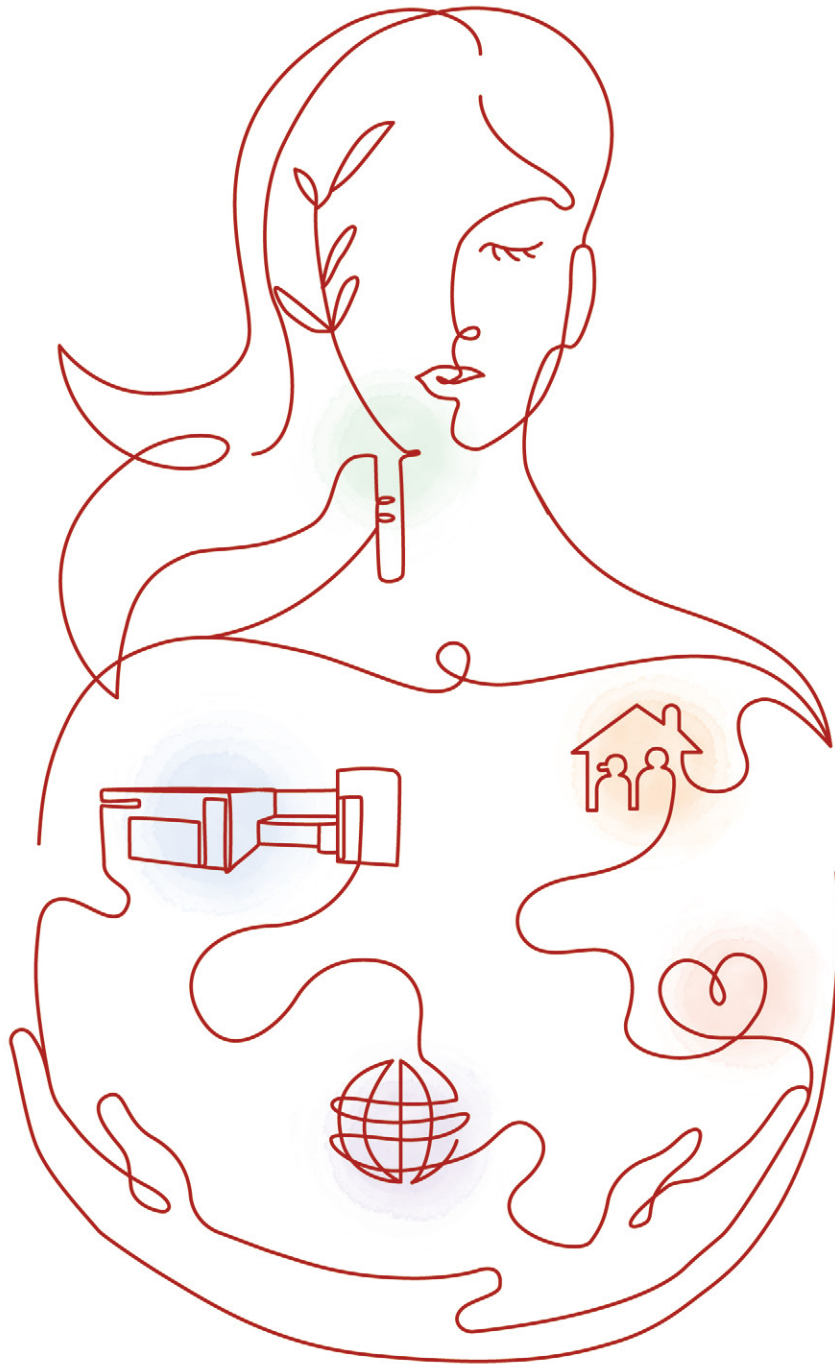


MARUBI 丸美



2021

Environmental, Social and Corporate
Governance (ESG) Report

Guangdong Marubi Biotechnology Co., Ltd.

About This Report

Overview

As the first corporate environmental, social and corporate governance (ESG) report released by Marubi, this Report aims to truly reflect the Company's efforts, practice and performance in governance, environmental, social and other fields of responsibilities through objective, standardized, transparent and comprehensive information disclosure.

Report period

This Report mainly covers the period from January 1, 2021 to December 31, 2021, while some contents are extended to the previous and subsequent years as appropriate.

Report scope

This Report covers Marubi as well as its branches and subsidiaries. The "Marubi", "Company" and "we/us" mentioned herein all mean Guangdong Marubi Biotechnology Co., Ltd. as well as its branches and subsidiaries.

Source of Information

The data used in this Report are sourced public data of government departments, internal statistical data, administrative documents and reports of the Company, third-party evaluations and interviews, etc. This Report is released after being reviewed by the board of directors. The Company and all its directors guarantee that there are no false records, misleading statements or major omissions herein, and assume jointly and severally liabilities for the authenticity, accuracy and completeness of the contents hereof.

Financial data in this Report are dominated in RMB. In case of any inconsistency with the data of the financial report, the financial report shall prevail.

Reporting standards

- China National Standard *Social Responsibility Report Preparation Guide* (GB/T 36001-2015)
- *Chinese CSR Report Preparation Guide* issued by the Chinese Academy of Social Sciences (CASS-CSR4.0)
- 2030 Sustainable Development Goals (SDGs) of the United Nations
- *ISO 26000: Guidance on Social Responsibility (2010)* of the International Organization for Standardization
- Global Sustainability Standards Board (GSSB) GRI Sustainability Reporting Standards (GRI Standards)
- *No. 1 of Self-regulatory Guidelines for Listed Companies of Shanghai Stock Exchange - Standardized Operation* issued by Shanghai Stock Exchange

Report release form

This Report is released in electronic form. You may log onto the website of the Shanghai Stock Exchange or the Company (www.marubi.cn) to view it. The Company plans to release it once a year. In the event of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail. If you have any questions or suggestions about this Report, you may send an email to securities@marubi.cn, or call at (020) 66378685.

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Message from Chairman

The road is hard and long, and we are willing to forge ahead step by step for goodness.

Looking back on 2021, it is a very meaningful year when the great Communist Party of China started a new journey upon the centenary of its founding. In this year, Marubi forged ahead with its original intention, and dared to face challenges and make self-revolution at a significant transformation moment in its development history.

Never following the trend blindly, we spare no effort to achieve the goal of becoming one of the world's best. Forging ahead at our own pace with a down-to-earth attitude and keeping pace with the times, we keep working hard on research and development, on excellent products, excellent brands and excellent services. We strive to cope with the tide of the times, strengthen our governance, build our defense lines, gather strengths, and seek long-term results. We are committed to being an excellent corporate citizen, actively responds to the national call of the dual-carbon goal, incorporate green and sustainable development into our strategic deployment, and actively practice it.

Improve corporate governance and boost high-quality development

Excellent governance is the cornerstone of a company's long-term sound operation and healthy development, which we have attached great importance to and actively practiced. We have continuously optimized our corporate governance system, standardized our operation, kept strengthening our internal control system, built a safety barrier, resolutely fought against corruption and promoted integrity, built a line of defense against corruption, improved the quality and transparency of information disclosure, reinforced diversified communication channels for our investors, and protected rights and interests of our investors.

The Company adheres to adjustment in the process of transformation, starting a new layout under the changing situation, attaching equal importance to innovation and technology, always putting products first, continuing to invest in research and development, broadening its technical boundaries, ensuring product quality, and guaranteeing product efficiency output. We have also continued to consolidate our brands, guaranteed youth-oriented and technology-based brands, made digital investments constantly, and promoted cloud warehouse construction. We have solidly promoted various infrastructure construction projects, and have been committed to the long-term sustainable development of our business, and the enhancement of our overall value, so as to effectively protect the interests of our shareholders.

Respond to the national strategy and jointly build a green ecology

We actively respond to the national "dual carbon" strategy, aim to achieve sustainable green development, and take energy saving and consumption reduction as well as the green and low carbon concept as a key task for our long-term development. We implement the full-process control of design, procurement, manufacture, logistics and office services through the environmental impact assessment of the whole life cycle of products, so as to enhance energy efficiency, promote resource recycling and reduce pollution, to better address the climate change and achieve the unification of economic benefits and environmental benefits. In 2021, the Company's 5C factory was recognized as a "green factory".

We adhere to technological innovation, and save energy, reduce consumption and enhance efficiency by improving technological processes and other scientific means. We use clean energy from our own photovoltaic power stations, and insist on cleaner production and waste recycling, to promote circular economy; We give priority to raw materials with sustainability certification in procurement to implement green procurement, and advocate the concept of green office and low-carbon life. Meanwhile, we have been actively exploring biodiversity and practicing the green R&D ecology, to contribute to environmental sustainability.

Be grateful to the society, and share common prosperity

To integrate public social responsibility into the development of our business is our commitment to the common development and common prosperity of the times. We adhere to the principle of integrity and always give back to the society. While protecting rights and benefits of our employees, we have also opened up a space of career development for them, to ensure they can grow, mature and success in our talent system and achieve their value.

In the industry, we support the government to promote the development of the industry, actively participate in the formulation and normalization of industry standards, and maintain long-term friendly relations with our partners; in the society, we continuously pay attention to the public welfare process, assist China's strategic goal of common prosperity, dare to shoulder corporate responsibility, and continuously exert Marubi's strength in epidemic prevention and disaster relief, rural revitalization, education development, cultural heritage and other public welfare undertakings.

Outlook 2022

The year of 2022 is the 20th anniversary of the founding of Marubi. All the past is just a prologue, and the previous 20 years of trials and hardships is only a short way for Marubi people to build a century-old brand. Great truths are always simple, and development is the absolute truth. Our strategic positioning and business layout lie on two basic logics: first, do what we are good at; second, do things that are meaningful. It is the core of our development philosophy, and we should earnestly "pursue quality development and meaningful profits".

We take ESG (Environment, Society, Governance) as the top strategy to drive our long-term sustainable development. We drive beauty and health with technology, to create greater value for our consumers, employees and shareholders as well as the society.

We firmly believe in the development of China, the power of brands, and the value of long-termism.

Forge ahead – Adopt new technical means to enable the Company to establish an ecosystem and a value chain, to improve its competitiveness;

Act for goodness – Operate for goodness and adopt science and technology for goodness, so as to achieve common prosperity.

**CEO of Marubi
Sun Huaiqing**



About Marubi

Company and Brand Profile

Company profile

Since its establishment, Guangdong Marubi Biotechnology Co., Ltd. has been committed to the R&D, production and sale of cosmetics based on researches on "skin science" and "biological science" research. Its brands, including "Marubi", "Chunji" and "Passional Lover", mainly cover the fields of anti-aging, functional skin care and make-up with differentiated brand positioning, to meet the needs of consumers of different ages and preferences. The Company's main brand "Marubi" has been focusing on eye creams for 20 years. Known as "Eye Care Master", it has become a leading domestic brand of high-end and medium-end positioning with a considerable market share through its dedicated R&D, rigid quality control and continuous brand building, and has been selected by media of the industry as "TOP 1 anti-aging product" for 7 consecutive years.

The Company adheres to the principle that quality is the lifeline of an enterprise, and has been recognized as a "high-tech enterprise" for four consecutive sessions. With a construction area of 50,000 square meters and a self-sufficiency rate of 70%-80%, its own 5C factory was launched into operation in 2014. At present, the second smart factory and raw materials factory are under construction. The 5C factory has passed the ISO9001 quality management system certification, the US FDA GMPC certification and the EU's ISO22716 (GMP) cosmetics production certification. The Company adheres to independent R&D and has passed a number of evaluations such as the National Intellectual Property Demonstration Enterprise. It is driven by joint R&D both at home and abroad. Its experimental center in Guangzhou has passed the evaluation by the China National Accreditation Service for Conformity Assessment (CNAS) and has obtained the laboratory accreditation certificate. The Company has also worked with a number of domestic and foreign universities and R&D institutions to conduct multi-dimensional cooperation in research and innovation, and has participated in the formulation of national and industry standards and published academic papers on domestic and foreign journals many times.

The Company has built a multi-channel sales network covering online platform e-commerce, social e-commerce, live broadcast e-commerce, offline daily chemical specialty stores, department store counters and beauty salons. The Company adheres to the principle of "use the best of the world to make the best of China", develops high-quality products based on the world's leading technologies, takes the "long-termism strategy" as the guiding direction, focuses on the mission of "technology-driven beauty and health", adheres to the operation with "technology + brand + digital intelligence" operation, and is committed to building a world-class competitive company.

