Our company will continue to adapt to the macro environment, industry characteristics, and market preferences. By leveraging our strategies of product diversification, multi-channel sales, and multi-faceted marketing, we aim to increase sales across different channels, expand our operational footprint, and ultimately benefit the company, employees, business partners, consumers, and investors.

### ● **Brand Development Achievement**




CHLITINA, the main brand of the Chlitina group, is originally a Taiwanese brand that has set deep roots in the Asian beauty industry for over three decades. Throughout the years, Chlitina has been recognized and awarded numerous accolades based on various evaluation criteria, including products, brand, channels, operations, and corporate social responsibility. To highlight the brand's value, we present hereafter Chlitina's rankings since 2015 in the surveys conducted by Interbrand, and commissioned by the Industrial Development Bureau of the Ministry of Economic Affairs. The brand value amount was verified and evaluated by third-party agencies.

October 2015: Top 20 Best Taiwan Global Brands: ranked 20<sup>th</sup> with a brand value of USD80 million  
October 2016: Top 20 Best Taiwan Global Brands: ranked 19<sup>th</sup> with a brand value of USD95 million  
October 2017: Top 20 Best Taiwan Global Brands: ranked 20<sup>th</sup> with a brand value of USD86 million  
October 2019: Top 20 Best Taiwan Global Brands: ranked 20<sup>th</sup> with a brand value of USD100 million  
November 2020: Top 25 Best Taiwan Global Brands: ranked 19<sup>th</sup> with a brand value of USD114 million  
November 2021: Top 25 Best Taiwan Global Brands: ranked 19<sup>th</sup> with a brand value of USD95 million  
October 2022: Top 25 Best Taiwan Global Brands: ranked 20<sup>th</sup> with a brand value of USD107 million  
October 2023: Top 25 Best Taiwan Global Brands: ranked 23<sup>rd</sup> with a brand value of USD94 million



Source: <https://www.branding-taiwan.tw/>

<p><b>2023</b></p> <p><b>Best Taiwan Global Brands</b></p> <p><b>Top 25</b></p>		<p>The group's main brand, CHLITINA, was evaluated by Interbrand, a globally renowned brand valuation agency commissioned by the Industrial Development Bureau of the Ministry of Economic Affairs. In the 2023 Best Taiwan Global Brands ranking announced on November 28, 2023, CHLITINA achieved a brand value of USD 94 million (approximately NTD 3 billion). This marks the eighth time CHLITINA has been recognized as one of the Top 25 Best Taiwan Global Brands, joining the ranks of Taiwan's leading technology, finance, manufacturing, and food industry giants. CHLITINA is the only brand from the beauty and personal care industry to be included in this prestigious list.</p>	
<p><b>2023</b></p> <p><b>4th Brand Innovation and Development Conference</b></p>		<p>As a leading brand in the beauty and personal care industry, CHLITINA was honored with three major awards at the 4th Brand Innovation Development Conference (BIDC) held in mainland China in 2023: the brand received the 2023 Hainuo Leading Brand Award (Industry), Group CEO Chao Cheng-you was presented with the 2023 Hainuo Leading Personality Award</p>	

<b>3 Major Awards</b>		<p>(Industry), and one of our star products, the Youthkeeper Serum, received the 2023 Hainuo Outstanding Popular Product Award. Winning these three prestigious awards is a testament to the Group's three decades of dedication to building a strong brand and delivering high-quality products. In the future, Chlitina will continue to lead the market with its exceptional brand influence and robust sustainability.</p>	
<b>2023 12<sup>th</sup> China Finance Summit  Two Major Awards</b>		<p>The Chlitina Group, with its outstanding brand strength and excellent reputation, has been honored with two major awards at the 12th CFS Financial Summit: the 2023 Sustainable Development Exemplary Enterprise Award and the 2023 Outstanding Influential Entrepreneur Award for Group CEO Mr. Chao Cheng-you. These accolades not only recognize Mr. Chao Cheng-you's leadership at CHLITINA but also acknowledge Chlitina's exceptional performance and contributions in the field of sustainable development. They are a</p>	

		testament to the group’s long-standing commitment and efforts towards environmental protection and social responsibility.	
2023 ESG Summit 2023 Philanthropy Festival		With over ten years of active commitment to its corporate responsibilities, coupled with the strong influence of its brand and its outstanding communication in favor of public welfare, the Chlitina Group won the ESG Pioneer Enterprise Award in 2023. Ms. Su Yu-Shan, the group’s charity director, won the Public Welfare Personality Award for the 5 <sup>th</sup> consecutive year. The awards demonstrate that Chlitina’s long-term commitment and actions in the field public welfare have been recognized.	
2023 Vietnam Beauty Brand Top 10		The group entered Vietnam in 2018 and has opened a CHLITINA flagship store in Ho Chi-Minh City. Through its independently developed, top-grade salon skin care products, it expanded the brand’s notoriety and product sales overseas. In 2023, CHLITINA won the Face Beauty Top 10 Vietnam Beauty Brand Golden Award.	



<p><b>2023-2024 Forbes China Top 100 Beauty Brands</b></p> <p><b>Forbes China Young Leaders in the Beauty Industry</b></p>	 <p>福布斯中国 美业品牌 TOP 100 颁奖盛典</p> <p>FORBES CHINA 2023-2024 中国美妆品牌 TOP 100</p>	<p>As a leading brand, CHLITINA competes with many well-known international brands in the beauty industry. In the fiercely competitive beauty industry, CHLITINA was selected as one of the 2023-2024 Forbes China Top 100 Beauty Brands; in addition, CEO Chao Cheng-You, who spearheaded many of the group’s innovations, was named as one of the Forbes Young Leaders of China’s Beauty Industry for his innovative thinking and extraordinary leadership style. As an influential leader in the beauty industry, he was invited to serve as a member of the award review advisory panel, and as an award presenter of the Top 100 Beauty Brands - Platform and Supply Chain Brand, and he also attended the Leadership Forum Summit as an invited guest to share his vision for the future of the beauty industry.</p>	
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### ■ Inauguration of the KindShare Biomedicals Linkou Center

The Chlitina group operates under the philosophy of “Beauty as the Foundation, Health as the Core.” With a strong presence in both Taiwan and mainland China, the CHLITINA franchise has expanded its network to over 5,000 beauty salons. To further develop its comprehensive health business, the group has invested in wholly-owned subsidiary KindShare Biomedicals Center in Linkou, which officially opened in May 2023. This center focusing on water, microbiome, and regenerative medicine, aims to create a new paradigm in the holistic health and beauty sector.

KindShare was born from the vision of Dr. Chen Wu-Kang, founder of the Chlitina Group and renowned as the “Father of Amino Acids.” In the post-pandemic era, Dr. Chen Wu-Kang keenly observed global trends and recognized from a macro perspective that the world has entered an era of “Coexistence” and “Health.” He believes that every individual is part of a boundless, interconnected value network, and that this is the opportune moment to positively drive, share, and create a “Sustainable Coexistence” that brings happiness and well-being.



### 3.4.4 Franchisee Training Program

The group's core business is the CHLITINA beauty salon franchise. Its business model is as follows:



The company's operations are built on a B2B2C model, where all three parties — CHLITINA, franchisees, and consumers — form a business cycle that benefits all. To ensure that franchisees possess a strong corporate culture, are familiar with and can effectively use our products, and have superior service skills, marketing and advertising capabilities, as well as knowledge in various operational aspects such as store hardware, human resource management, customer management, tax compliance, and administrative affairs, our company provides comprehensive training for beauticians and franchise owners. This training aims to improve the operational performance of franchisees, maintain a strong partnership with CHLITINA, and provide consumers with precise skincare services that address various skin issues and skin aging.



<p><b>2,357</b></p> <p><b>B-end &amp; C-end training sessions</b></p>	<p><b>134,166</b></p> <p><b>participants</b></p>
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In 2023, the company organized 1,786 training sessions for the B-end (beauticians and franchise owners), attended by 110,497 people, and 571 training sessions for the C-end (consumers), attended by 23,669 people, or a total of 2,357 classes and 134,166 participants. For the B-end, the training focuses on new store creation courses, technical courses, and business courses. The courses cover product knowledge, technical skills, and operational management, meeting the training needs of different levels of personnel. For the C-end, the training primarily consists of beauty training and product experience sharing courses. This not only enhances consumers' understanding of the products but also strengthens brand loyalty.





**Professional Training Courses offered at subsidiary Germes Academy Training Center:**

<b>Course Outline/ Main Contents</b>	<b>Teaching Frequency and Duration</b>	<b>Type</b>	<b>Achievement Goal</b>
<b>First training course for beauticians: corporate culture, products, service techniques, skin-related theoretical knowledge, store operation, customer service and management, etc.</b>	Offered 10~15 times a year, each session lasts 20~30 days.	Fixed location, regular schedule.	Provide complete basic training to new beauty salon personnel.
<b>Products, service skills, salon equipment, franchise system presentation</b>	New product launch, existing product reformulation, new beauty equipment in use. At least 5 classes per month.	No fixed location or schedule, classes organized according to the needs of marketing or sales department, or of franchise stores.	Respond to the needs of the marketing or sales department, or help franchise stores improve their sales.
<b>Marketing and publicity activities, Internet operations</b>	In line with the group's advertising and promotion current projects. At least 3 classes per month.	No fixed location or schedule, classes organized to support marketing department's special projects and franchisees counseling needs.	Respond to the needs of the marketing department or sales department, or help franchise stores improve their sales.
<b>Customer management, finance, taxation, legal compliance, administration and personnel management, etc.</b>	Depending on current situation, regulations, and franchise owners' need to improve operational knowledge. At least 1 class per month.	No fixed location or schedule, classes can be organized together with franchise stores according to their individual needs.	Coach franchisees to help them improve their operational knowledge.