Marubi 5C Center (Factory)



Brand ecology

Independent strategic layout

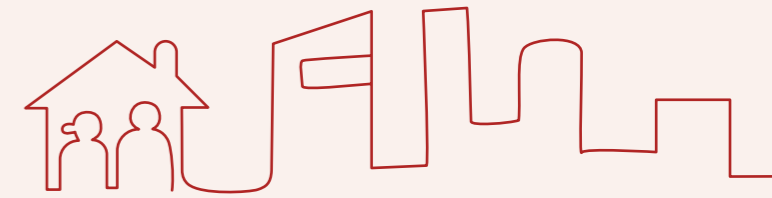


Ecological layout of the investment industry of beauty and health





Development history of the Company



2002

The brand of Marubi was born upon the establishment of the Company and the launch of production of the factory



2005

The total sales volume of Marubi eye care products exceeded one million units

2006

The brand Chunji came into being, positioned as "skin care products of natural ingredients"

2007

Marubi created a classic with its first-generation Elastin Essential Eye Essence on the slogan "Bounce, bounce, bounce! Bounce off the crow's feet!", which was upgraded to the fifth generation in 2018



2008

The "Better Care" fund was officially established. Under this fund, for every bottle of product sold, RMB 0.1 will be donated to public welfare from the income, to support education in underdeveloped areas

2011

Marubi was awarded as a high-tech enterprise for the first time, and has been awarded for four consecutive years

2012

Marubi's third-generation Elastin Essential Day & Night Eye Essence was released, for which it was the first time to propose the day & night time-sharing care concept

• Marubi was named as "Eye Care Master"

• A fund of the global luxury group LVMH invested in Marubi

2013

2014

The 5C center of nearly 50,000 square meters in Guangzhou Science City officially replaced the old factory and was launched into use, including a R&D center, a manufacturing center, a training center, an information center and an art center, as well as the world's first-class workshops and manufacturing processes, with sophisticated production and R&D facilities imported from Japan, Germany, South Korea and other countries



• As a spokesperson of Marubi, Tony Leung Chiu Wai performed "Eye" emotionally, a three-minute phenomenal classic commercial, which won a number of awards

• Marubi established its subsidiary in Tokyo, launched a Sino-Japanese dual-core R&D center, and deployed a high-end line

2015

2017

Marubi invested in Passional Lover (achieved 100% shareholding in 2019)

2018

MARUBI TOKYO Japanese Sake Age Renewal Fresh Serum, the first high-end line for imported Marubi Tokyo with the original packages was launched



2019

Marubi's A-shares were listed on the main board of the Shanghai Stock Exchange, becoming "the first eye cream stock in China"

2020

• Marubi proposed the product concept of two-in-one skin care X instrument, and launched a two-in-one skin care X instrument with black technology – Multiple Peptide Anti-Wrinkle Eye Cream, marking the brand's further evolution towards rejuvenation and scientific technology

• Marubi launched the theme activity of "The Most Beautiful Oriental Eyes", to upgrade its brand concept into "Oriental Eye Care" that is more suitable for Chinese people by writing the stories of eyes through lens



Marubi released a kind of recombinant humanized collagen co-created with Jinan University and the National Engineering Research Center for Genetically Engineered Drugs, and applied it to Marubi's Recombinant Collagen series.

2021

Corporate Culture

Origin of "Marubi"

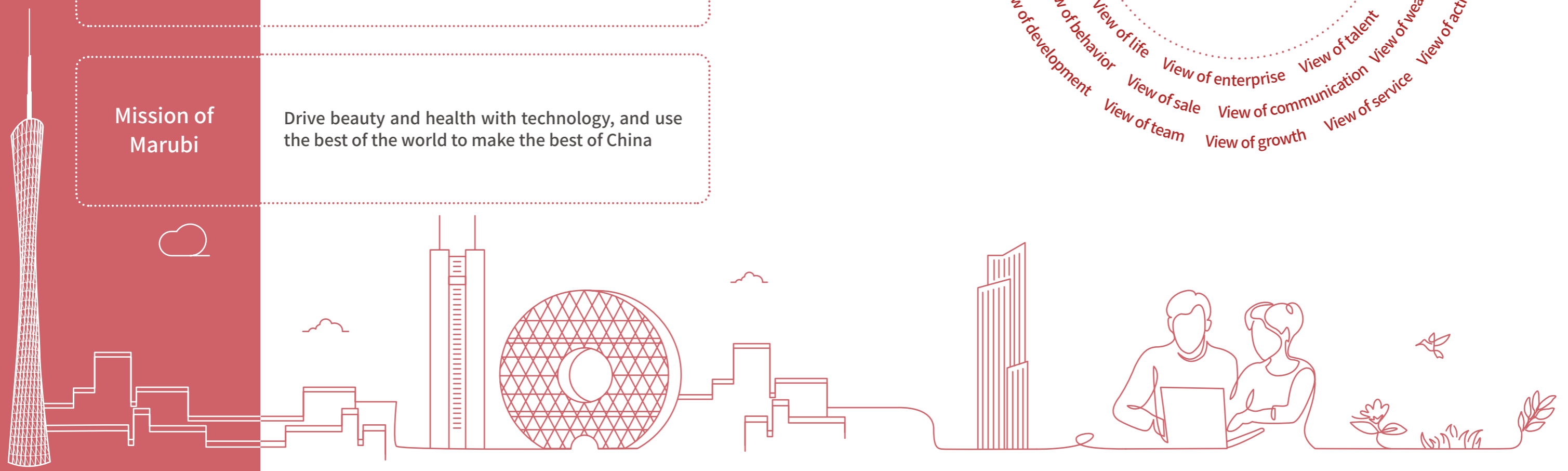
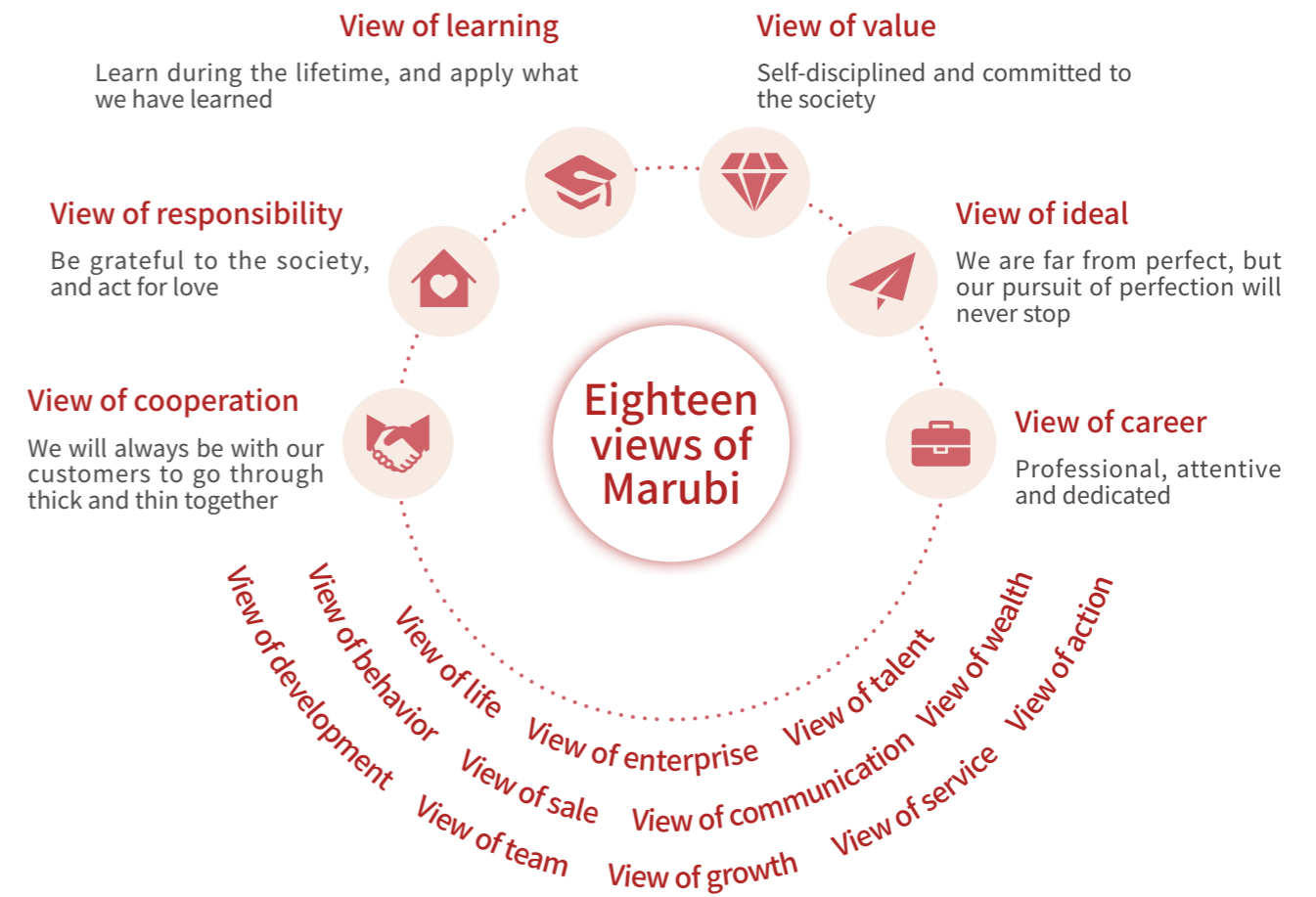
The name "Marubi" comes from a philosophical thinking of oriental aesthetics – roundness is beauty. In *Shuo Wen Jie Zi*, "Wan" means "roundness", and "Wan Mei" (Marubi) means "roundness is beauty".

Vision of Marubi

Be a world-class competitive company and make the world beautiful

Mission of Marubi

Drive beauty and health with technology, and use the best of the world to make the best of China



Quality topic

We have been focusing on the "eye" in the past twenty years



Marubi's view of ideal

We are far from perfect, but our pursuit of perfection will never stop



Good products are made with ingenuity, and are only for the beauty of the East

Stick to the original intention, concentrate on R&D, speak with professionalism, and speak with quality

MARUBI 丸美

东方眼部护理专家

Brand keywords: Focus on eye care; engaged in anti-aging research for 20 years; "Bounce, bounce, bounce! Bounce off the crow's feet!"

Brand emotional concept: "Beauty, starting from the eyes" and "Discover beauty, create beauty, and share beauty". We hope every Chinese woman can start from their eyes to feel the beauty of life.

Results of the scientific efficacy evaluation of the products show that although anti-aging skin care products cannot achieve the real "rejuvenation", they can indeed delay the aging of the skin, the largest organ of the human body, at multiple levels such as appearance, tissues and structure. Marubi has focused on the "application of biotechnological achievements to the field of anti-aging skin care", to achieve "firming", "anti-wrinkle" and other anti-aging skin care effects, which is the direction that Marubi has been focusing on for the past 20 years. In the future, with "leading the biotechnology anti-aging industry" as its mission, Marubi will continue to adhere to its original intention and make all efforts to promote the innovation and application of biotechnology anti-aging.

Focus on eye care, and engaged in anti-aging research







When Chinese people mainly focused on moisturizing and hydration for skin care 20 years ago, Marubi, with a keen insight into the anti-aging market, brought together advanced raw materials and technologies both at home and abroad, and precisely entered the eye-care-centered anti-aging market with a world-class business philosophy from the very beginning.

Growth history of eye creams

So far, Marubi has launched nearly 100 eye care products, such as eye creams, eye essences and eye masks, and has thus become a well-deserved "Eye Care Master".



Representative series of products with different anti-aging effects

 <p>For aging lines</p> <p>Marubi Tokyo (Japanese Sake Age Renewal Fresh Serum) series</p>	 <p>For darkness, spots</p> <p>Marubi Pearly Luster Essence series</p>	 <p>For structural anti-aging</p> <p>Marubi Crystal Revitalizing Luxurious series</p>
 <p>For the loss of various types of collagens caused by aging</p> <p>Marubi Recombinant Collagen series</p>	 <p>For lifting and firming against sagging contours</p> <p>Marubi Polypeptide Protein Lifting series</p>	 <p>Improve skin elasticity against sagging and wrinkles</p> <p>Marubi Anti-Aging Firming series (fourth-generation elastic series)</p>
 <p>For early aging with fine lines and dry lines</p> <p>Marubi Chocolate Silky Youth series</p>	 <p>Improve darkness, yellowness and sagging caused by staying up late</p> <p>Marubi Multiple Peptide Anti-Wrinkle Eye Cream series</p>	 <p>For contour aging with strong elastic meshes</p> <p>Marubi Luxury series (for beauty salons only)</p>

PASSIONAL LOVER



PL "invisible liquid foundation" (Passional Lover Creamy Velvet Foundation) Half a year after listing, GMV's sales volume exceeded 600,000 units



Chunji Strawberry Milk Cover cleanser contains natural berry extracts, and has been ranked Top 1 among Tiktok cleansers.

Advocate high quality and minimalism, with the ultimate product experience and minimal makeup steps, helping to achieve confidence in foundation makeup for the Chinese people.

Chunji uses black rice, white rice, waxberry, strawberry, cocoa and other natural ingredients, and at the same time adopts the scientific energy originating from nature yet higher than nature, advocating delicious food for the skin that is safe, gentle and efficient.



Satisfying and touching service through effective and gentle product

"Quality-first, integrity-based, leading the market, and keeping improving" is the consistent quality policy adopted by the Company.

Quality assurance

- We have passed the ISO 9001 Quality Management System Certification, the ISO 22716 Cosmetics – Good Manufacturing Practices (GMP), the *Cosmetics Good Manufacturing Practice Guidelines* evaluated by Intertek and other quality management systems
- We implement stricter quality management standards, and conduct quality control on cosmetic raw materials, packing materials and finished products. Our product testing indicators can meet or exceed EU standards. (Data: 5,307 standards have been formulated within the Company, and 37 national standards, industry standards and enterprise standards are applied.)
- We have established a sound quality control structure and talent echelon, continued to strengthen the training of quality control personnel, checked product quality at all levels, and assigned responsibilities to specific personnel. (Data: 33 external training certificates for inspectors; GMPC training is provided for new employees, and QC internal training is carried out on a monthly basis.)
- We conduct cross-self-examination and internal audit of each quality control system every month, continue to improve the Company's overall quality management system and internal control capability, and provide management support for the production of high-quality products.



Certification under the *Cosmetics Good Manufacturing Practice Guidelines* of Intertek



ISO 9001 Quality Management System Certificate



ISO 22716 Certification under the *Cosmetics Good Manufacturing Practice Guidelines*



Case | Cream inspection in the emulsification workshop under high standards and strict requirements

The function of the emulsification workshop is to heat, stir and emulsify qualified raw materials, and finally turn them into cream that can be applied to the skin. Thus, the quality control of the emulsification workshop is particularly important.

Before the production of cream, it is necessary to ensure that all the raw materials used are qualified. Marubi now has 1,105 raw material inspection standards, as well as high-performance liquid chromatography, gas chromatography, gas chromatograph-mass spectrometer and other component analysis instruments, to ensure the high activity and high quality of each batch of raw materials.