Course Outline/ Main Contents	Teaching Frequency and Duration	Type	Achievement Goal
<b>Other sporadic coaching sessions or seminars</b>	Depending on the needs of each company unit or franchise store	No fixed location or schedule, classes can be organized together with franchise stores according to their individual needs.	Coach franchise owners to help them improve their operational knowledge.
<b>“Dream Come True” project:</b> specialized management course for CHLITINA storeowners	Year 2023 special project.	5 days of classes were organized in 2023 at Shanghai Tongji University.	Incentive plan: enabling franchisees to improve their professional management knowledge and to return to college.

Apart from the courses described above that are designed for franchise store owners and staff, we also organize training courses corresponding to the needs of other sales channels:

- **UPLIDER medical beauty and anti-aging clinics (5 medical clinics):** Classes on new beauty and anti-aging biotechnologies taught by medical staff.
- **RnD Nail and Eyelash extension channel:** Providing franchise store managers or manicurists with information about new services, manicure styles, and all knowledge and experience related to franchise store operations.
- **KINDSHARE BIOMEDICALS:** Providing health managers, business and distribution personnel with relevant knowledge in health, business systems, product promotion, etc.
- **XINMEILI O2O e-commerce platform:** Relevant research discussions and meetings were organized to support the launch of the new all-channel retail brand CHLITINA HOME SPA in 2024.

Our franchise system attaches great importance to training at all levels. All our business partners are spokespersons for the company’s brands and channels, and they are also the best representatives of our corporate culture and brand spirit. We hope to reinforce cohesion with our business partners at all levels through the strength of our training, and to provide the best experience to every consumer coming into contact with our products. Ultimately, the results of our efforts will be reflected in the expansion of our operating scale and business sales performance.

## 4 Governance

### 4.1 Corporate Governance

The group adheres to the principles of integrity, pragmatism, and innovation in its operations. It has established effective corporate governance structures and related ethical behavior guidelines and integrity management policies. The functions of the Board of Directors were strengthened to enhance corporate governance and protect the interests of shareholders. Additionally, the group upholds social ethics and ensures rights and interests of other stakeholders, fulfilling its commitment to sustainability.

#### 4.1.1 Sound Management and Compliance

In order to strengthen its corporate governance, the group has formulated Corporate Governance Practice Guidelines, which were implemented after approval by the board of directors on March 29, 2013. The guidelines were also posted on the official Investor Relations website of Chlitina Holding Limited and on the Public Information Observatory for stakeholders' reference. Matters related to corporate governance are handled by the Finance & Accounting Center's Taiwan and Southeast Asia Department, including the organization of the Board of Directors and shareholders meetings, and the disclosure of corporate governance-related information.

The Board of Directors is the company's highest governing body. It is responsible for selecting and nominating senior managers, and for formulating the group's sustainable development strategy. Two functional committees, the Audit Committee and the Salary and Remuneration Committee, were established under the Board of Directors to assist it in fulfilling its supervisory responsibilities. The organizational charter of the two committees were approved by the Board of Directors, and their activities and resolutions are regularly reported to the Board.

#### ■ Operations of the Board of Directors

The Board of Directors is currently composed of 8 members with diverse professional backgrounds. Seven of these directors are nationals of the Republic of China (Taiwan), while one of them is a national of the People's Republic of China. They are responsible for the company's operations and oversight. The board operates under a single-tier system, with the Audit Committee, composed entirely of independent directors, exercising the functions of supervisors. The board includes 4 independent directors, and non-executive directors make up two-thirds of the seats. The current directors were appointed on June 25, 2024, with a term of 3 years. The board includes 4 female directors, of whom 2 are independent directors. In 2023, the group held 7 board meetings. The average attendance rate for directors was 94.45%.

## ■ Board Diversity

The composition of the Board of Directors should emphasize gender equality and ensure that members possess the knowledge, skills, and qualities necessary to perform their duties effectively. Our company has already implemented this principle and will continue to adjust the board's composition as needed.

### Management Objectives and Achievement of the Company's Diversity Policy:

Objectives	Achievement
At least one-third of Directors possess expertise in beauty & distribution, or health & biotechnology	Achieved
At least one-third of Independent Directors possess expertise in law, accounting, or science & technology	Achieved
There must be at least 3 Independent Directors, and their number cannot be inferior to half of the current total number of Directors	Achieved
The composition of the board must respect gender equality	Achieved

## ■ Diversification Implementation

- (1) The group's 5th Board of Directors includes 8 members (4 of which are Independent Directors), all of whom have different backgrounds in beauty and retail, health and biotechnologies, finance and information technologies, etc. This diversity helps increase the company's good corporate governance and efficient management.
- (2) Among the 8 members of the group's 5th Board of Directors, 7 are nationals of the R.O.C., while one of them is a national of P.R. China. Four members of the Board (or 50%) are independent directors; 2 members (or 25%) have an engineering background. In terms of age distribution, 1 member is between 71 to 80 years old, 3 members of them are between 61 to 70 years old, 2 of them are between 51 to 60 years old, and 2 are between 31 to 40 years old.

Furthermore, the group places importance on gender equality in the composition of the Board of Directors. The Board includes four female members (two of whom are Independent Directors), accounting for 50%.

### Board Members Experience and Diversity:

Criteria Name	Basic Information									Business Experience				Expertise			
	Nationality	Gender	Concurrently employed in the group	Age				Tenure of Independent Directors		Beauty, Business	Health, Biotech	Computer Sciences	Int'l Trade	Finance, Accounting	Law	Business	Risk Management
				31-40	51-60	61-70	71-80	Under 3 years	Over 9 years								
Chairman, Chen, Pi-Hua	R.O.C	F	V			V				V	V		V			V	V
Director, Chen, Pei-Wen	R.O.C	F			V					V	V		V	V			
Director, Wu, Si-Zong	R.O.C	M					V					V		V	V	V	
Director, Chao Cheng-You	Mainland China	M	V	V						V	V			V		V	
Independent Director, Tsai, Yu-Lin	R.O.C	F				V			V		V		V	V	V		V
Independent Director, Kao, Peng-Wen	R.O.C	F				V			V	V		V		V		V	V

Criteria Name	Basic Information									Business Experience				Expertise			
	Nationality	Gender	Concurrently employed in the group	Age				Tenure of Independent Directors		Beauty, Business	Health, Biotech	Computer Sciences	Int'l Trade	Finance, Accounting	Law	Business	Risk Management
				31- 40	51- 60	61- 70	71- 80	Under 3 years	Over 9 years								
Independent Director, Yu, Hung- Ding	R.O.C	M				V			V		V	V	V		V	V	
Independent Director, Hsu, Wen- Kuan	R.O.C	F				V			V			V	V	V	V		V

■ **Members of the Board**

<b>Title</b>	<b>Nationality or Place of Registration</b>	<b>Name</b>	<b>Gender</b>	<b>Date of Appointment (or Election)</b>	<b>Tenure</b>	<b>Main Experience (and Education)</b>
Chairman	R.O.C	Chen, Pi-Hua	F	2021/07/06	12 years	EMBA, Tongji University PhD, Keuka College, USA
Director	British Virgin Islands	Wealthy Garden Investment Limited	—	2021/07/06	12 years	—
	R.O.C	Chen, Pei-Wen	F	2021/07/06	9 years	MBA, Seton Hall University USA
Director	Mainland China	Wu, Si-Zong	M	2021/07/06	12 years	Master of Economics, Shanghai University of Finance and Economics Bachelor of Economics, Jiangxi University of Finance and Economics Professor, Tongji University
Director	R.O.C	Chao, Cheng-You	M	2021/07/06	3 years	Bachelor of Communication, Fudan University Master of Economics and Management, Tongji University
Independent Director	R.O.C	Tsai, Yu-Chin	F	2021/07/06	12 years	PhD, School of Accounting, Shanghai University of Finance and Economics Master, College of Accounting, National Chengchi University Audit Director, KPMG Taiwan Assistant Professor, Dept. of Finance, China University of Technology Certified Public Accountant

<b>Title</b>	<b>Nationality or Place of Registration</b>	<b>Name</b>	<b>Gender</b>	<b>Date of Appointment (or Election)</b>	<b>Tenure</b>	<b>Main Experience (and Education)</b>
Independent Director	R.O.C	Kao, Peng-Wen	F	2021/07/06	12 years	MBA, Duke University, USA President and COO of Walsin Lihwa Corporation
Independent Director	R.O.C	Yu, Hung-Ding	M	2021/07/06	12 years	Bachelor, Computer & Applied Sciences, Soochow University System Engineer, Products Manager and Business Manager, Taiwan IBM General Manager, UNIX Server Products Department, IBM China General Manager, Mid-Level Server System Department, Greater China, IBM China President, General Manager, East and Central China, IBM China General Manager, Manufacturing Business Group, Greater China, IBM China General Manager, IBM Taiwan
Independent Director	R.O.C	Hsu, Wen-Kuan	F	2023/12/27	0.5 year	Bachelor of Accounting, Soochow University CPA, PricewaterhouseCooper Taiwan Chief Accountant, Suzhou Branch of PwC PricewaterhouseCoopers China Qualified to practice as a Certified Public Accountant in mainland China



## ■ Independence of the Board of Directors

Among the eight members of the 5th Board of Directors, four are independent directors (accounting for 50%). All the independent directors are compliant with the regulations on the establishment of independent directors of publicly listed companies. None of the circumstances under Article 30 of the Company Act apply to the eight members of the Company's 5th Board of Directors. Among them, three directors (Chairman Chen Pi-Hua, Director Chen Pei-Wen, and Director Chao Cheng-You) are relatives within the second degree of kinship, while not making up more than half of the directors. Thus, the circumstances described in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act do not apply. The description above demonstrates that the Company's Board of Directors has the independence to perform their duties.