Water is an important component in the formula, and raw water needs to go through filtering, softening, RO for two times, EDI and sterilized before being added to the cream. Marubi's quality inspection sector will test the appearance, conductivity, pH and other indicators of pure water three times a day to ensure the quality of the water for production.

A sample of the cream made through the complex process will be taken and sent to the inspector in the central control room before being discharged from the pot, for the testing of the appearance, fragrance, skin feel, pH, viscosity and other indicators. All the foregoing indicators must meet the standards before the cream is discharged. At this time, however, the cream cannot be directly used for filling yet. Only after its stability results (such as 3000rpm centrifugation, 24h cold resistance and heat resistance) meet the standards can it be discharged to the filling workshop. In addition to the foregoing indicators, Marubi's quality inspection sector will also test the total numbers of bacterial colonies, molds and yeasts in the cream. Only after the cream successfully passes through all the inspections can it be deemed as qualified. Marubi currently has 1,378 cream inspection standards and 13 inspection methods for different cream items, to ensure the high quality of each batch of cream.

The Company's production area includes the filling workshop, ingredient room, emulsification workshop, etc., with a cleanliness degree up to level D. Raw material preparation, cream emulsification, cream storage and product filling are carried out in a cleaner environment.

Chinese industry standard		Marubi standard
40°C , with no abnormality after 24 hours	Heat-resistant	45°C , with no abnormality after 24 hours
-8°C , with no abnormality after 24 hours	Cold-resistant	-18°C , with no abnormality after 24 hours
2000r/min, with no stratification at room temperature for 30 minutes	Centrifugation (emulsion)	3000r/min, with no stratification at 38°C
≤ 1000	Bacterial amount cfu/g	< 50
≤ 100	Total mold and yeast cfu/g	< 10



Photos of the quality training site



Dressing code for clean areas



Photos of training on testing experiments

Efficacy guarantee

For each product, the Company will conduct stability, safety and other tests to ensure its quality. For a new product to be launched on the market, the Company will conduct authoritative and professional efficacy tests for different effects, including "firming", "soothing", "anti-wrinkle", "whitening", "suitable for sensitive skin", etc. In 2021, the Company completed 343 efficacy tests in total.

The Company adopts a two-way testing mechanism, including self-inspection and outsourced inspection. Internally, we keep optimizing our testing technologies, developing our testing methods, and broadens our testing boundary (See details in the R&D System under Topic 2, page 19); externally, we cooperate with 10 authoritative testing institutions such as Guangzhou Quality Supervision and Testing Institute in a long-term, in-depth partnership.



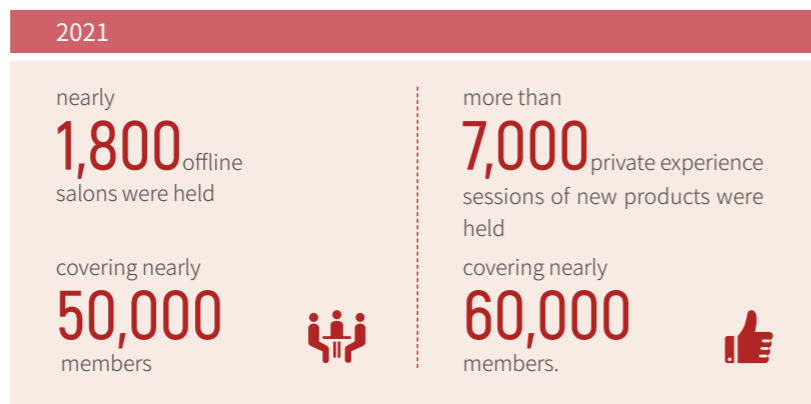
In a human trial of recombinant humanized collagen, subject data show that the number of crow's feet decreased by **30.09%**, **30.99%** and **31.06%** on the **14th**, **28th** and **56th** days respectively



In the efficacy evaluation report with a human trial of Marubi Recombinant Collagen Day & Night Eye Essence, subject data show that the number of wrinkles under the eyes decreased by **37.3%**, and number of the crow's feet decreased by **41%**

Service support

Marubi has 10.45 million members, including 8.53 million for the Marubi brand. The Company is committed to providing customers with satisfying and moving services by carrying out a variety of online and offline salons and private sessions every year, and creating a comfortable and pleasant consumption environment for customers through high-quality products, professional interpretations, considerate services and varied activities.



Case | Offline salons

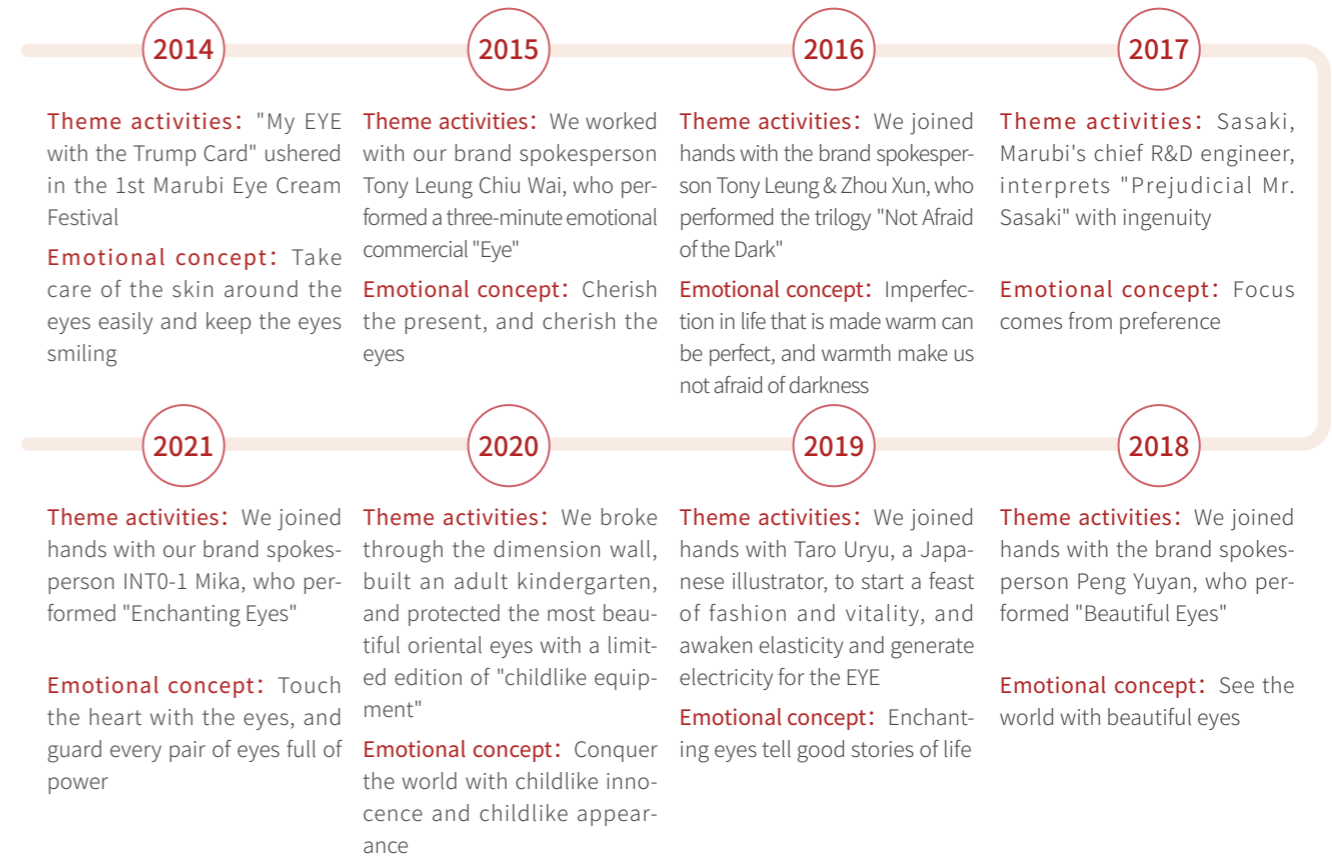
Every month, the Company will organize member salons to share skin care tips, and provide one-to-one skin care consulting, new product trial, eye and face care and other services.



Scene of VIP salons

Case | Marubi Eye Cream Festival

Ushering in its 8th Eye Cream Festival in July 2021, Marubi joined hands with its brand spokesperson INTO-1 Mika, who performed "Enchanting Eyes", to tell different stories in different eyes. Starting from the 1st Eye Cream Festival of "My EYE with the Trump Card" in 2014, Marubi has told the brand story of the "eyes" for eight years, and created the most beautiful and attractive eyes for women, which is Marubi's unremitting pursuit. Marubi is committed to making everyone beautiful and thus making the world beautiful.



Screenshot of the promotional video "Prejudicial Mr. Sasaki" of the 2017 Eye Cream Festival

R&D topic

Select the optimal technology to reveal anti-aging secrets



Marubi's view of career

Professional, concentrated and dedicated

The year of 2021 is the most important "historical turning year" for China's cosmetics industry. In this year, the new regulations were fully launched, the product development logic was completely reformed, and the cosmetics market returned to the essence of product efficacy. Thus, the scientific, genuine, rigorous, and traceable "efficacy data chain" behind the products is increasingly valued by companies that are deeply engaged in technological R&D.

From skin anti-aging to beauty and health, a systematic, rigorous and comprehensive research process is needed as support. Innovation achievements of modern biotechnologies, such as biomimetic technology, biological targeting technology, genetic engineering technology, protein engineering and biological peptide technology and biological fermentation engineering technology, provide great support for this research, which follow the characteristics and laws of biological structures and match the principle of action better with stronger targeting. Meanwhile, the application of such biotechnological achievements can optimize the existing process to a large extent, and can at the same time effectively solve the two thorny problems of natural resource limitation and environmental pollution, while achieving technological innovation.

Marubi has been on the road of synthetic biology research, and will keep making efforts for continuous innovation in the future, empowering itself with biotechnology, exploring biodiversity, practicing a green R&D ecology, and contributing to the sustainable development of the environment.

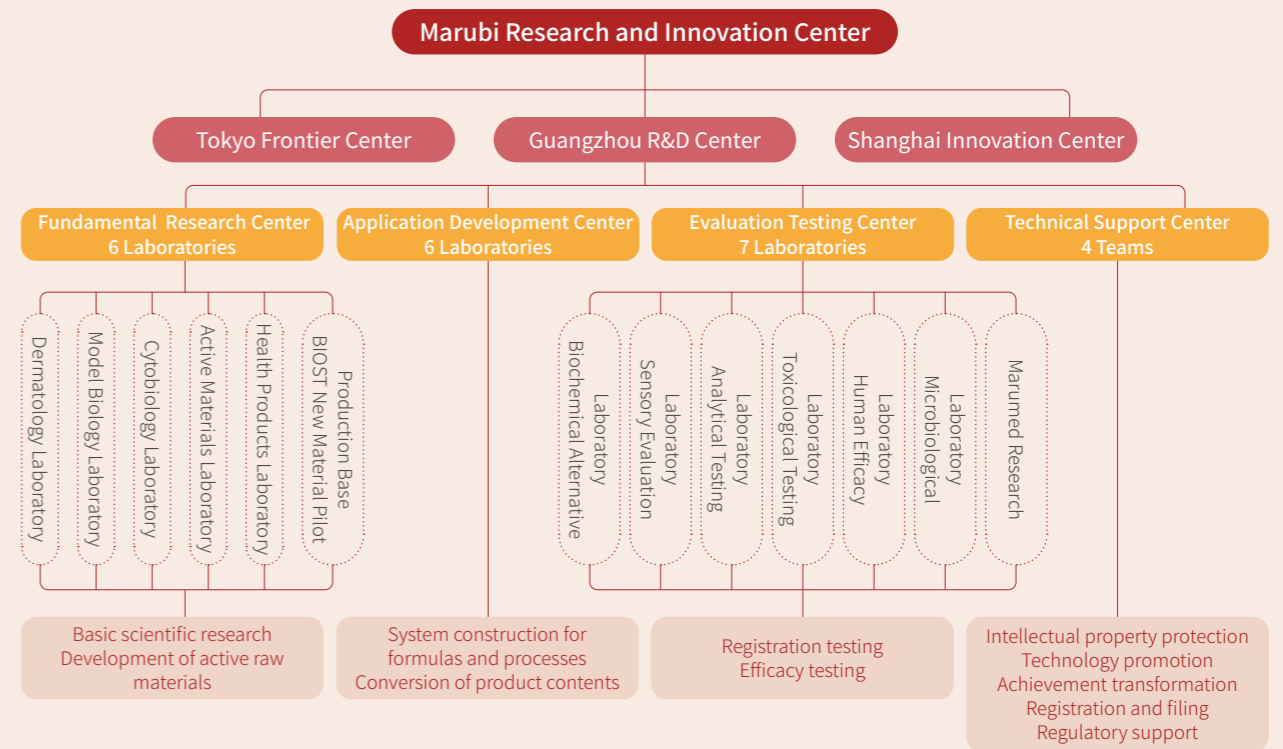


R&D concept

- With "integrity, science, openness and innovation", focus on skin anti-aging, and deeply engage in the field of beauty and health
- With "insight, focus, collaboration and study", make the best of what have been learned and make improvement with accumulation
- With "global layout, in-depth coverage, biological lead, and quick paces in small steps", help with the Company's high-quality sustainable development

R&D system

R&D platform



Global layout

Gradually build a complete R&D chain of "raw material development – raw materials production – formula development – evaluation and testing – intellectual property protection – launch of products onto the market – technical support – open innovation", providing a strong support for the closed-loop research and transformation of core raw materials and technologies of the Company in the future.



Vertical depth coverage

Vertical – Deeply engage in anti-aging facial care, and expand the fields of "beauty and health" such as maternal and child care, oral care, body care and health food
 Depth – Basic scientific research, applied scientific research, strategic cooperation with raw material suppliers, joint research and innovation with the industry, universities and medical institutions.



Biological lead

Focus on the development of genetic engineering, synthetic biology, biological fermentation, plant extraction and other biotechnologies, explore biodiversity, practice the green R&D ecology, and contribute to the sustainable development of the environment.

R&D team

The Company has a R&D team consisting of domestic and overseas experts, high-level talents and experts in the scientific and technological experts pool, who are from various disciplines and provide strong support for the Company's R&D work.

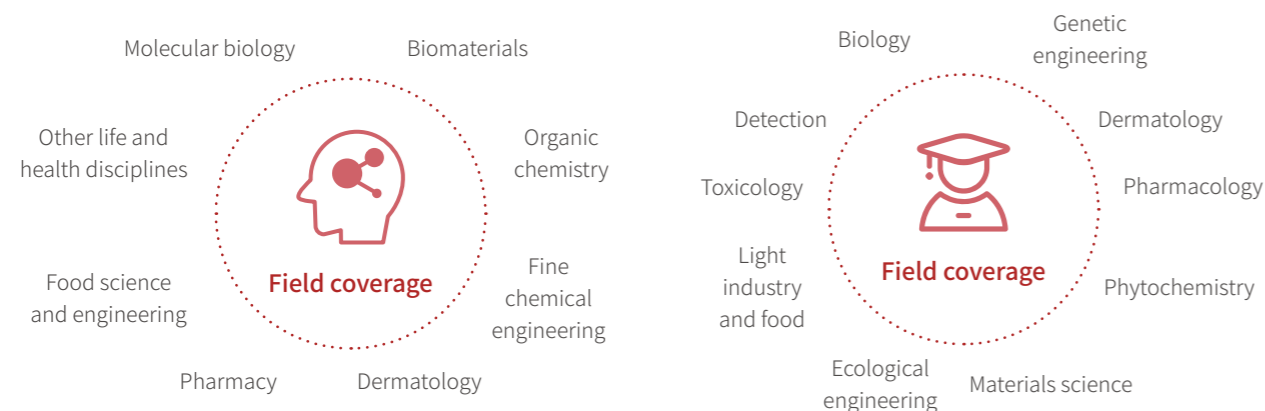
The Company's R&D team

The Company's own R&D team

- "Outstanding members", "balanced echelon", "professional and full-fledged", and "cohesive and stable"
- 97 R&D staffers in total, including 6 PhDs, and 32% of them have a master's degree or above
- Some talents that have joined the Company have been awarded the Guangzhou Pearl River Science and Technology Rising Star, Outstanding Talent of the Development Zone, Elite in the Development Zone, and off-campus postgraduate tutors from a number of universities. The following talents newly joined the Company in 2021: one High-Level Talent (Outstanding Expert) of Guangzhou, one Expert from the Science and Technology Pool of Guangzhou, and one off-campus postgraduate tutor from a university.

Experts supporting teams

- 60 experts and professors in total, including 2 Nobel Prize winners, that is, Randy Scheckman and Edvard Moser.



Chief R&D engineer Mr. Sasaki was tutoring a team



Nobel Prize winner Mr. Randy Scheckman visited the 5C R&D Center for guidance

Qualifications and honors



Major R&D qualifications/certifications

- National High-Tech Enterprise
- CNAS laboratory accreditation
- National Intellectual Property Demonstration Enterprise
- 3 Chinese Excellent Patent Award
- 1 Guangdong Excellent Patent Award
- Guangdong Bio-Skincare Engineering Technology Research Center
- Guangdong Enterprise Technology Center
- 3 Scientific and Technological Progress Awards of Guangdong Cosmetics Society
- Postdoctoral Innovation Center of Huangpu District, Guangzhou
- Intellectual Property Management System Certification
- 2 High-Level Excellent Expert of Guangzhou
- 1 Guangzhou Pearl River Science and Technology Rising Star
- 3 Talents of Development Zone, Guangzhou



New qualifications in 2021

- National High-Tech Enterprise (The 4th Session)
- 2 Chinese Excellent Patent Award
- 1 Guangdong Excellent Patent Award
- Excellent "Specialized and New" Private Enterprise Under Incubation Plan of Guangzhou
- Postdoctoral Innovation Center of Huangpu District, Guangzhou
- Guangzhou Green Factory
- Headquarter Enterprise in Haizhu District
- Leading Private Enterprise of Guangzhou
- Guangzhou Industry-University-Research Collaborative Innovation Alliance
- Fashion Industry Base of Guangzhou
- Guangdong Top 100 High-Value Brand in Cosmetics Industry
- 1 High-Level Excellent Expert of Guangzhou
- 1 Expert from the Science and Technology Pool of Guangzhou
- Top 10 Outstanding Cosmetics Engineer



R&D Achievements



2021

- Invested RMB50,488,237.81 in R&D and purchased 15 units of high-tech equipment.
- Had 3 new kinds of self-developed raw materials, including CelCaper® supramolecular ka-pok anti-aging plant extract and CelCaper® rehmannia glutinosa extract. A total of 30 kinds of self-developed raw materials have been completed, 5 of which are transformable; wherein Schizophyllan (希诗因® SPG β-glucan) is a kind of core self-developed raw material of Marubi, which are expected to be put into large-scale production and application in 2022.



Patents, trademarks
and papers

- 104 new patent applications, including 90 invention patents; accumulatively 361 patent applications, including 267 invention patents.
- 34 newly granted patents, including 24 invention patents; accumulatively 146 patents granted, including 81 invention patents; wherein, 3 invention patents including "Usage of Compound Cercosporamide in the Preparation of Immune Enhancers" won the "China Patent Award – Excellence Award", and the patent "A Substrate with Skin Barrier Repairing and Anti-Aging Effects and Preparation Method and Application Thereof" won the Guangdong Patent Award.
- 7 new applications for technical trademarks, all of which have been accepted, and there are 34 valid ones currently.
- 9 newly published papers, including the research based on the liquid fermentation system of the medicinal-food plant pueraria lobata and schizophyllum commune with significant achievements that has been published on the international journal "RSC Advances" for publication, with the latest impact factor of 3.361; there are 13 papers that have been published in total currently.



Standard formulated
with the participation
by the Company

- Newly participated in the compilation of 5 national/industrial/group standards, including the "Determination of Eleven Glucocorticoids such as Desonide in Cosmetics by Liquid Chromatography/Tandem Mass Spectrometry", the "Determination of Anti-Allergy in Cosmetics – Zebra Fish Embryo Method"; wherein, led the formulation of the group standard "Human Body Test Method for Moisturizing and Oil-Controlling Efficacy of Cleansers"; participated in the compilation of 24 standards, including 8 national standards, 1 industry standard, and 15 group standards.



New formulas and
evaluation tests

- Completed 298 product formulas, supplemented a list of 59 risk substances in old products, and completed 200 products benchmarking international standards.
- Completed 343 efficacy evaluations, covering those that are soothing, repairing, anti-wrinkle, anti-oxidation, suitable for sensitive skin, etc.
- 55 new development evaluation test methods, including molecular biology, cytobiology, instrumental analysis, model organism, human efficacy, etc., which involve stability, safety, sensory evaluation, in vitro efficacy, clinical efficacy, registration test, active substance screening, components analysis and quantitation and other development evaluation test methods.
- With the self-owned test platform, the Company has saved test costs of RMB750,000 and 58% of the time.

Global layout



Case

Investment in the construction of BIOST Pharmaceuticals (Guangzhou) Health Industry R&D and Production Base, for self-developed and self-produced raw materials

In 2021, Marubi prepared the establishment of BIOST Pharmaceuticals (Guangzhou) Co., Ltd. at its health industry R&D and production base, aiming to self-production from self-develop of raw materials, and to launch the Company's self-developed raw materials into production. It is expected that the production will be officially launched in the second quarter of 2022. The construction work mainly includes: a bioactive materials research institute, a bioactive materials industrialization base, and a R&D and production base for products made of bioactive materials, in order to help the Company to improve the application and expansion of new biological materials in cosmetics and food as well as medical equipment and other fields in the future. Wherein, the large-scale production of SPG bioactive materials has filled the deficiency of China's biomaterial innovation to some extent, and also helps the development of the beauty and health industry.



Exterior walls of the factory of BIOST Pharmaceuticals



Single-effect concentrator



Case

Investment in the establishment of Guangzhou Marumed Research Co., Ltd., marking another step towards cosmetic testing

In 2021, Marubi invested in the establishment of Guangzhou Marumed Research Co., Ltd. In March 2022, Marumed Research passed the CMA qualification certification, and thus became qualified to carry out registration testing and efficacy testing on cosmetic safety and stability.



Microbiological console



Atomic absorption spectrophotometer

Vertical depth coverage

Case | The Company's core technology ranges from elastin to collagen and from animal and plant extraction to genetic engineering, paving an advanced road for Marubi active proteins

The skin around the eyes has fewer sweat glands and sebaceous glands, so that it is difficult to absorb active ingredients. Thus, technical means to assist transdermal penetration are needed to achieve the efficacy. In 2007, the Company innovatively applied the "hydrolyzed elastin" to Marubi's first-generation Elastin Essential Eye Essence. With remarkable elasticity, it has become a remarkable eye cream. Elastin is an important part of the extracellular substrate of the dermis, functioning the support of structures, the stabilization of collagen fibers, and the maintenance of skin softness and tensile strength, and is a kind of ideal molecules for effective anti-aging. In 2018, Marubi Elastin Eye Cream was upgraded to the fifth generation, and Marubi's technology accumulation in elastin and the status in the eye care field has continued to iterate and upgrade.

Fifteen years have passed, and the principles and advantages of active proteins represented by elastin in the skin care field have never changed. The extracellular substrate proteins in the dermis of the skin, such as collagen, elastin, fibronectin and periostin, are still a great source of active ingredients for skin care. Currently, most of the raw active proteins added to cosmetics are extracted from natural plants or animal tissues, which have few technological contents, poor uniformity and stability, potentially existing animal pyrogens and high cost and low yield, and is hard to absorb if not from human sources. Therefore, it is urgent to

upgrade raw materials by technological means.

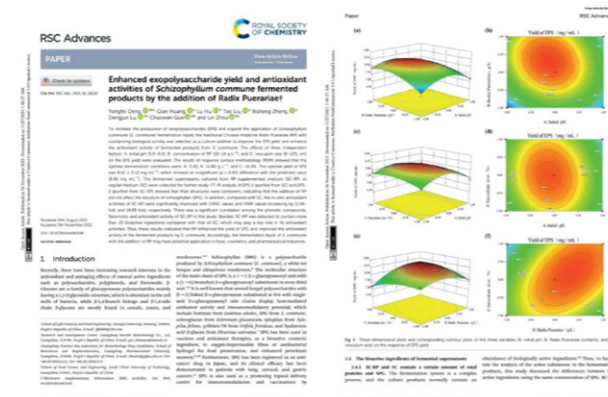
Based on the foregoing pain points, Marubi has deployed a "functional active protein research platform" in advance. In 2021, the Company released the "recombinant humanized collagen" based on genetic engineering technology, which was jointly developed with Jinan University and the National Engineering Research Center for Genetically Engineered Drugs. The Company's self-developed "recombinant fibronectin mutant and its application" has been granted a Japanese invention patent, and the Company's technological advantages in the field of active protein skin care continue to be consolidated. Through independent R&D, industry-university-research, technical cooperation and other modes, with genetic engineering technology as well as big data on structural biology and bioinformatics, the Company has designed and prepared humanized ECM functional active proteins or high-value animal and vegetable proteins, including recombinant humanized collagen. Through technological upgrading, the Company has also enhanced the technological contents in raw materials and products, effectively reduce the cost of raw materials, comprehensively reinforced the skin care activity of its products, and at the same time reduced the use of harmful chemical reagents, so as to act in an environment-friendly manner and contribute to healthy and sustainable development.

Case | Marubi's R&D results were published on the world's top SCI journal "RSC Advances"

In December 2021, Marubi's paper "Enhanced exopolysaccharide yield and antioxidant activities of Schizophyllum commune fermented products by the addition of Radix Puerariae" was published on "RSC Advances". Based on the bidirectional fermentation technology, this achievement studied the synergistic effect of medicinal-food plant pueraria lobate on the liquid fermentation system of schizophyllum. Upon verification of a large number of scientific data, it was found that the polysaccharide-polyphenol components produced by the fermentation system showed good moisturizing, antioxidant, anti-aging and other complex biological activities, with a good development and application prospect as a skin care product.

As China's leading cosmetics company, Marubi has attached great importance to R&D since its establishment. The certification of the research results of this plant-based two-way fermentation technology by the international authoritative journal marks that Marubi has entered a new stage in the research of biological

fermentation technology, upgrading the Company's latest practice of innovative plant fermentation products based on the traditional culture of "medicine-food homology".