## ■ Board of Directors Performance Evaluation

According to the Board of Directors Performance Evaluation Procedures, the Board of Directors shall conduct an internal performance evaluation of the Board at the end of each year, in accordance with the evaluation forms and indicators specified in these procedures. At the beginning of each year, performance self-evaluation questionnaires are distributed to all members of the Board and functional committees, and the evaluation must be completed by the end of the first quarter. The scope of the evaluation includes the overall performance of the Board, individual directors, and functional committees. The evaluation methods include self-evaluation by functional committees.

The 2023 Board and functional committee performance evaluation was completed before the first quarter of 2024 and was reported at the Board meeting on March 1, 2024. The valuation scores for this year ranged from 4.71 to 4.94 points (out of a maximum of 5 points). The scores were as follows: Board of Directors: 4.71 points. Self-evaluation by directors: 4.94 points. Functional committees, including the Audit committee and the Compensation committee: 4.88 points.

Assessment Objects and Methods	Performance Indicators and Options
Board Internal Assessment	A. Level of involvement in company operations B. Enhancement of the quality of board decisions C. Composition and structure of the board D. Selection and continuing education of board members

Assessment Objects and Methods	Performance Indicators and Options
	E. Internal control F. Other
Board Members Self- Assessment	A. Understanding of company's goals and mission B. Awareness of directors' responsibilities C. Level of involvement in company operations D. Internal relationships management and communication E. Directors' professional development and continuing education F. Internal control
Functional Committee Members Self-Assessment	A. Level of involvement in company operations B. Understanding of functional committee responsibilities C. Enhancement of the quality of functional committee decisions D. Composition and selection of members of functional committee E. Internal control F. Other

## ■ Board Members and High-Ranking Officers Replacement Planning

1. The directors of the Company are nominated by the main shareholders and elected during shareholders' meetings. The Company will arrange 12 hours of continuing education for new directors in their year of appointment and provide directors and internal personnel with reference materials for the relevant laws, precautions, and regulation promotion manuals. During the director's term of office, the Company will arrange six hours of continuing education every year and assist the directors with obtaining the professional knowledge required to execute their duties.
2. In planning succession programs, our company's key management considers not only the candidate's outstanding professional abilities and performance but also their alignment with the company's corporate culture and management philosophy. The ideal successor should possess qualities such as value creation, team support, and perseverance.

The training model for the successor to the CEO position includes management, professional skill development, participation in designated projects, and job rotations. The content covers areas such as human resources, financial risk, brand marketing, and supply chain management, aiming to cultivate the trainee's ability to formulate strategies and integrate operational decisions.

Through the succession candidate development program, a CEO was selected in 2019, and this model will be applied in the future for other high-level managers successions.

#### 4.1.2 Implementing Digitalization and Digital Management Strategies

The group is committed to the concept of long-term sustainable development, with customer value at its core. By integrating the group's digital transformation practices, we achieve seamless integration from planning, research and development, production, training, sales, to end-customer feedback. This allows us to maximize consumer satisfaction in the most efficient way, creating a comprehensive digital industrial chain for the group.

The core business of the group is the CHLITINA beauty salon franchise, which is the largest beauty chain store brand in Asia, with a history of over 30 years. It is present in 34 provinces and over 380 cities in China, with nearly 5,000 stores worldwide. Through digitization and digitalization, CHLITINA has evolved from a beauty salon franchise to a product company and a manufacturing enterprise, developing a diversified product line around customer needs. This includes lifestyle beauty, medical beauty, online platforms, training, and regenerative anti-aging, among others. The group continuously collects various financial and business-related data and information during operations, using it as a key basis for feedback, performance, and decision-making. By employing a vertical supply chain layout model, the group achieves seamless integration from planning and research to end-customer feedback, resulting in cost reduction, efficiency improvement, and brand effectiveness.



## ■ Chlitina's Digital Transformation Strategy Blueprint

The key to the digital transformation of the group is the smooth flow of data within the organization, eliminating data silos. Ensuring data compatibility both internally and externally, and integrating business with technology, form the foundation of digital transformation. The group uses the following three steps to establish its digital blueprint:

**Formulating a Digital Strategy:** We focus on enhancing internal communication efficiency, creating customer value, strengthening revenue, and expanding benefits. We aim to build a beautiful business model centered around digital core ideas and strategies.

**Building a Digital Ecosystem:** We have established the following 3 projects:

Developing a Digitalization Strategy	Enhancing internal communication, creating customer value, strengthening sales and expanding efficiency by implementing digitizing and digitalization.
Creating a Digital Ecosystem	<ol style="list-style-type: none"><li>1. Enterprise management digitalization: Are organization, processes, equipment, etc. all online, are they all paperless, are they all integrated from front-end to back-end?</li><li>2. Marketing digitalization: Collecting all front-end business behaviors and their relevant data, and through digital tools, enabling real-time collection of the most up-to-date marketing data, consumer feedback, and business data. By cross-referencing and applying this data, we can create more flexible, diverse, and even more direct marketing strategies for the group.</li><li>3. Supply chain digitalization: The manufacturing and sale of products, as well as digital decision-making, are all coordinated through digital tools. Through digital communication, the platform and data are integrated, allowing the supply chain to see real-time sales data from the front end. This helps in understanding differences in geographical distribution, consumer habits, and even how to proactively assist specific regions.</li></ol>
Digital Infrastructure Foundation	The core idea surrounding all foundational infrastructure is centered on the user. The focus is on whether the front-end user information is digitalized, how to serve customers and users, and whether user needs and pain points can be shared and addressed. This forms the basis for building the digital platform.

The first stage of digitalization is data collection, followed by data application, and data-driven decision-making. However, many companies are still stuck in the data collection phase. We need to integrate and apply data, making it the basis for management decisions. This is not only a crucial milestone in digitalization but also a key factor in the group's achievement of sustainable business development.

#### 4.1.3 Risk Management and Response

The Board of Directors oversees risk management across all aspects of the company. The Board ensures that each department implements internal control systems effectively. Additionally, an independent audit unit conducts regular and irregular internal audit procedures according to the audit plan. The audit unit has the authority to require departments to strengthen and implement various management mechanisms and to follow up continuously on areas that need improvement. This ensures robust management systems, reduces operational risks, and guarantees that internal control systems and various management procedures are executed continuously and effectively.

The Audit Office is independent of other departments and is staffed with dedicated audit managers and auditors. It reports directly to the Audit Committee and the Board of Directors. The audit manager and the Certified Public Accountant each report separately to the Audit Committee at least once a year to ensure the independence of their audit work.

#### Risk Management Categories

Risk	Response
Financial Risk	<p><b>1. Interest Rate Risk:</b> We regularly survey interest rates in all regions of operation (including Taiwan, mainland China and South East Asia), keeping close contact with banks and utilizing capital allocation between various subsidiaries in order to achieve the most efficient capital deployment.</p> <p><b>2. Exchange Rate Risk:</b> 90% of the company's revenue comes from mainland China, so the RMB is used as the functional currency. However, the ultimate controlling parent company is listed on the Taiwan Stock Exchange. To mitigate the risks associated with foreign exchange operations, our company primarily focuses on hedging in all transaction arrangements and does not engage in any derivative financial products.</p> <p><b>3. Customer Credit Risk:</b> Our company's main business channel is the Chlitina Beauty franchise chain stores. To effectively eliminate or reduce credit risk, we adopt a cash-on-delivery method for all global franchise stores, thus the impact of credit risk is extremely low.</p> <p><b>4. Investment Risk:</b> The company does not engage in the trading of derivative financial products or futures, nor does it invest in high-risk, high-leverage projects. All external investments are carefully evaluated, and there is a business relationship with all invested companies. Additionally, the company participates in the boards of directors and operational meetings of the invested companies.</p>

	<p><b>5. Operational Risk:</b> Various cash transactions were eliminated and replaced with bank transfers. Financial staff adjusted their work content so that accounting and finance are handled by different personnel. All financial and accounting operations have a backup mechanism and are implemented in accordance with various internal control measures.</p>
Operational Risk	<p><b>1. Customer Management</b></p> <p>(1) Franchise Stores and Distributors: We strengthen product training and technical training, and hold training conferences in various provinces and counties. We also conduct regular store visits and organize incentive activities such as rewards and recruitment to enhance the operational capabilities of franchise stores and distributors, and to supervise their business performance. This helps to promptly and effectively solve various problems and cultivate loyalty to the brand.</p> <p>(2) C-end Customers: We reinforce the company's brand image and corporate image, and timely promote products through advertising and marketing. We use subtle and gradual methods to deeply embed the products in consumers' minds, cultivate consumption habits, and enhance brand loyalty and stickiness.</p> <p><b>2. Procurement</b></p> <p>(1) We select reputable and legally registered suppliers, and conduct regular audits of suppliers. We periodically consult, compare, and negotiate with secondary suppliers.</p> <p>(2) Products must be tested and approved by the Product, R&amp;D, and Accounting departments.</p> <p>(3) Imported raw materials from abroad must have the relevant import permits and be imported in their original packaging.</p> <p>(4) Complete product data (such as ingredient lists, specifications, etc.) must be provided, and altering packaging or changing labels is strictly prohibited.</p> <p><b>3. Supply Chain &amp; Manufacturing</b></p> <p>(1) Manufacturing factories are legally registered with the government, and the products comply with relevant regulations for product registration and sale.</p> <p>(2) Our company's Weishuo production base is ISO-certified to ensure product quality.</p> <p>(3) We adhere to all standard production specifications and continuously monitor for any abnormalities.</p> <p>(4) Waste generated during manufacturing process is properly handled in accordance with environmental regulations.</p> <p>(5) Contracts are signed for outsourced and imported products to ensure quality and supply quantity.</p> <p><b>4. Trademarks &amp; Patents</b></p> <p>(1) All trademarks used are registered in the relevant operating regions to ensure the company's rights.</p>

	<p>(2) All research and development projects are formally filed. When eligible, intellectual property developed with company's financing should be applied for patent (or design patent) as soon as possible.</p> <p>(3) Intellectual property outcomes produced by research and development personnel using the company's resources belong to the company.</p> <p>(4) The maintenance of patents and trademarks is handled by relevant legal personnel.</p> <p>(5) External sales channels or products are regularly inspected to check for any infringement on the company's trademarks or patents. If any infringement is found, immediate corrective action or legal measures are taken.</p> <p><b>5. Human Resource Management</b></p> <p>(1) Data is systematically collected for human resource development projects.</p> <p>(2) We establish standards for human resource policy management indicators.</p> <p>(3) We establish standards for career development management indicators.</p> <p>(4) We conduct regular performance evaluations, education and training, and job rotations to encourage employees to develop their potential and learn new knowledge.</p> <p>(5) We implement reasonable salary, benefits, promotion, and incentive systems to retain talent.</p>
Strategic Risk	<ol style="list-style-type: none"> <li><b>Operational Compliance:</b> The Company's daily operations comply with all relevant laws and regulations, including those related to taxation, securities, sales, labor, import and export, and environmental protection. These regulations are also promoted to all franchise stores and distributors. For any major decisions or contract documents, the legal department or company lawyers evaluate or review the content to ensure compliance with legal requirements. The board and department managers continuously strengthen their training in legal compliance related to their respective business areas.</li> <li><b>Business Development:</b> Markets should be researched to determine if there are any regulatory restrictions or conditions for various channels, including franchising, direct sales, distribution, e-commerce, and medical channels. If there are, the relevant regulations should be followed.</li> <li><b>Products and Advertising:</b> Products should be thoroughly evaluated before launch, including the market conditions of similar products, and consideration should be given to whether there is a cannibalization effect with existing products and how to address it. The sales volume of launched products should be continuously tracked to ensure there are no abnormalities. Promotional content must not involve illegal or false advertising. If there are any doubts, the legal department should be consulted.</li> </ol>

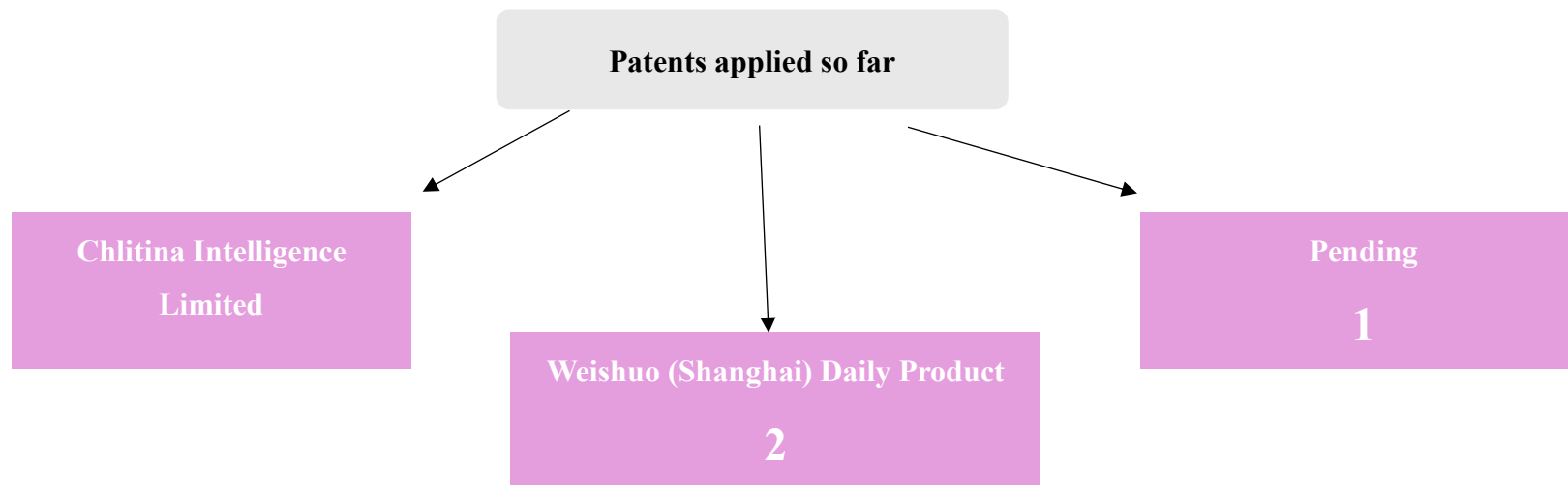


	4. <b>Directors and Managers Liability Insurance:</b> The company should regularly hold management meetings and board meetings (including functional committees) and obtain liability insurance for directors and senior executives.
<b>Environmental Safety Risk</b>	<ol style="list-style-type: none"> <li>1. Conducting annual inspections of company-related operating units, including franchise stores and distribution units, to ensure compliance and promote awareness.</li> <li>2. Regularly inspecting the environment of company-related operating units and propose improvement plans as needed, allocating capital expenditures for improvements to reduce related risks.</li> <li>3. Organizing emergency evacuation and disaster prevention drills for employees to enhance their risk awareness and disaster response capabilities.</li> </ol>
<b>Climate Risk</b>	Please refer to TCFD
<b>Information Security Risk</b>	<ol style="list-style-type: none"> <li>1. The Information Security Management Team follows the National Cyber Security Level Assessment (S3A3) standards to establish a management system and practical rules, and conducts regular inspections and audits.</li> <li>2. Information Security Policy: In response to the variability of business operations and the diversity of transaction models, in accordance with the Data Security Protection Law and Information Security Level Protection 2.0, attention is paid to the self-developed e-commerce platform. Efforts are made to enhance comprehensive information protection, reduce information leakage, and mitigate transaction risks.</li> <li>3. Specific Management Plan: <ol style="list-style-type: none"> <li>(1) Platform Level: Cloud integration, off-site backup, SaaS security protection</li> <li>(2) Hardware Level: Security situational awareness, endpoint device management</li> <li>(3) Data Level: Password management, structured and unstructured data management</li> <li>(4) Network Level: Integration of group networks, wireless network authorization</li> </ol> </li> <li>4. Execution Status in 2023: <ol style="list-style-type: none"> <li>(1) Recruited 5 information security personnel.</li> <li>(2) Invested 1.84 million RMB to enhance network security and system maintenance.</li> <li>(3) Conducted regular internal and external audits.</li> <li>(4) Provided employee cybersecurity education and testing.</li> <li>(5) Performed cloud-based off-site backup and restoration tests.</li> <li>(6) Obtained network security level protection certification (validity period: 2023.10.16~2024.10.16).</li> </ol> </li> </ol>

#### 4.1.4 Intellectual Property Rights

##### ■ Intellectual Property Management & Utilization

CHLITINA places great importance on the management of intellectual capital. Through intellectual property management policies, we enhance research and development capabilities, launch innovative high-value-added new products and technology services, improve manufacturing efficiency and quality, establish, accumulate, maintain, and manage a more comprehensive and future-oriented intellectual property portfolio, and through risk management, we strengthen the company's competitive edge and increase profitability. Going forward, we will continue with our consistent intellectual capital management plan and integrate it with the company's strategic considerations and operational goals to execute the timely output, management, and utilization of intellectual property rights.