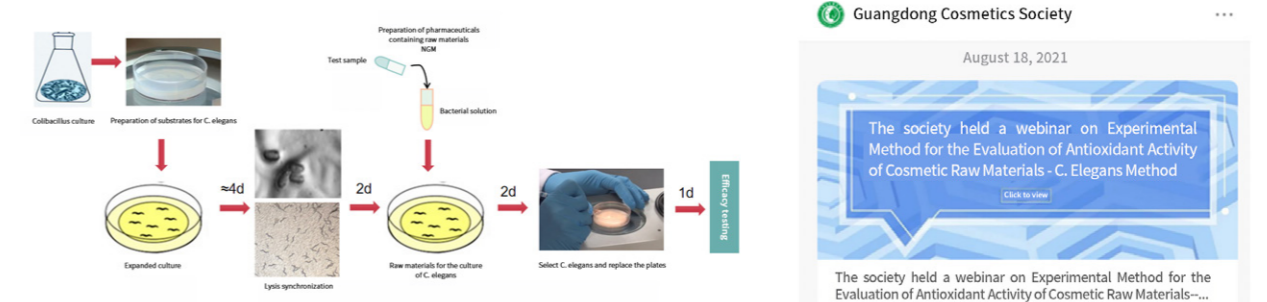


Screenshot of the published paper

Case | Cosmetic safety and efficacy evaluation of C. elegans

With the enactment of the Regulations on the Supervision and Administration of Cosmetics and relevant subsidiary laws and regulations, the demand of the cosmetics industry for researches supporting the safety, efficacy verification and efficacy claims of products and raw materials has suddenly increased. During the reporting period, Marubi creatively introduced C. elegans into the experimental research on the evaluation of the safety and antioxidant efficacy of cosmetics and raw materials with scientific and rigorous theory design and experimental demonstration, to effectively improve the development of products, and at the same time save the cost and shorten the time taken for efficacy testing, which provides a new idea for cosmetic R&D and registration. At present, Marubi has applied the relevant testing technology to Marubi Recombinant Collagen Essence, Marubi Recombinant Collagen Eye Essence and other anti-aging products.

In 2021, the Company, together with Guangdong Cosmetics Society, South China Agricultural University, Guozhen Health, Guangzhou Quality Supervision and Testing Institute and other organizations, took the lead to draft the Experimental Method for the Evaluation of Antioxidant Activity of Cosmetic Raw Materials - C. Elegans Method, so as to improve the in vitro antioxidant efficacy evaluation system, provide scientific support for product claims, and help with the better development of the cosmetic industry.



Schematic diagram of the process and cycle of experiments on C. elegans

Webinar on the experimental method of C. elegans evaluation

Case | Technology co-innovation – The Company has gathered domestic and foreign research forces, to engage in co-innovation with renowned raw material suppliers, university research institutes and authoritative institutions, to help with high-quality sustainable development

The Company has continued to promote the strategic cooperation with Lubrizol, CRODA, DSM and other internationally renowned raw material suppliers, conduct research in skin microecology, green skin care, anti-allergy, anti-aging and other fields, and grasp the latest research directions and technology applications of international frontiers;

The Company has been strengthening industry-university-medical-research cooperation and technology co-innovation, engaging in joint research and innovation with universities, research institutes, hospitals and other professional institutions in oral care, bio-materials, supramolecular technology and other fields in terms of raw materials, technology, formula, clinical testing, human trials, etc., to improve the overall R&D capabilities of the Company.



In 2020, the Company formed the "International Biological Anti-Aging Industry Technology Innovation Alliance" with 10 major institutions such as SEPPIC, Silab, Jinan University and BGI



In 2021, the Company, together with the National Engineering Research Center for Genetically Engineered Drugs, Institute of Sericulture and Agricultural Product Processing of Guangdong Academy of Agricultural Sciences, Lubrizol Management (Shanghai) Co., Ltd. and other organizations, led the establishment of the "Industry-University-Research Technology Innovation Alliance for Aging and Regenerative Medicine in the Guangdong-Hong Kong-Macao Greater Bay Area of Guangzhou Industry-University-Research Collaborative Innovation Alliance"

Biological lead

Case | Breakthrough on the technical problem of anti-aging – application of genetic engineering in anti-aging cosmetics

In March 2021, the Company held the "Marubi Biotechnology Anti-Aging Innovation Forum", releasing the "recombinant humanized collagen" jointly developed with Jinan University and the National Engineering Research Center for Genetically Engineered Drugs. The amino acid sequence of the functional domain of the recombinant humanized collagen is 100% identical to that of the human body's own collagen. In this product, the gene sequence and protein activity are optimized by the patented "translational pause" technology, the functional structural sequence for biological activity in type-I collagen and type-III collagen is restructured at a reasonable proportion, and the stability and activity are optimized through the design of a C-Pro loop, to finally develop the "I chain III+C" chimeric humanized collagen. It has solved the potential problems in traditional animal-derived collagen, such as carrying animal pathogens, residues from strong acid-base or alkali-based dissolving agents and insufficient absorption, and achieved more efficient expression of active collagen, with good safety, affinity and skin care efficacy. In terms of efficacy, it has passed the clinical testing conducted by Landproof, which is a professional

testing institution. This breakthrough in biotechnology marks the Company's breakthrough in the field of biotechnology anti-aging.



Scene of the press conference



R&D team of the recombinant humanized collagen

National Engineering Research Center for Genetically Engineered Drugs
R&D results made by dozens of outstanding scientists from three countries and four regions, led by a Nobel Prize winner with 24 years of efforts

R&D Activities

Industry activities

The Company actively participates in industry activities, and joins 16 industry associations, such as Chamber of Beauty Culture & Cosmetics of All-China Federation of Industry & Commerce and China Biotech Fermentation Industry Association, to jointly contribute to the healthy development of the industry.

Case | Support for the construction of Southern Beauty Valley

Marubi has actively supported the construction of Southern Beauty Valley, conducted field research on the construction of the exhibition hall of Southern Beauty Valley and given relevant advice, helped with the display of products, and participated in discussions and exchanges for common progress.

products and new brands – Marubi is willing to take the second road.

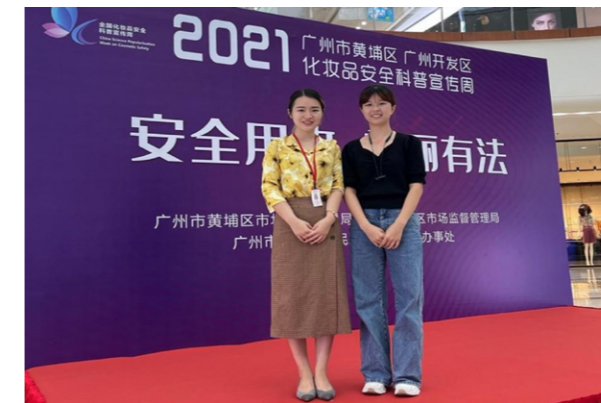
During the reporting period, Marubi participated in "The 5th China (Huangpu-Southern Beauty Valley) Cosmetics International Summit Forum in 2021" hosted by the Guangdong Cosmetics Society, themed "Technology Innovation Helps with High-Quality Development of Cosmetics". According to Sun Huaqing, Chairman of Marubi, after 40 years of development, the global ranking of China's economy has risen from more than the 70th to the 2nd, and in order to achieve great rejuvenation, instead of relying on low-quality expansion of production, China should rely on high-quality development by expanding the total-factor productivity with the support by technological innovation, to create world-class new



Scene of the 5th China (Huangpu-Southern Beauty Valley) Cosmetics International Summit Forum

Case | Participation in the launching ceremony of Cosmetics Safety Popularization Week of Huangpu District hosted by the government of Huangpu District

In May 2021, the Government of Huangpu District of Guangzhou launched a cosmetics safety science publicity week, themed "Safe Makeup, Scientific Skin Care". The Company analyzed typical cases of the crackdown on counterfeit cosmetics by displaying fake and shoddy cosmetics on site, to help improve the people's ability to distinguish between genuine and fake cosmetics for "safe skin care".



Scene of the Launching Ceremony of Cosmetics Safety Popularization Week of Huangpu District



Internal technical exchange training

The Company has actively practiced the "user research planning", organized training and exchanges for business departments for many times, adopted its professional knowledge to help with front-end business development, and effectively implemented the principle of "build product power with technology".



Product & R&D Exchange Meeting of the 4th quarter in 2021, for in-depth integration of products and technologies



R&D Salon, for multi-dimensional R&D sharing



Governance Responsibility: Pursue Excellence in Corporate Governance

The outstanding governance is a cornerstone for the Company to achieve the long-term stable and sound development, so Marubi attaches great importance to and takes an active part in implementing corporate governance. The Company strictly follows and implements the relevant requirements of the regulatory authorities, continues to improve the corporate governance system, strengthens internal control system, bolster risk prevention capacity, stays committed to increasing the Company's overall value, and aims to effectively protect the interests of the shareholders.

Our actions

- Continue to improve the corporate governance level and establish an effective balanced governance structure
- Attach importance to the quality of information disclosure and increase the fairness and transparency of information disclosure
- Strengthen investor relations management and guarantee diversified communication channels
- Improve internal control system and strictly control risks
- Increase the overall anti-corruption awareness of the Company and foster an integrity environment

SDGs

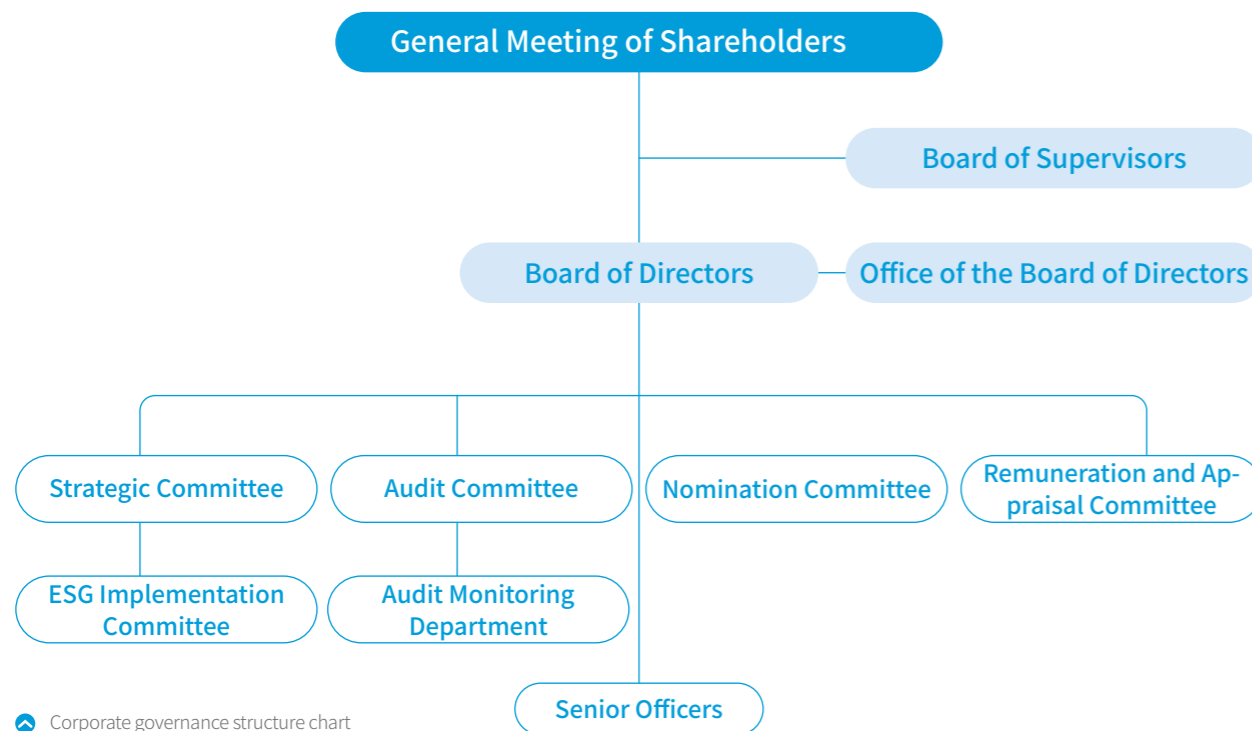


Continue to improve the corporate governance level

The Company continues to improve the corporate governance structure and enhance the regulated operation level in strict with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance of Listed Companies* and other laws and regulations as well as the requirements of China Securities Regulatory Commission ("CSRC"), Shanghai Stock Exchange and other regulatory authorities.

Governance structure

The Company has established a regulated and orderly corporate governance structure as required, formulated corresponding rules of procedure and clarified the duties and authorities, performance procedures and obligations of the bodies at all levels in decision-making, supervision and implementation. With these efforts, we have formed a governance mechanism featuring clear distribution of powers and responsibilities, scientific decision-making, effective checks and balances as well as mutual coordination between the bodies at all levels, with the aim to effectively safeguarding the legitimate rights and interests of the Company and shareholders.



Corporate governance structure chart

Shareholders and general meeting of shareholders

The Company regulates the procedures for convening, holding and voting at general meetings of shareholders in strict accordance with the provisions and requirements of the *Articles of Association* and the *Rules of Procedure for the General Meeting of Shareholders*, with the aim to ensuring that all shareholders, especially minority shareholders, have equal status, and that shareholders can fully exercise shareholders' rights and the legitimate rights and interests of all shareholders can be fully respected and safeguarded.

Company and controlling shareholders

With the independent and complete main business and the ability to conduct self-management, the Company is independent of controlling shareholders in respect of personnel, assets, business, institutions and finance, and can independently operate and bear responsibilities and risks. The controlling shareholders of the Company exercise and assume their rights and obligations according to law.

Directors and the Board of Directors

The Board of Directors of the Company is composed of 9 directors, including 3 independent directors. The members of the Board of Directors include industry experts and other professionals in the field of finance, law and corporate management, who have knowledge, skills and qualifies necessary to perform their duties. The directors of the Company are able to perform their duties with loyalty, care and due diligence, and the procedures for convening, holding and voting at the meetings of the Board of Directors comply with the relevant provisions of the *Company Law of the People's Republic of China*, the *Articles of Association* and the *Rules of Procedures for the Board of Directors of the Company*. The Company's Board of Directors has four special committees such as the Strategy Committee, Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee. The special committees have formulated the work rules and perform the duties in accordance with the work rules.

Supervisors and the Board of Supervisors

The Board of Supervisors of the Company is composed of 3 female supervisors, including 1 supervisor who is the representative of the staff and workers. The procedures for convening, holding and voting at the meetings of the Board of Supervisors of the Company comply with the relevant provisions of the *Company Law of the People's Republic of China*, the *Articles of Association* and the *Rules of Procedures for the Board of Supervisors of the Company*. The supervisors can earnestly perform their duties in accordance with the relevant requirements, and supervise and check the financial position and the performance of duties by the directors and senior officers of the Company to safeguard the legitimate rights and interests of the Company and shareholders.