## R&D Investments Results and Applications




### Invention Patent Status

No.	Patent number	Applied by	Invention name	Products invention is used in	Markets
1	TWI639443B (Taiwan invention)	Chlitina Intelligence Limited	兼具潤色性與皮膚保養功能之奈米結構脂質載體懸浮液 The dispersion of nanostructured lipid carriers for influencing skin color and protecting skin	CHLITINA Youthkeeper Serum, Mask, Eye Cream; Youthkeeper Serum 2.0 (upgraded formula), Mask 2.0 (upgraded formula)	Mainland China, Taiwan, Vietnam
2	TWI767559B (Taiwan invention patent)	Chlitina Intelligence Limited	白及去分化細胞萃取物及其用途 Extract of white and dedifferentiated cells and uses thereof and cosmetic products containing the same	Being planned	Being planned
3	CN114028316B (China invention patent)	Chlitina Intelligence Limited	包含白及去分化細胞萃取物的化妝品及其用途 Cosmetic products containing white and dedifferentiated cells extracts and other uses	Being planned	Being planned
4	ZL 2023 2 1083394.2 (China - Utility model patent)	Weishuo (Shanghai) Daily Product	一種高彈繃繃膜 A kind of highly elastic and stretchable film	CHLITINA Youthkeeper Serum 2.0	Mainland China, Taiwan, Vietnam
5	Registration number 3245247 (Japan – Utility model registration certificate)	Weishuo (Shanghai) Daily Product	高彈性引き締め美容マスク (A kind of highly elastic and stretchable film)		




6	US20220249360A1 (USA— Invention patent) Note: Under physical review (2021~ )	Chlitina Intelligence Limited	Dedifferentiated cell extract of Bletilla and method for whitening, anti-oxidation and anti-wrinkling applying the same, and cosmetic comprising the same	-	-
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<b>Awards</b>	In 2019, we participated in the 33th Annual Invention Exhibition in Tokyo, Japan, and our invention with patent number TWI639443B garnered a Gold Genius Award.
<b>Publications in International Journals</b>	<i>Journal of Functional Biomaterials</i> 2022, 13: “Antioxidant and Melanogenesis Inhibitory Effect of Bletilla 2 Formosana Callus Extract Using Supercritical Fluid Extraction”. <i>International Journal of Molecular Sciences</i> 2021, 22, 10101: “Cell-Penetrating Delivery of Nitric Oxide by Biocompatible Dinitrosyl Iron Complex and Its Dermato-Physiological Implications”. (Note: This article is the result of a collaborative scientific research project with the Institute of Biomedical Engineering and the Department of Materials Science and Engineering of Tsinghua University.)
<b>Patent Applications</b>	“The Dispersion of Nanostructured Lipid Carriers for Influencing Skin Color And Protecting Skin,” a technology developed by Chlitina (patent number TWI639443B), was integrated in the formulation of the Youthkeeper Serum, a product which since its launch received critical market acclaim. The technology was later included in the Youthkeeper Eye Serum and Youthkeeper Mask, as well as in the upgraded Youthkeeper Serum 2.0 and Youthkeeper Mask 2.0.

■ **Goals for future IP development**

	2024~2026 goals	2027~2028 goals	After 2029	Corresponding SDGs
<b>Patents</b>	<ul style="list-style-type: none"> <li>• <b>Track and analyze global cosmetic product development trends:</b> Analyze specific technological areas and patent applications and approvals related to ingredients and formulations to understand the latest technological developments and evaluate our own technological capabilities and market potential.</li> <li>• <b>Research &amp; Development indicators:</b> Based on technological and patent trend analysis, formulate and adjust R&amp;D strategies to avoid duplicate research. <ul style="list-style-type: none"> <li>○ In compliance with the Convention on Biological Diversity, apply and utilize plant tissue culture technology to study plant active ingredients, develop</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Improve and create innovative and advanced technologies based on existing technological foundations to increase intellectual property.</li> <li>• Production process improvement: Introduce innovative technologies and upgrades.</li> <li>• Publish research and innovation results in international academic journals to enhance the company's research and innovation capabilities.</li> <li>• Participate in international invention exhibitions to gain recognition.</li> <li>• Enhance manufacturing capabilities by utilizing unique ingredients, formulations, and techniques to expand</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously collect and analyze global industry-related technical and academic research papers, and engage in cooperation or technology licensing as needed.</li> <li>• Actively increase the number of patents and journal publications.</li> <li>• Continuously research methods to apply artificial intelligence to new product development and intellectual property output.</li> </ul>	  

	2024~2026 goals	2027~2028 goals	After 2029	Corresponding SDGs
	<p>green chemical materials, and develop proprietary ingredients to enhance brand uniqueness.</p> <ul style="list-style-type: none"> <li>○ Utilize existing nanostructured lipid carrier technology to encapsulate active substances with skincare benefits, thereby increasing the efficacy of active ingredients.</li> <li>○ Stability and bioavailability, enhancing product efficacy.</li> <li>● Collaborate with other industries or acquire new technology patents to accelerate and strengthen R&amp;D capabilities.</li> </ul>	<p>ODM/OEM order capacity.</p> <ul style="list-style-type: none"> <li>● Establish a diverse cell-based testing platform to improve the company's ability to self-test the safety of raw materials and products, thereby reinforcing responsibility as a provider of safe and high-quality products.</li> <li>● Replace testing methods: Develop and adopt internationally recognized alternatives to animal testing, such as in vitro tests and computer simulations, to meet animal welfare standards.</li> <li>● Research and try to use AI methods to calculate and generate product safety assessment reports.</li> </ul>		

	2024~2026 goals	2027~2028 goals	After 2029	Corresponding SDGs
New Product Development	<ol style="list-style-type: none"> <li>1. R&amp;D Digitalization: Integrate market trend surveys, competitor analysis, consumer research, efficacy claims, and regulatory filing data references through a digital intelligence platform using cloud databases in order to design more accurately competitive new products.</li> <li>2. Enhance independent safety and efficacy testing capabilities: Increase the breadth and depth of existing capabilities to provide safe, effective, and high-quality products as a responsibility. Expand the current 2D skin cell testing platform to a 3D artificial skin analysis model.</li> <li>3. Collaborate with environmentally responsible raw material suppliers to jointly develop and effectively utilize resources, reduce the product's</li> </ol>	<ol style="list-style-type: none"> <li>1. Use natural and renewable resources: Choose plant extracts from sustainable agriculture and avoid using ingredients that are harmful to the environment. For example, replace synthetic preservatives with natural preservatives.</li> <li>2. Continuously reduce carbon footprint by: <ul style="list-style-type: none"> <li>• Improving energy efficiency: Optimize production processes to reduce energy consumption. For example, use cold processing technologies instead of high-energy-consuming heat processing technologies.</li> <li>• Sourcing raw materials from local suppliers to</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Achieve total replacement of petrochemical raw materials with natural products meeting USDA Biobased standards.</li> <li>2. Use 100% sustainable palm oil.</li> <li>3. Sustainable Chemistry: The R&amp;D Center adopts principles of sustainable chemistry to design and synthesize cosmetic ingredients, reducing the use of harmful substances and prioritizing the selection of raw materials from sustainable sources.</li> <li>4. Energy Efficiency: Optimize energy use in the R&amp;D process, such as using energy-efficient equipment and adopting renewable energy</li> </ol>	  

	2024~2026 goals	2027~2028 goals	After 2029	Corresponding SDGs
	<p>environmental footprint throughout its lifecycle, and recycle resources.</p> <p>4. Formulation/Ingredients: reduce our impact on the environment and society by using sustainably sourced raw materials from responsible suppliers that consider safety, environmental, and ethical factors.</p> <p>5. Gradually transition raw materials away from petrochemical sources, implement carbon-14 testing, and replace petrochemical components with natural products to meet USDA Biobased standards.</p>	<p>reduce carbon emissions during transportation.</p> <p>3. Accelerate raw materials transition away from petrochemical sources</p> <p>4. Comprehensively upgrade product formulations: Following the safety standards for products and ingredients set by EWG and Beauty Evolution (美丽修行) cosmetic ingredient databases, select raw materials with sufficient scientific literature support, and continuously provide consumers with safe, reliable, and high-quality products.</p>	<p>sources to power R&amp;D facilities.</p> <p>5. Intelligent Management of Raw Material Safety.</p>	



#### 4.1.5 Information Security

To ensure the company's information security and the high availability of its systems, the company has been continuously investing in information security over the past few years. It has established an Information Security Management Team and, in accordance with the National Cyber Security Level Assessment (S3A3) requirements, has developed an Information Security Management System and Information Security Management Practical Rules. The Information Department and the Audit Department regularly inspect and audit the implementation of various information security-related measures to minimize the risk of information security incidents.

##### ■ Management Plan

Information security is controlled in four key areas:

- **Platform level:** All important systems are migrated to the cloud, utilizing the latest cloud technologies, cloud system off-site backups, and SaaS security protection.
- **Hardware Level:** Install security posture assessment tools, manage endpoint device network access authorization, pre-examine and isolate risks, and standardize endpoint network security baselines to reduce security vulnerabilities.
- **Data level:** Establish password management policies, manage structured data (various databases), and manage unstructured data (file servers).
- **Network Level:** Integrate group networks, integrate wireless networks, manage network access authorization (including mobile devices), and integrate group monitoring equipment.

To protect the company's data assets and ensure business continuity, the company has upgraded its software and hardware for network security, data backup, and network access over the past three years. Based on audit results, security indicators are measured and quantitatively analyzed. Regular security drills and information security assessments are conducted to ensure the continuous effectiveness of security standards.

##### ■ Execution Status

1. Information security personnel positions: 5 people
2. Network security, system settings and maintenance expenses: RMB 1.84 million.
3. Internal and external information security audits: regularly.
4. Information security awareness training, with all employees participating in information security exams to enhance their ability to respond to and be vigilant about information security risks: periodically.
5. Off-site cloud backup and restoration testing: performed once.

6. Certification of network security level protection for CHLITINA store management system. (Validity: 2023.10.16~2024.10.16)

### ■ Performance Results

Statistics on the number of information security incidents and violations over the past four years:

Number of security incidents and fines per year	2020	2021	2022	2023
Number of security or network security incidents	0	0	0	0
Number of data breach incidents	0	0	0	0
Number of security incidents involving customer personal data	0	0	0	0
Number of customers and employees affected by incidents or data breaches	0	0	0	0
Amount of fines for information security or network security related incidents	0	0	0	0

### ■ Privacy Protection

To implement personal data protection and management, the Chlitina Group refers to the regulations of the operating locations and the relevant requirements of the European Union's General Data Protection Regulation (GDPR) as its highest guiding principles. This includes all personnel and suppliers, contractors, external consultants, and manufacturers, as well as customers, members, investors, banks, consumers, and shareholders. All members and collaborating vendors are required to comply strictly with the relevant matters concerning the use and protection of personal data to safeguard personal data and related interest effectively.