Senior officers

The senior officers of the Company include Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer and the Secretary of the Board of Directors. The appointment of the senior officers is open and transparent and complies with the relevant provisions of applicable laws and regulations and the *Articles of Association*.

Meetings held during the reporting period



The Company held **8** meetings of the Board of Directors in total, and all directors attended all such meetings.



The Company held **6** meetings of the Board of Supervisor in total, and all supervisor attended all such meetings.



The Company held **3** general meetings of shareholders.



The Company held **8** meetings of special committees, and all members attended all such meetings.

Information disclosure

The Company performs the information disclosure obligation in a true, accurate, complete, timely and fair manner in strict accordance with the relevant requirements of the applicable laws and regulations and of the *Articles of Association* and the *Disclosure Management System of the Company*. We stay committed to improving the quality and transparency of information disclosure, ensure that all shareholders

of the Company fairly obtain information and timely understand the operation position and significant events of the Company.

2021



The Company disclosed **4** periodic reports

63 ad hoc announcements

99 online documents in total

Strengthen investor relations management

Marubi attaches great importance to the investor relations and has formulated the *Investor Relations Management System* to ensure that all shareholders own an opportunity to obtain the information of the Company. During the reporting period, the Company held 3 performance presentations and participated in close to 50 exchange meetings with securities companies. Meanwhile, the Company communicated with the investors in respect of operation and financial position of the Company through investor hotline, investor email, SSE e-interaction or otherwise, and patiently answered the questions from participating shareholders at general meetings of shareholders.

In May 2021, the Company held 2020 and 2021 Q1 online performance presentation at the official website of SSE Roadshow Center, and answered questions from small and medium investors through interaction column.



2020 and 2021 Q1 Online performance presentation



Scene of General Meeting of Shareholders

Improve internal control system and strictly control risks

Internal control

The Audit Committee affiliated to the Board of Directors of Marubi has the Audit Monitoring Department. The Company conducts the independent audit and monitoring on the Company and its subsidiaries' operating activities and internal control in strict accordance with the relevant regulations and requirements of the applicable laws and regulations and the *Internal Audit System* of the Company and in light of the objective, policy-backed and prevention-oriented principle. The audit scope involves the internal and external audit and communication as well as the whole business chain of the Company.

In 2021, the Company conducted 5 audits targeting supply chain management, covering the whole process from demand plans to inventory management, 2 audits targeting fixed asset management, and 2 audits targeting contract and payment management, with 34 special audits implemented in total in recent three years.

Risk management

The Company has established clear risk management and regulation systems for capital, business, production, R&D and related party transactions. Meanwhile, the Company engages an independent financial advisor or professional evaluation institution at the appropriate time to express opinions and issue reports, evaluate and adjust the risks of the Company, in an effort to safeguard the stable operation of the Company.

Consolidate the integrity and self-regulation defense lines

By staying committed to fostering a healthy and clean work environment, the Company has set up a CEO mailbox, which is under the closed-loop management of the office of the CEO, in order to establish a two-way communication channel between the management and the employees, and strengthen the relationship between the employees and the Company. We also encourage the employees to report any violations in real name or anonymously. Such reports will be rewarded while any violations must be punished, thus fostering the thinking on embracing a shared future for employees and the Company. Meanwhile, the Company actively performs the transparent procurement, and has signed the *Supplier Integrity and Cooperation Agreement* with all the suppliers.



Case | Marubi's employees advocate integrity at work by learning to say no

An employee of the Quality Control Department, as being responsible for controlling the product quality of suppliers, received a red envelop filled with cash from a supplier who made this with an excuse of Spring Festival blessing. The employee not only returned this red envelop, but also reported to her superior, thus avoiding the commercial risk arising therefrom. Therefore, the Company circulated a notice of praise and granted her a reward ten times of the amount of the red envelop, with the purpose to encourage employees to learn from this employee, namely, actively reporting improper behaviors and making contributions to foster a clean and healthy environment in the Company.

Protect the intellectual property rights and ignite the dynamism

Marubi has established a scientific, systematic and regulated intellectual property management system, as a boost to the sustainable development of the Company. Meanwhile, the Company organized 2 relevant training campaigns on intellectual property rights every year to improve the employees' awareness of intellectual property rights and professional knowledge. Further, the Company takes an active part in formulating group criteria and publishing articles, and contributes to the industry growth by making use of its own advantages. (See the topic of research and development for details of the intellectual property rights, page 22).



In May 2021, the Company invited a third-party institution to offer the training on intellectual property rights to employees

Main IPR qualifications/honors



Chinese Excellent Patent Award



National Intellectual Property Demonstration Enterprise



Environment Protection Responsibility: Pursue Green and Low-carbon Development

Marubi stays committed to building a green enterprise featuring "cleanness, high efficiency, low carbon and recycling" and aims to realize the sustainable and green growth. We regard energy conservation, consumption reduction and low carbon as our important tasks for long-term growth. By conducting the environmental impact assessment over the whole life cycle of products, we control the whole process from product, R&D, logistics and office services, improve the efficiency of energy use, promote recycling of resources and reduce pollution to better respond to climate change and achieve synergy development of economic and environmental benefits.

Our actions

- Use innovative technology to save energy, reduce consumption and increase efficiency
- Use clean energy and continue to pursue cleaner production
- Improve the recycling and reuse of waste and contribute to circular economy
- Implement green procurement and prioritize purchasing raw materials that have passed the sustainability certification
- Advocate the green office and low-carbon life

SDGs



Green management and qualification certification

Marubi has established sound environmental management system operation specifications, with the ISO 14001 Certification for Environmental Management Systems and Cleaner Production Certification obtained, and the "2017 Excellent Enterprise of Cleaner Production" (valid until April 2022, and now, in the process of review) granted to it. The Company has established a Green Factory Committee, responsible for checking and supervising the environmental protection management and effectively implementing the environmental-friendly concepts and measures of energy saving and emission reduction. In 2020, the Company conducted the self-assessment over its Green Factory and continued to improve the management level of the Green Factory. In January 2021, the Company won the title of "Guangzhou Green Factory".



Green innovation, energy conservation and consumption reduction

Marubi has always followed the "four basic principles", and is committed to the integration of the green development concept and the R&D and production processes by adopting a series of green technologies in the R&D and production process, to boost energy conservation, emission reduction, consumption reduction and efficiency improvement through concept innovation, technological innovation and process innovation, so as to build a resource-conserving and environment-friendly society.

Marubi's four basic principles of environment-friendliness:

- Low energy consumption in product use
- Low demand for production resources
- Low toxicity of raw materials
- Low recycling cost

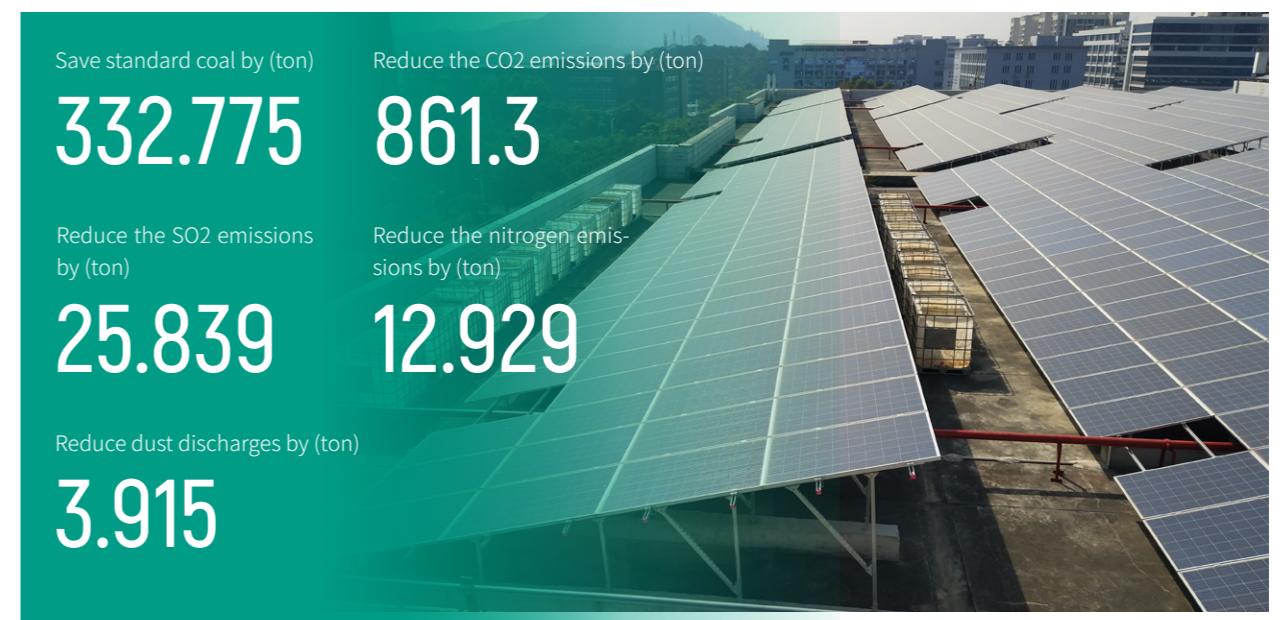
Promoting sustainable energy use

The Company reduces consumption and improves efficiency through technological transformation, and uses clean energy to achieve energy saving and low carbon. For example, the Company improves the production efficiency of emulsification and other aspects through automation and intelligent process control. We use the compound circulating condensation technology to change the condensation medium and condensation method, increase the condensation speed and effect, reduce consumption and improve efficiency; we use the central air conditioning with frequency conversion to reduce energy and consumption; and we use clean energy such as photovoltaic solar power to effectively optimize the energy structure.



Case | Distributed photovoltaic power generation to continuously optimize the energy use structure

In 2018, the Company developed a 1MW rooftop distributed photovoltaic power generation project in the 5C central area. The power generated by this project is used nearby to reduce the loss caused by power transmission. Meanwhile, it effectively reduces the consumption of conventional energy, especially coal resources, protects ecological environment, addresses the single supply of energy, and generates additional benefits for the Company, such as power charge discounts, expenditure reduction, thermal insulation and energy saving, and carbon emissions. Compared with the conventional thermal power generation, 1MWp installed capacity of the photovoltaic power generation project can save about 425 tons of standard coal, reduce emissions of about 1,100 tons of CO₂, about 33 tons of sulfur dioxide, about 16.5 tons of nitrogen and about 5 tons of dust every year. The installed scale of this project is 0.783MWp, and the effect of the conservation and emission reduction achieved every year is as follows:



Rooftop distributed photovoltaic power generation



Case | Energy-saving transformation of central air conditioning

The central air-conditioning system is the main energy-consuming equipment inside a building, representing more than 40% of the consumed power of the entire building. The central air-conditioning unit is designed to meet the maximum cooling and heating capacity of the workplace. However, there is a big difference between the actual use and the maximum design. More than 90% of system parts operate in the non-full load rated state. The traditional water and air regulation of the central air conditioning consumes a lot of energy, and the regulation quality is difficult to achieve the ideal state, resulting in poor comfort of air conditioning.

By conducting energy-saving transformation of the central air conditioning through control regulation by frequency converters, the Company saved 25% of power while improving regulation quality and comfort of the central air conditioning.



Energy-saving transformation of central air conditioning

Promoting the intensive use of water resources

The circulating water cooling system of the emulsification pot has been renovated to save water and electricity; product safety has been improved through pure water technology and ozone disinfection, while the utilization rate of water resources is also enhanced.

Case | Purified water process innovation

Purified water is one of the main raw materials for cosmetic production. The Company takes innovative purified water approaches to use the one-stage reverse osmosis + EDI water production system process, prepares the original tap water into pure water after a series of procedures, and then sterilizes it by using ultraviolet light with wavelength of 253.7nm and makes it meet the requirements for purified water for medical use and finally makes it available at the water use site. This process is to purify the domestic drinking water. The purified water does not contain impurities, microorganisms or germs, has high stability and reliability, improves the safety of products and complies with the Chinese Pharmacopoeia and effectively meets the production process and formula requirements of cosmetics. The purification rate of this process can reach 1:0.8, with a daily output of up to 40 tons, which greatly improves the utilization rate of the Company's tap water and reduces the waste of water resources.



Scene of pure water processing

Case | Water circulating cooling system transformation of emulsifying pot

In the process of cosmetics production, the heating is required and then the tap water is directly discharged for cooling as required. This cooling method will waste energy and increase production cost to a certain extent. Therefore, the Company updated the cooling system of the emulsifying pot. The cooling port of the updated emulsifying pot is connected to the exchange port of the plate heat exchanger by using a pipeline, with the other end of the plate heat exchanger connected to the chilled water pipe of the chiller unit, so as to form a closed-loop system of cold and heat exchange. When the emulsification cooling process is required, the cooling system is turned on and the cooling process starts.

The chilled water is heated to high temperature through high-temperature emulsifying pot hot exchange, and the heated water returns to the chilled plate heat exchange for cooling and is sent to the high-temperature emulsifying pot for circulating cooling until it meets the process requirements.



Water circulating cooling system of emulsifying pot

If one pot cools the water twice a day, the cooling water will be saved about 7.5m³ each time and 15m³ each day. There are 11 production pots, which save water by 11*15= 165m³ per day.

Case | Replace water disinfection with ozone disinfection

The Company improved the method of packaging material disinfection. The water disinfection is changed to the environmentally friendly and effective ozone disinfection for some glass bottle packaging materials that need to be cleaned and baked, reducing the water consumption; 5.5 tons can be saved for each 10,000 pieces of packaging material disinfection. The Company saved about 1,376.7 tons of water each year by using ozone disinfection, representing about 10% of annually consumed production water.