In the Group, the audit department conducts annual internal audit activities (Internal Control System) in accordance with company policies. The scope of these audit activities includes the collection, processing, and transfer of personal data to ensure that related operations comply with local laws and the company's internal code of conduct.

The Chlitina Group has established channels for reporting and complaints regarding privacy rights. If there is a possibility of privacy rights violation or if there are incidents that violate the privacy policy, complaints or reports can be made through the privacy protection hotline at 886-02-2723-8666 extension 364, or via email at [ir@chlitinaholding.com](mailto:ir@chlitinaholding.com). To ensure the protection of privacy rights, we also regularly conduct privacy protection education and training for all personnel and evaluate the effectiveness of the training. The Group adopts a zero-tolerance

policy towards the breach of privacy rights. Any personnel found in violation will be disciplined in accordance with the company's relevant regulations.

The Chlitina Group is committed to safeguarding customer privacy rights by strictly maintaining customer confidentiality and upholding the principle of integrity. We rigorously comply with privacy policy regulations regarding customer data and ensure that customer data is not used for secondary purposes. As a result, the proportion of secondary data usage is 0%. From 2020 to 2023, there have been no complaints or penalties related to privacy from external parties or regulatory authorities.

#### 4.1.6 Responsible Procurement

The Chlitina group prioritizes environmental and social protection and is actively developing supplier conduct guidelines, with the goal of completing and implementing this policy by 2024. Going forward, the group will select suppliers with relevant environmental protection certifications. The environmental and social impact of suppliers will also be a key consideration for future cooperation. Contracts with suppliers already specify that the company reserves the right to immediately terminate its contract with a supplier which engages in illegal or non-compliant activities, causing adverse impacts or punishment by regulatory authorities. The company's audit department conducts annual reviews of the procurement and payment cycles to ensure suppliers adhere to the company's regulations.

#### ■ Hazardous Substances Policy and Raw Materials Management

CHLITINA is committed to managing the restriction and prohibition of environmentally harmful substances. During the product design phase, the company ensures that the selected raw materials are free of conflict metals and that the product content, packaging materials, and auxiliary materials do not contain harmful substances, in accordance with international environmental regulations and customer environmental requirements. The company establishes control and monitoring lists for these items and collaborates with suppliers to reduce environmental impact and safeguard human health.

International Regulatory Trends	In line with Chlitina's development of diverse product characteristics, we continuously monitor various regulations related to harmful substances. This includes paying attention to any evolution of the State of California Department of Toxic Substances Control's "Candidate Chemicals" list. We aim to incorporate relevant management measures and implement them at least one year before regulations take effect.
Hazardous Substances Management Mechanism	All major production and operational sites comply with relevant hazardous substance management laws, ensuring that the Group's hazardous substance management standards are consistently implemented across the group, its subsidiaries, and affiliated companies.
Execution and Implementation	When there are significant changes in external regulations or in internal policies, the Group will hold cross-departmental discussions and develop new process measures, ensuring compliance with legal requirements. This occurs approximately once a year or whenever regulations are amended.

### ■ **Commitment to Conflict-Free Metals**

The Chlitina Group adheres to the Responsible Business Alliance (RBA) Code of Conduct and commits to conducting due diligence in accordance with the standards set forth in the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (hereinafter referred to as the “OECD Guidance”). Additionally, the company explicitly requires itself and its suppliers to implement policies to reasonably ensure that the gold, tantalum, tungsten, tin, cobalt, and mica used in the manufacture of its products are sourced and managed responsibly, and to conduct due diligence to ensure that their sources comply with the OECD Guidance or have been excluded from conflict-affected and high-risk areas as defined by equivalent recognized organizations.

### ■ **Procurement Statement**

The gold used in our product “Gold Moisturizing Serum” and the mica used in our product “Evening Primrose Crystal Shine BB Cream” are both sourced through legal channels, ensuring transparency and compliance in the supply chain, and upholding environmental and ethical standards.

## **4.2 Protecting the Rights and Interests of Stakeholders**

### **4.2.1 Business Ethics**

Corporate governance is the foundation of sustainable business operations. Stakeholders are groups or individuals significantly affected by the company's activities and products, or those whose actions have a profound impact on our decision-making. The Group communicates with stakeholders through press releases, corporate statements, periodic investor conferences, and roundtable discussions with colleagues from various departments. Stakeholders' suggestions and expectations are gathered and reported to the Group's CEO, Chao Cheng-you, as an important reference for formulating operational and sustainability strategies. The following explains our legal compliance and ethical behavior:

#### **■ Legal compliance**

Since going public in 2013, our company has been establishing various internal operating procedures in accordance with the standards set by relevant regulations for publicly listed companies. We have continuously monitored and adjusted these procedures in line with changes in regulations by the authorities. We require all subsidiaries within the group to comply with these standards as well. Additionally, to uphold our core values and maintain high professional ethics, we ensure that employees adhere strictly to the company's ethical standards in their daily work and business activities. This is to protect the company's reputation and earn the respect and trust of customers, suppliers, and other stakeholders.

Moreover, our company has established a Code of Conduct to guide employees and managers at all levels. Our management team closely monitors any domestic or international policies and regulations that may impact the company's financial and business operations. We continuously educate and train our employees to enhance their legal awareness. Looking back at the period from 2020 to 2023, our company has operated in compliance with the law and has not incurred any significant financial penalties or other non-financial sanctions related to social and economic regulations.

## ■ Ethical behavior

The Group upholds the principles of fairness, honesty, integrity, and transparency in conducting its business activities. It clearly specifies that directors, managers, employees, agents, or those with substantial control must comply with the Company Law, Securities and Exchange Law, Business Entity Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Law, Conflict of Interest Prevention Law for Public Officials, relevant regulations for listed companies, and other relevant laws governing commercial activities or the operations of the group's enterprises and organizations in their respective locations.

To implement the integrity management policy and actively prevent dishonest behavior, the company has established the following guidelines based on the Corporate Governance Best Practice Principles for Listed Companies and relevant laws in the locations where the group's enterprises and organizations operate: Corporate Governance Practices Guidelines, Ethical Management Guidelines, Important Internal Information Disclosure and Insider Trading Prevention Management Procedures, Ethical Management Operating Procedures and Behavior Guidelines, and Procedures for Handling Reporting of Illegal, Unethical, or Dishonest Behavior.

In 2023, the corporate governance department did not receive any reports of violations of the company's integrity management guidelines or employee code of conduct. Additionally, the company conducted internal and external training sessions (including courses on integrity management compliance, products, and accounting systems) for a total of 240 participants, amounting to 1,920 hours.

### Training Within or Outside of Company Premises

(including courses related to integrity management compliance, products, accounting systems, etc.)

<b>240</b> completed training courses within or outside of company	<b>1,920 hours</b> of training courses
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### 2023 Statistics on Code of Conduct Violations:

Code of conduct		Number of reports	Number of cases resolved
Business Ethics and Operations	Corruption and Bribery	0	0
	Conflict of Interest	0	0
	Fair Competition	0	0
	Insider Trading	0	0
	Trade Secrets	0	0
	Privacy/Personal Data Protection	0	0
	Other (Political Donations, Charitable Contributions and Social Engagement)	0	0
Total number of cases related to business ethics and operations		0	0
Human Rights Protection	Discriminations	0	0
	Harassment	0	0
	Occupational Safety and Health	0	0
Total number of cases related to human rights protection		0	0
Environment Protection	Total number of cases related to environmental protection	0	0

### ■ Code of Business Integrity

#### Missing Information

Since its establishment, the Group has always adhered to all regulations and laws set by the Taiwan Stock Exchange and the over-the-counter Taipei Exchange. In 2023, the company did not violate any of the Procedures for Verification and Public Disclosure of Material Information by Listed Companies and the Information Reporting Procedures and did not incur any penalties for non-compliance.



### **Environmental Penalties**

The Group has not received any significant fines or penalties related to environmental or ecological issues over the past four years (2020-2023), including but not limited to individual fines exceeding NT\$1 million, as well as fines paid in settlements. We are committed to environmental protection and strive to comply with all relevant laws and standards, continuously working to improve our environmental management practices.

### **Internal Control**

The Group is committed to high standards of corporate governance, and internal control systems ensure the integrity, transparency, and efficiency of the company's operations. We value communication with regulatory authorities and market regulators, and strictly comply with all relevant laws, regulations, and market mechanisms. In 2023, the company's internal control systems and related control operations did not receive any penalties from regulatory authorities, nor were any deficiencies identified by the Taiwan Stock Exchange or the over-the-counter Taipei Exchange. Additionally, we did not receive any notifications requiring our personnel to attend training courses designated by regulatory authorities. We will continue to strengthen our internal control systems and procedures through regular self-assessments and external audits, continuously improving and perfecting our internal management processes to prevent potential risks, protect shareholder interests, and enhance overall corporate value.

### **Political Donations**

Our company has always maintained political neutrality and has consistently taken an objective and low-key stance on public policy. We do not participate in political parties or political activities, nor do we engage in any lobbying. From 2020 to 2023, our company has not been involved in any political donations. Employees are free to express their political views and are encouraged to fulfill their civic duties by participating in voting and supporting their preferred candidates for public office.