Exploring the development and use of biotechnology

The Company has continuously explored biodiversity, and developed bio-fermentation, plant extraction, genetically-engineered active proteins and other green bio-manufacturing approaches for active materials and basic raw materials based on synthetic biotechnologies (See the topic of research and development in this report for details of relevant cases, page 24).

Green manufacturing and cleaner production

Marubi adheres to developing into a model of green manufacturing and steps up the building of green manufacturing system. For doing so, the Company carried out the following tasks: apply the environmental protection concept of recycling to the packaging design of products; regulate the operation, management and maintenance of pollution prevention and control facilities in strict accordance with the pollution discharge standards, and carry out the environmental monitoring, the result of which meet the discharge standards; formulate the *Management Manual of Quality, Environment and Occupational Health and Safety*, and actively take measures to minimize the effect on the environment in the process of production, pursue the recycling of materials and promote the green manufacturing. Further, we periodically provide education and training on green manufacturing for employees, and communicate the concept of green manufacturing to each and every employee of the Company.

Green procurement

Adhering to the principle of green procurement, Marubi prioritizes the purchase and use of raw materials with less impact on the environment, thus promoting the sustainable development at the source. The Company conducts routine management over suppliers in accordance with the Measures for Routine Check and Management of Suppliers, the Regulations of Comprehensive Evaluation and Hierarchical Management of Suppliers and other regulations, requires suppliers to provide product information containing the reuse of harmful substances and recyclable materials, ensures sound management of the suppliers' products and raw and auxiliary materials, and at the same time carries out effective environmental inspection and regular training for the suppliers, to ensure the suppliers provide green and quality products.

- Prioritize the selection of suppliers that comply with the *Nagoya Protocol*.
- Prioritize the purchase of raw materials that meet the standards of the Roundtable on Sustainable Palm Oil (RSPO).
- Actively pay attention to biodiversity, and prioritize the selection of raw materials with less impact on biodiversity.

Green production

In terms of management of "three wastes" (i.e., waste gas, waste water and waste residues), the Company classifies them for treatment in accordance with the standards to reduce pollution. We also carry out daily monitoring and periodically engage a third party to monitor, with the aim to ensuring that the discharges meet the standards. The Company pursues economic growth while protecting environment, actively promotes recycling and reuse of waste and contributes to the circular economy development.

序号	类别	监测项目及标准一览表	监测结果
1	废水	化学需氧量(COD) 150 mg/L	—
2	氨氮	—	—
3	总磷	—	—
4	总氮	—	—
5	悬浮物(SS)	—	—
6	pH值	—	—
7	电导率	—	—
8	溶解氧(DO)	—	—
9	五日生化需氧量(BOD5)	—	—
10	挥发性有机物(VOCs)	—	—
11	恶臭	—	—
12	噪声	—	—
13	固体废物	—	—
14	环境空气	—	—
15	土壤	—	—
16	地下水	—	—



Third-party institutions issued 16 monitoring reports on waste water, waste gas and noise, indicating that the results meet the standards.

Management of waste water

The waste water treatment is the focus of our cleaner production. The Company continues to invest in and improve the building of the factory sewage treatment station. We have formulated the *Sewage Station Operation System* and the *Sewage Station Operation Instructions*, implemented 6S management, and regulated and guided the operation processes of the main unit tank of the sewage station and the sludge cultivation. In 2018, the Company upgraded the wastewater treatment process and adopted the front-end physicochemical and back-end biochemical methods to significantly reduce the discharges of phosphorus wastewater.



Photo of sewage treatment station of 5C factory

Management of waste gas

Regarding waste gas management, the Company reduces waste gas emissions generated from production by introducing advanced equipment, strengthening waste gas emission management and other measures, so as to reduce the impact on the environment.

Case | The workshops are equipped with the dust treatment system

The workshops are equipped with the dust treatment system, so that the dust-laden exhaust gas can be emitted into the outdoors after effective dust removal. This measure not only reduces the environmental pollution and but also guarantees the health of the workshop employees. In addition, the main engine of the dust removal equipment adopts a constant pressure control system and is equipped with a frequency converter. The pressure in the pipe will change according to the number of running workstations, resulting in variable frequency and change in the power of the main engine, achieving energy saving and emission reduction.



Dust treatment system of the production workshop




Case | Waste gas treatment in the sewage treatment station

The organic matter in sewage is prone to oxidation reaction in the process of microbial decomposition, thus producing ammonia, hydrogen sulfide and some mercaptan, methane and other gases with strong pungent smell. A large amount of malodorous waste gas will have material impact on the surrounding environment.

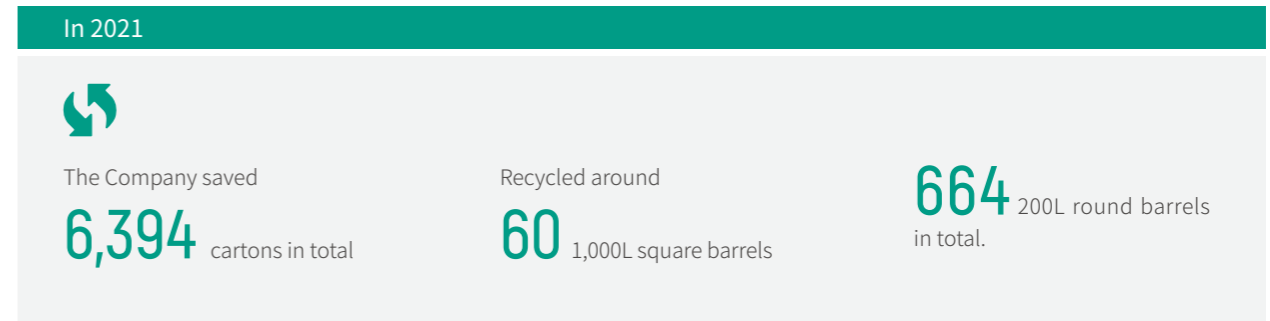
The factory sewage treatment station of the Company strictly complies with the national and local regulations on environmental protection and relevant emission standards, and adopts advanced, reasonable, mature and reliable treatment technology to ensure the waste gas is emitted in accordance with the standards. The said treatment technology includes: design the water spray purification device to separate ammonia and hydrogen sulfide in waste gas from waste gas; use the high-energy and high-ozone UV beam to irradiate the malodorous gas so that the malodorous gas is degraded and converted into low molecular compounds, water and carbon dioxide, and then emitted into the outdoor through the exhaust pipe.

Waste gas treatment system in the sewage treatment station [▶](#)



Management of waste residues and other wastes

Marubi actively promotes the waste recycling. We entrust the thirty-party companies with corresponding treatment qualifications and ability to treat hazardous wastes that cannot be treated by us independently, such as waste liquid, waste pain residue, waste paint residue, waste lamp and waste battery. The sludge from the sewage station is changed by the professional company to things of value. In addition, our workshops use green materials and recycling cartons and containers.



Case | Reuse sludge to make bricks

We entrust a thirty-party company with receiving and recycling the sludge from the daily pressure filtration of the factory's sewage treatment station. After a series of processes, the sludge is sintered into a new type of wall materials. It realizes the reuse of sludge, saves clay resources and solves the lifelong disposal of sludge.



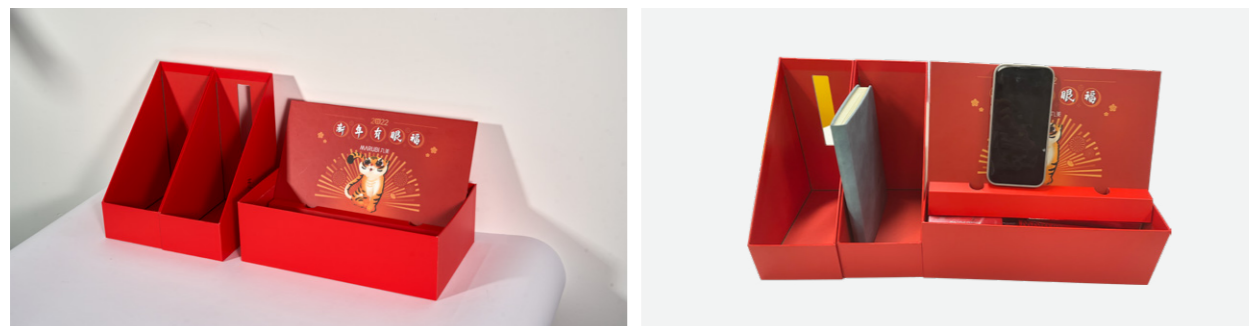
The sludge is made into environmentally friendly bricks after being processed

Green packaging materials to protect the environment

The Company steps up efforts to designing products at the source, and integrates the green and environmentally friendly concept into the packaging and design of products. The Company refuses to use the micro plastic packing. We use environmentally friendly ink in outer box printing, and emphasize the practicability of packaging and optimize the packaging structure to realize the recycling of resources and reduce environmental pollution.

Case | "New Year Skin Care" Gift Box Design

The Company continues to explore the environmentally friendly design of packaging gift boxes and to innovate and extend the usage of gift boxes. For exchange, for the "New Year Skin Care" launched by the Company, in addition to packaging products, this box can be used as a mobile phone and iPad stand. Under the stand, it's a storage box, which can be used to store cosmetics, accessories, etc. On the left side of the box, it is a customized storage rack, which can be used to store books. This beautiful and practical packaging box reduces the waste of resources, boosts packaging sustainability of products and promotes green production.



Environmentally friendly gift box of "New Year Skin Care"

Case | Popular products adopt simple packaging

The pvc materials are difficult to degrade and treat. In addition, harmful substances will be released and harmful waste will be generated in the production of pvc materials, which is not conducive to environmental protection and sustainable utilization of resources. In 2021, to reduce the use of pvc materials, the Company optimized the design and simplified the packaging for Marubi Polypeptide Protein, Marubi Elastin and other series of products. We changed the original pvc + carton box packaging to a folding box. Meanwhile, we reduced the printing area to achieve the effect and goal of reducing waste discharge and environmental pollution.



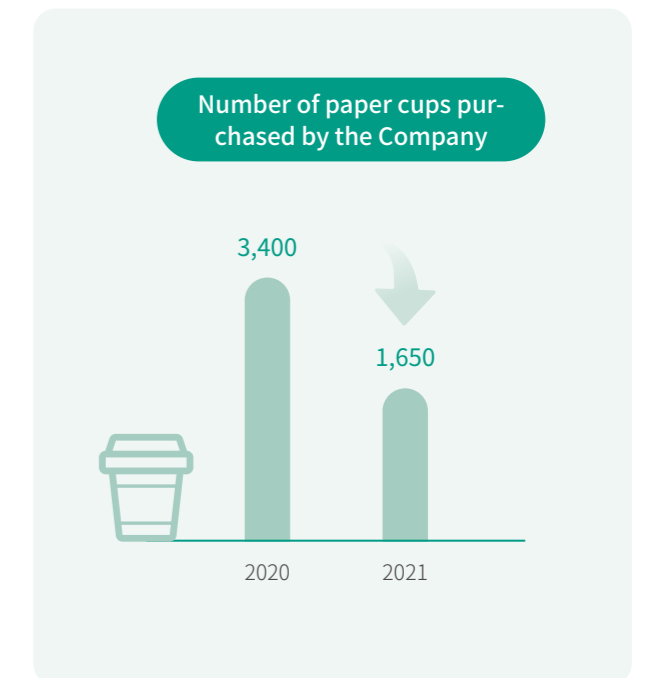
Comparison of old and new packaging boxes for Marubi Polypeptide Protein

Advocate the green office and low-carbon life

Marubi actively responds to the national policy on energy conservation and emission reduction, promotes green office in the Company's production and business premises, and practices low-carbon life. Meanwhile, it encourages its employees to participate in and take environmental protection actions to the best of their abilities, so as to contribute to the protection of our green home.

Our actions:

- Adopt grading design for different premises, and use LED energy-saving lighting equipment, to effectively reduce energy consumption.
- Paperless office and advocate less use of fresh air equipment.
- Provide small-capacity bottled water to visitors, advocate the empty-bottle action, and encourage employees to bring their own water cups to reduce the purchase and use of disposable paper cups.
- Organize the recycling of used batteries, and encourages employees to actively participate in the recycling of used batteries.
- Continuously improve employees' environmental awareness through environmental protection tips and environmental protection training.