### **Monopolistic / Anti-Competitive Practices**

Integrity in business operations is a fundamental social responsibility for enterprises. The Group has established integrity management guidelines to regulate business activities in accordance with relevant competition laws. The Group prohibits price-fixing, bid-rigging, limiting production and quotas, or sharing or dividing the market through the allocation of customers, suppliers, operating areas, or business categories. We also

fully understand and adhere to the principle of fair trade as a crucial part of business activities, and strictly comply with all relevant laws and regulations in all aspects of its operations. From 2020 to 2023, the Group has not been penalized by regulatory authorities for any violations of competition laws or for monopolistic practices.

### **Business Ethics Fines**

The Group did not receive any significant fines (exceeding NTD 10 million) for violations of business ethics in 2023. From 2020 to 2023, there were also no incidents of unethical behavior or corruption related to violations of business ethics.

### **Living Wage**

The compensation and benefits provided by the Group comply with local legal requirements and are never below the legally mandated minimum wage. The company regularly participates in salary surveys and makes adjustments as needed. In terms of employee salaries, not only do they meet legal requirements and align with local living wages, but they also ensure that employee salaries across different regions are competitive within the same industry. The company has always maintained harmonious labor relations and has not suffered any significant losses due to labor disputes. Likewise, we anticipate that there will be no significant losses due to labor disputes in the coming years.

### **Whistle-blowing Channel**

The company has clearly established whistleblowing and reward systems in its Procedures for Handling Cases of Reporting Illegal, Unethical, or Dishonest Behavior. Whistleblowers can report to the company's management, internal audit supervisors, relevant departments, or through the company's designated whistleblowing channel (mailbox:audit@cn.chlitina.com). The Corporate Governance Promotion Team will assign a dedicated unit to handle whistleblowing matters.

To practice corporate social responsibility and promote the balanced and sustainable development of the economy, society, and environmental ecology, the Group has adopted the Corporate Governance Best Practice Principles for Listed Companies jointly formulated by the Taiwan Stock Exchange and the Taipei Exchange. This was approved by the Board of Directors on March 29, 2013, and subsequently implemented. The principles are also disclosed on the Group's official website and the public information observation station for stakeholders to review, thereby managing its environmental and social risks and impacts.

#### 4.2.2 Tax Policy

In response to international trends in tax governance, the Group is committed to complying with tax regulations and pursuing sustainable business values. The company has established tax policies and related management procedures to ensure the effective operation of its tax management mechanisms.

The Finance and Accounting Center is the unit responsible for the company's tax policies, executing reporting procedures to obtain approval, and is dedicated to ensuring transparency in tax information and promoting sustainable development. The Group:

1. complies with local tax laws and regulations, files tax returns, and fulfills its social responsibility as a taxpayer;
2. does not engage in business activities in low-tax countries for the purpose of tax avoidance;
3. follows the guidelines of the internationally recognized transfer pricing principles published by the Organization for Economic Cooperation and Development (OECD), in accordance with the arm's length principle;
4. discloses tax information in financial statements as required to ensure transparency;
5. based on the principles of mutual trust and honesty, establishes a relationship of mutual respect and good communication with tax authorities;
6. is committed to enhancing the professional tax competence of its personnel through continuous talent training.

#### Tax Information for the Past Two Years

Unit: NT\$

Year / Item	2022	2023	Average
Income Before Tax	1,157,234	1,445,417	1,301,326
Income Tax Expenses	467,376	411,863	439,620
Tax Rate (%)	40.39	28.49	33.78
Income Tax Paid	676,328	418,629	547,479
Cash Tax Rate (%)	58.44	28.96	42.07

## 2022~2023 Income Tax Paid by Region

Unit: NT\$

Year	2022		2023	
Region	Amount	Percentage (%)	Amount	Percentage (%)
Asia	676,328	100	418,629	100
Total Paid	676,328	100	418,629	100

### 4.2.3 Information Transparency

#### ■ Communication with Investors

The Chliting Group places great importance on communication with investors. Through periodic press releases, investor conferences, and forums, we actively convey the latest developments and plans of the Group. We are committed to building a transparent and trusting relationship, maintaining close communication with investors, and ensuring mutual growth and development.

#### Instances of Communication With Investors in 2023:

Format	Instances	Note
Press Releases on Financial Performances	16	Monthly Reports, Quarterly Reports, Shareholders Conferences, etc.
Official Highlights	12	
Investor Conferences	4	
Industry Fora	1	
Communications with shareholders and financial analysts	More than 10	1. Small-scale meetings with investors (4) / Phone calls / Mail Replies 2. Received visits or calls from over 40 domestic and international financial analysts (both in-person and online conference meetings)
Chinese/English-language Major Announcements	102	

## ■ Communication with Stakeholders

The Group believes that corporate operations require coexistence with stakeholders and that it bears responsibility towards investors, shareholders, customers, employees, and business partners (franchisees/landlords/suppliers). Through various communication mechanisms, we actively maintain open channels of communication with stakeholders to understand their needs and expectations, which serve as important references for formulating the company's corporate social responsibility policies and related plans.

### Instances of communication with stakeholders in 2023:

Stakeholders	Issues of Concern	Communication Channels and Response Methods	Result
<b>Employees</b>	Compensation and Benefits  Labor Relations	We periodically communicate the company's management philosophy, operational status, and various policy announcements to employees through the company's internal website (electronic approval and announcement system) and the company's official website.	* Conducted internal and external training sessions (including courses on integrity in business operations, compliance with regulations, products, and accounting systems) for a total of 800 participants, amounting to 8,000 hours. * Held 8 labor-management meetings in 2023 (for the two subsidiaries in Taiwan).
		Education and Training: New employees receive introductions to the company's products and regulations through training courses.	
		Labor-Management Meetings: Face-to-face communication with employees.	
		Employee Suggestion Email (HR@chlitinaholding.com): Collecting employee feedback.	
<b>Investors (Shareholders)</b>		Shareholders General Meeting: Held once a year, and publication of Annual Report.	* 102 Chinese/English-language Major Announcements

Stakeholders	Issues of Concern	Communication Channels and Response Methods	Result
	Operational Results	Disclosure of Revenue Information and Financial Reports: Providing investors with details about the company's operational performance.	* 4 Investor Conferences * 1 Industry Forum * Visits or calls from over 40 domestic and international financial analysts (both in-person and online conference meetings) (Due to the impact of the COVID-19 pandemic, institutional investors and analysts primarily communicated with the company through online meetings, maintaining smooth communication channels.)
		Investor Conference: Two-way communication with institutional shareholders	
	Corporate Governance	Announcement of Important Financial and Business Information on the MOPS portal: Legally disclosing the company's operational status and important information	
		Dedicated Investor Relations Website and Email: Receiving questions from and responding to shareholders and investors.	
		Appointment of a Spokesperson and Deputy Spokesperson: Providing a channel for direct contact. Email: ir@chlitinaholding.com	
Customers	Customer Relations Management	Customer mailbox: Providing customers with an inquiry channel. Email: service.tw@chlitina.com	* Current followers on Facebook: 61,054 people (in Taiwan) * Current followers on Line: 81,223 people (in Taiwan) * Representatives: 14 groups including 791 people; Influencers and Members : 31 groups including 2,357 people (in mainland China)
		Company Official Website and Social Media Groups: Broadcasting company news and interacting with customers.	
		Marketing or Experiential Events: On-site activities allow for real-time interaction with	

Stakeholders	Issues of Concern	Communication Channels and Response Methods	Result
		customers and collection of customer feedback on products.	* Organized Skin Care Experiences: 52 sessions, attended by 247 people (in Taiwan).
Franchisees	Enhancing Professional Service Skills	Regional Franchise Meetings: Communicating with franchisees and addressing their concerns. Technical Training and Education: Providing product-related training courses to facilitate operations. Email: service.tw@chlitina.com	* Organized at least 103 training courses, attended by 2,997 participants (in Taiwan) * Cloud Classroom App: Conducted 968 in-person classes and 406 online courses; added 100 new recorded lectures (in Mainland China).
	Increasing Profitability	Dedicated Franchise Recruitment Window on the Company's Official Website: Includes an online training section.	
Suppliers	Maintaining Good Supply Chain Relationships to Optimize Production Costs  Ensuring Reasonable Profits to Create Mutual Prosperity in the Industry	Using Electronic Mail and Phone to Get in Touch with Suppliers, Sign Contracts Email: service.tw@chlitina.com	* Signed contracts with suppliers
Banks	Interest Rate and Exchange Rate Trends	Regular Communications with Banks via Email, Phone and Meetings.	* Conducted at least two meetings with banks per quarter. * Communicated with banks via phone after each quarterly financial report announcement.

Stakeholders	Issues of Concern	Communication Channels and Response Methods	Result
		Obtaining timely financial information and updating banks on the company's operational status in order to facilitate business transactions. Email: ir@chlitinaholding.com	
Other	Other Issues Related to our Company	Phone or Electronic Mail Email: service.tw@chlitina.com	Periodically

### Effective Media Communication Management

To enhance the company's brand image and corporate image, the Chlitina Group allocates a fixed budget annually for media exposure and public relations activities. We continuously promote and publicize our brand and corporate image, aiming to establish an outstanding corporate image and strengthen the trust of consumers, investors, and the general public. In 2023, we achieved this through the release of 16 financial and business press releases, the organization of 4 investor conferences, the arrangement of 1 face-to-face meeting with shareholders after the shareholders' meeting, the hosting of 1 press conference, and the active management of various social media accounts. Through these diverse methods, we communicated the company's innovative spirit and long-term development vision to our target audiences. By continuously managing our media image, we successfully enhanced brand awareness, increased consumer trust in our products, and solidified investor confidence.



## 5 Summary and Appendices

### 5.1 Global Reporting Initiative Content Index Table (According to GRI Standards)

Statement of Use	The Chlitina Group has referred to the Global Reporting Initiative Standards for reporting (Reporting period: 2023.01.01 to 2023.12.31) and has included the information cited in the GRI Content Index Table during this period.
Used GRI 1	GRI 1: basic 2021
Applicable GRI Industrial Standards	No applicable industry standards

#### General Guidelines

GRI Guidelines	Disclosure Items	Corresponding Sections	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	About CHLITINA Group	8
	2-2 Entities included in the organization's sustainability reporting	About CHLITINA Group	8
	2-3 Reporting period, frequency, and contact point	About CHLITINA Group	8
	2-4 Restatements of information	About this Report	5
	2-5 External assurance	About this Report	5
	2-6 Activities, value chain, and other business relationships	About CHLITINA Group	8
	2-7 Employees	3.2 Workplace Harmony and Progress	75
	2-8 Workers who are not employees	Currently, management is limited to the company's internal operations and its various manufacturing areas	X
	2-9 Governance structure and composition	4.1 Corporate Governance	130

<b>GRI Guidelines</b>	<b>Disclosure Items</b>	<b>Corresponding Sections</b>	<b>Page</b>
	2-10 Nomination and selection of the highest governance body	4.1 Corporate Governance	130
	2-11 Chair of the highest governance body	4.1 Corporate Governance	130
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Policy Making and Implementation	29
	2-13 Delegation of Responsibility for managing impacts	ESG Policy Making and Implementation	29
	2-14 Role of the highest governance body in sustainability reporting	ESG Policy Making and Implementation	29
	2-15 Conflicts of interest	Board of Directors Performance Evaluation	136
	2-16 Communication of critical concerns	1.3 Important Topics and Strategic Goals	33
	2-17 Collective knowledge of the highest governance body	4.1 Corporate Governance	130
	2-18 Evaluation of the performance of the highest governance body	Board of Directors Performance Evaluation	136
	2-19 Remuneration policies	Board of Directors Performance Evaluation	136
	2-20 Process to determine remuneration	3.2.1 Human Resource Management	76
	2-21 Annual total compensation ratio	3.2.1 Human Resource Management	76
	2-22 Statement on sustainable development strategy	Foreword by Chlitina Chaiman Chen Pi-Hua	25
	2-23 Policy commitments	1.1 Defining Sustainable Development Goals According to World Trends	26
	2-24 Embedding policy commitments	3 Social - Employee Dialogue and Social Engagement	73

<b>GRI Guidelines</b>	<b>Disclosure Items</b>	<b>Corresponding Sections</b>	<b>Page</b>
	2-25 Processes to remediate negative impacts	3.2.1 Human Resource Management	76
	2-26 Mechanisms for seeking advice and raising concerns	3.2.1 Human Resource Management	76
	2-27 Compliance with laws and regulations	4.2.1 Business Ethics	157
	2-28 Membership associations	There are currently no labor unions	X
	2-29 Approach to stakeholder engagement	1.2 Stakeholder Identification and Dialogue	31
	2-30 Collective bargaining agreements	Because there are currently no unions, employees have not yet signed any collective agreements.	X

<b>GRI Guidelines</b>	<b>Disclosure Items</b>	<b>Corresponding Sections</b>	<b>Page</b>
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.3 Important Topics and Strategic Goals	33
	3-2 List of material topics	1.3 Important Topics and Strategic Goals	33
	3-3 Management of material topics	1.3 Important Topics and Strategic Goals	33

<b>GRI Guidelines</b>	<b>Disclosure Items</b>	<b>Corresponding Sections</b>	<b>Page</b>
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	3.2.1 Human Resource Management	76
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2.2 Personnel Development	83
GRI 403: Occupational	403-1 Occupational health and safety management system	3 Social - Employee Dialogue and Social Engagement	73

<b>GRI Guidelines</b>	<b>Disclosure Items</b>	<b>Corresponding Sections</b>	<b>Page</b>
Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	3 Social - Employee Dialogue and Social Engagement	73
	403-5 Worker training on occupational health and safety	3 Social - Employee Dialogue and Social Engagement	73
	403-9 Work-related injuries	3 Social - Employee Dialogue and Social Engagement	73
	403-10 Work-related ill health	3 Social - Employee Dialogue and Social Engagement	73
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3.2.2 Personnel Development	83
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	3.2.2 Personnel Development	83
	405-2 Ratio of basic salary and remuneration of women to men	3.2.2 Personnel Development	83
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	4.2.1 Business Ethics	157
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	3 Social - Employee Dialogue and Social Engagement	73
GRI 414:	414-1 New suppliers that were screened using social criteria	4.1.6 Responsible Procurement	155

<b>GRI Guidelines</b>	<b>Disclosure Items</b>	<b>Corresponding Sections</b>	<b>Page</b>
Supplier Social Assessment 2016			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security	152

<b>8 Main Topics for 2023</b>	<b>Corresponding GRI Guideline Title</b>
Environmental Protection	301 Materials, 302 Energy, 305 Emissions, 306 Effluents and Waste, General Topic Guidelines
Products	301 Materials
Climate Change (TCFD)	201 Economic Performance, 301 Materials
Workplace Harmony and Progress	401 Employment, 404 Training and Education
Charity and Care	413 Local Communities, 416 Customer Health and Safety
Promoting Industry Development	417 Marketing and Labeling
Corporate Governance	414 Supplier Social Assessment, 418 Customer Privacy
Protection of Stakeholders Rights and Interests	205 Anti-corruption, 206 Anti-competitive Behavior

## 5.2 TCFD Indicator Index

TCFD Item	Content	Page
Management	Description of the Board of Directors' oversight of climate-related risks and opportunities	60
	Description of the Management's role in assessing climate-related risks and opportunities	60
Strategy	Description of the climate-related risks and opportunities identified by the organization in the short, medium, and long term	63-70
	Description of the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	63-70
	Description of the organization's strategic resilience to various climate-related scenarios (including 2°C or more stringent scenarios)	63-70
Risk Management	Description of the organization's process for identifying and assessing climate-related risks	61-62
	Description of the organization's approach to managing climate-related risks	61-62
	Description of how climate-related risk identification, assessment, and management are integrated into the organization's overall risk management framework	61-62
Metrics and Targets	Disclosure of the metrics used by the organization to assess climate-related risks and opportunities in accordance with its strategy and risk management processes	46-49
	Disclosure of Scope 1 to 3 greenhouse gas emissions and related risks	46-49
	Description of the organization's goals and performance metrics for managing climate-related risks and opportunities	46-49

Items Set by the Financial Supervisory Commission	Page
Explanation of the Board of Directors' and Management's oversight and governance of climate-related risks and opportunities	60
Explanation of the impact of identified climate risks and opportunities on the company's business, strategy, and finances (short-term, medium-term, long-term)	63-70
Explanation of the financial impact of extreme climate events and transition efforts	63-70
Explanation of how the identification, assessment, and management of climate risks are integrated into the overall risk management system	61-62
If using scenario analysis to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts used should be explained	63-70
If a transition plan for managing climate-related risks is in place, describe the content of the plan, along with the indicators and targets used to identify and manage physical risks and transition risks	63-70
If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.	X
If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress achieved should be explained. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and quantity of the offset carbon credits or the quantity of RECs should be detailed.	X
Greenhouse gas inventory and verification status	46-49

### 5.3 SASB Standards Index

Disclosure Title	Metric Code	Disclosure Metric	Corresponding Section
Water Management	CG-HP-140a.1	(1) Total water withdrawn (2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	2.1.2. Energy Statistics
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	
Product Environmental, Health and Safety Performance	CG-HP-250a.1	Revenue from products that contain substances of high concern	4.1.6 Responsible Procurement
	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	4.1.6 Responsible Procurement
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	2.2 Products
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable	2.1.3 Waste Statistics
	CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	2.2.2 Products Carbon Footprint
Environmental & Social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim	No palm oil is directly used in Chlitina Group products



## 5.4 United Nations Global Compact Comparison Table

Item	10 Principles	Corresponding Section	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	3 Social - Employee Dialogue and Social Engagement	73
	Businesses should make sure that they are not complicit in human rights abuses	3 Social - Employee Dialogue and Social Engagement	73
Labor Standards	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargain	3 Social - Employee Dialogue and Social Engagement	73
	Businesses should uphold the elimination of all forms of forced and compulsory labor	3 Social - Employee Dialogue and Social Engagement	73
	Businesses should uphold the abolition of child labor	3 Social - Employee Dialogue and Social Engagement	73
	Businesses should uphold the elimination of discrimination in respect of employment and occupation	3 Social - Employee Dialogue and Social Engagement	73
Environment	Businesses should support a precautionary approach to environmental challenges	2.3 Climate Change (TCFD)	59
	Businesses should undertake initiatives to promote greater environmental responsibility	2.3 Climate Change (TCFD)	59
	Businesses should encourage the development and diffusion of environmentally friendly technologies	3.4.2 New Product Development Over the Past Three Years	115
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	4.2.1 Business Ethics	157

CHLITINA

麗豐股份有限公司

CHLITINA HOLDING LIMITED

上市股票代碼：4137

2023 永續報告書

SUSTAINABILITY REPORT