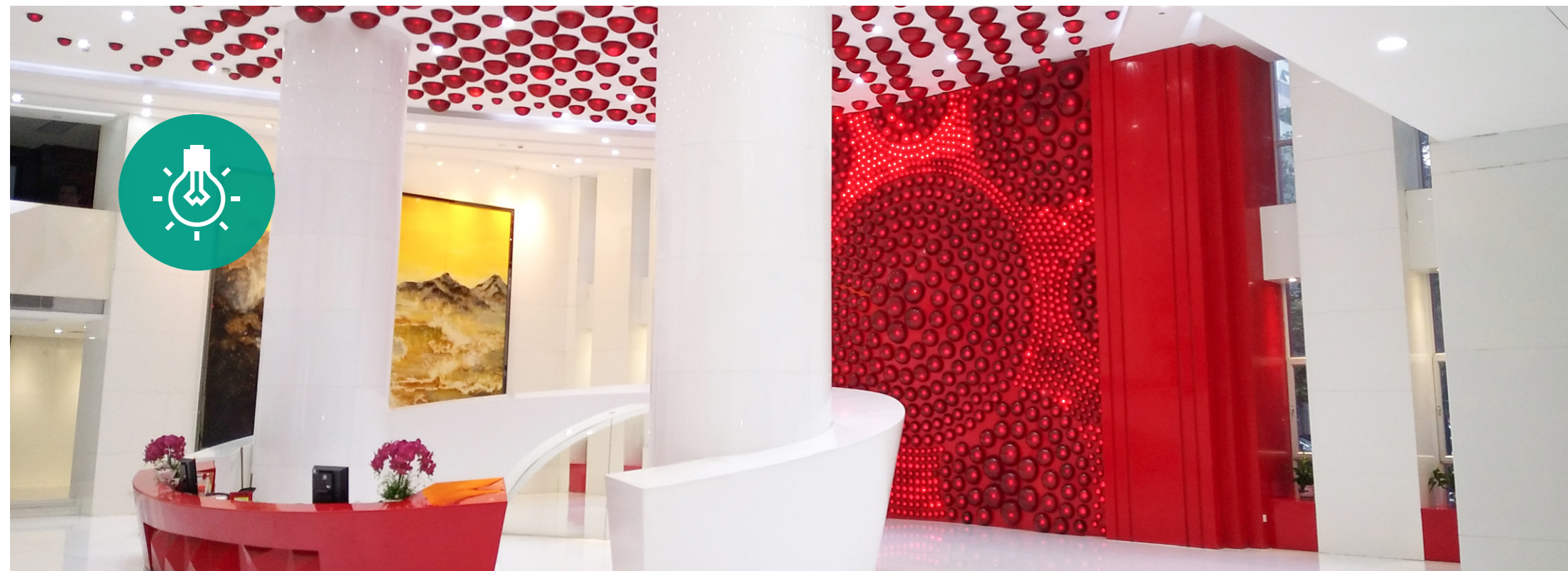
Case | LED energy-saving lighting

LED energy-saving lamp is a light-emitting diode with high brightness and white light source. As a new generation of solid cold light source, it features soft and colorful light color, low loss and low energy consumption, and environmental protection, so it is suitable for long-term lighting in various premises. Meanwhile, it also protects the eyes because of no-flash direct current.

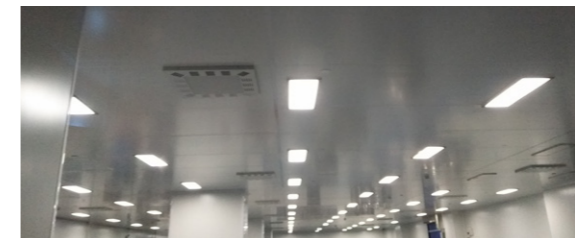
The Company uses LED lamps as its main lighting sources, covering main areas such as office meetings, public living places, production and storage places, representing more than 95% of lighting equipment. If the light is operated for 8 hours in a day and 22 days a month, about 3,801,600 kWh of electricity will be saved, with remarkable energy-saving effect.

In accordance with the provisions of the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020), the electricity saved by the Company's lighting projects is converted to the annual comprehensive energy consumption at the reference conversion coefficient of 0.1229kgce/(kWh), with the details shown in the following table:

2021	
Save standard coal by (ton)	Reduce the SO ₂ emissions by (ton)
467	4
Reduce the CO ₂ emissions by (ton)	Reduce nitrogen oxide emissions by (ton)
1,214.2	3.5



LED energy-saving lighting at the office area



LED energy-saving lighting at the production workshop



LED energy-saving lighting at outdoor corridors

Case | Battery recycling box

Marubi has formulated the waste batter recycling plan, encourages employee to foster the environmental protection awareness, designs waste battery recycling box by ourselves, and guides employees to actively place the waste batteries into the waste battery box in their daily work. And then the Company periodically gives such batteries to professional environmental protection companies for regulated treatment.



Battery recycling box of the Company





Social Responsibility: Win-win cooperation

An excellent enterprise should be an excellent enterprise person. Marubi is well aware that in addition to creating economic value and maximizing the interests of shareholders and investors, a modern enterprise should create social value. On the basis of respecting mortality and complying with regulations, we do our best to make a strong response to concerns of employees, suppliers, customers, industry, the public and other stakeholders. Marubi aims to give full play to its strengths and strives to become a leading torchbearer in shouldering social responsibility.

Our actions

- Safeguard employee's health, rights and interests and help employee grow, mature and succeed
- Provide high-quality products and services with the "integrity-based and customer-oriented" philosophy
- Establish good cooperation relations to achieve win-win cooperation with relevant parties
- Participate in industry activities and contribute to industry regulation and development
- Contribute to the building of culture, education and society

SDGs



Help employee grow, mature and succeed with the "people-oriented" philosophy

Employees' rights, interests and benefits

Employees' rights and interests

The Company strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and the *Social Insurance Law of the People's Republic of China* and other laws and regulations. It has formulated the Employee Handbook and other regulations and measures, to continuously improve employee management and protect legitimate rights and interests of employees. Besides, the company always advocates and adheres to gender equality, employment diversity and other concepts, and strives to create a fair, respectful and diverse working environment.



- The proportion of female employees in the Company is **69%**
- The proportion of male employees in the Company is **31%**

Employees' benefits

Marubi actively promotes the life outlook of "learning by heart, concentrating on work, and living happily", and stays committed to becoming the most solid force behind employees. The Company has formulated the *Performance Management System of Marubi*, the *Salary Management System of Marubi* and the *Benefits Management System of Marubi* to provide legal, reasonable and perfect rights and interests for employees.

Mandated benefits	Company's benefits
Endowment	Wedding gift
Work-related injury insurance	Baby gift
Unemployment insurance	Birthday gift
Maternity insurance	Health gift
Medical insurance	Holiday benefits
Housing funds	Internal product purchase discounts
Legal holidays	Transportation and meal allowance
	Employee honor
	Filial piety wages
	Communication allowance
	Portable computer allowance
	Perfect attendance bonus
	Gift for new employees
	Physical examination
	Team building
	Commercial casualty insurance

Table of employee benefits of Marubi



Employees' benefits on the Women's Day



Employees' benefits on the Dragon Boat Festival

In 2021
 The Company distributed
5,124 holiday benefits

Care for employees

Marubi has always been guided by the principle of caring for employees and enriching their life. The Company attaches importance to employee activities, and sends various warmth to employees from the perspectives of employee health, employee growth, corporate culture and special groups by carrying out the activities for departmental team building, club team building, company team building, festival and employee family. For new employees, the Company has also formulated the *Life Mentor Management System of Marubi* to help new employees quickly adapt to environment and work.



Case | Corporate Culture Festival

The Company has held the Corporate Culture Festival for all employees annually since 2015, including such rich activities as annual strategic presentation, culture training, debate competition, sports meeting, annual commendation conference, dinner party. The Corporate Culture Festival not only commends achievements made by employees over the past year, but also acts as a stage for employees to show themselves. This greatly deepens the bond of kinship between the Company and the employees, increases their belongingness, and enable employees to really understand the Company's strategy and corporate culture. At present, Marubi has held the Corporate Cultural Festival for consecutive 7 years.



Scene of the Corporate Cultural Festival of Marubi





Case | Club activities

In July 2021, the Company's Master and Doctor Elite Club co-hosted with the Party branch of the Company the activity under the theme of "Celebrating 100th Anniversary of the Founding of the CPC and Passing on the Traditions of Revolutions". The participants first visited the "Revolutionary History Exhibition" of Guangdong Museum to conduct Party history learning, and then watched the movie "1921" and shared their feelings and experiences. Through this activity, the participants deepened their understanding of history and gained a force to do their own work with concrete actions and sense of responsibility, contributing to the Group growth.



Visit the "Revolutionary History Exhibition" of Guangdong Museum



Shared feelings and experiences after watching the movie "1921"

Employee safety and health

Production safety management

Marubi always puts safety first, and promotes the management and practice of safety production in a coordinated manner by improving the construction of the management system, improving the management system and process support, organizing production safety training and other measures. In order to deepen the production safety management, the Company has formulated 26 safety management system documents including the *Emergency Rescue Plan in Case of Accidents Caused by Precursor and Explosive Chemicals*, *Hazardous Chemicals Safety Management Procedures*, *Emergency Preparedness and Response Control Procedures*, *Pipeline Natural Gas and Bottled Gas Safety Management Procedures*, etc., to strictly regulate and manage each link of production safety. In 2021, the Company obtained the Occupational Health and Safety Management System Certificate, with no negative incidents related to employee safety and occupational health throughout the year.



Occupational Health and Safety Management Systems Certificate



2021 Occupational Hazard Testing Report



The Company's employees were participating in the annual welfare physical examination

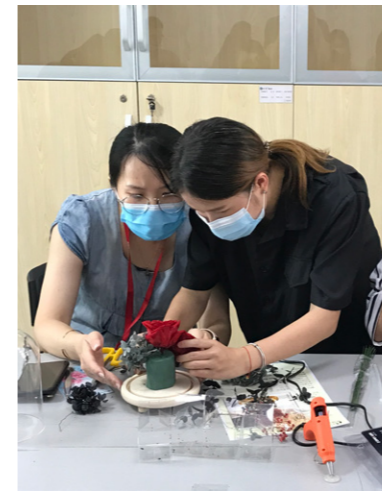


Case | Work Safety law popularization training

The *Law of the People's Republic of China on Work Safety* came into force from September 1, 2021. Marubi immediately made a response. We organized law popularization activities such as regulation study symposium and knowledge Q&As. Through learning activities, employees fully understood the legislative concept of the new Work Safety Law and grasped the provisions of the law. Meanwhile, these activities also propagandized the provisions of the law with which we as a production and operation enterprise shall comply, strengthened the responsibility of the work safety entity, and consolidated the work safety management. The goal is to establish a sound work safety responsibility system and work safety regulations, improve work safety conditions, promote work safety standardization building, lift the work safety level and guarantee work safety.



Scene of the Work Safety Law popularization training



Ikebana activity on the International Women's Day in 2021



The management was singing the song titled "Meet in Marubi"



Interacted with employees' families on stage during Marubi's family activity

Safety emergency exercise

The Company actively cooperates with professional fire rescue organizations to carry out firefighting training, firefighting drills, firefighting competitions and other safety drills from time to time every year, to ensure the timeliness and effectiveness of the emergency plans and emergency equipment of the Company, and continuously improve employees' fire safety awareness and fire emergency capabilities.

Case | 2021 fire drill

To implement the fire safety policy of "focus on prevention supplemented by firefighting", prevent fires and emergencies, improve the employees' ability to respond to emergencies, guarantee the safety of employees' live and property and maintain the fire safety of the Company and its surrounding areas, Marubi and the fire squadron jointly carried out the training activity on fire escape and initial firefighting. We aimed to improve emergency response capabilities of internal and external cooperation through joint operations by external professional fire rescue units and the Company's internal emergency rescue group. What's more, the Company's internal emergency rescue and disposal capabilities were further tested. Any deficiencies, if found, would be rectified and improved. Through this training, employees are familiar with the use of firefighting equipment and how to carry out emergency evacuation, and their firefighting skills and emergency response capabilities are improved.



Scene of fire drill

Protect physical and mental health

To protect the physical and mental health of employees, the Company invites third-party professional institutions to conduct comprehensive monitoring of occupational hazards, to ensure the safety and hygiene of employees' workplaces. Meanwhile, the Company provides employees with physical examinations every year, for health monitoring and management of employees in specific positions exposed to occupational disease risks. Besides, the company also invites third-party professional institutions to carry out traditional Chinese medicine physiotherapy, mental health training and counseling and other activities, to ensure the physical and mental health of employees.

Case | Traditional Chinese medicine physiotherapy activity

In December 2021, in order to enhance physical and mental health of all employees, promote our culture of "concentrating on work and living happily" and guide a healthy lifestyle and disease prevention thinking, we invited a traditional Chinese medicine expert and carried out the health consultation and physiotherapy activity to help employees foster correct health preservation and health thinking and instruct employees to correctly develop their own health preservation programs.



Scene of the traditional Chinese medicine physiotherapy activity

Normalized management of epidemic

The Company has formulated the *Manual of Protection and Control against COVID-19*, to carry out overall control from multiple perspectives, such as resumption of work, commuting protection, office protection, office disinfection, mental protection and emergency treatment of abnormal personnel, which effectively guarantees the effect of epidemic protection, with 0 confirmed case since the outbreak of the epidemic.



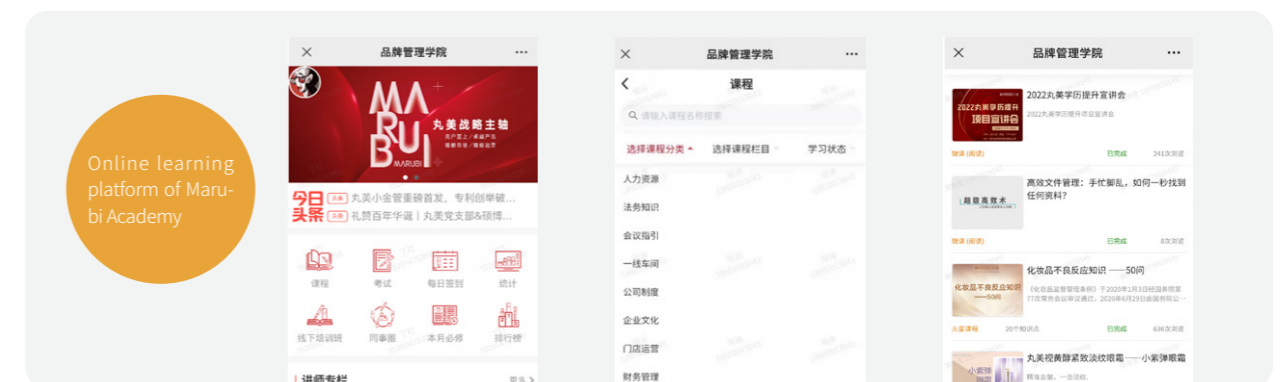
Check the travel record when entering the building Keep a distance to eat outdoors

Employee cultivation and growth

Learning and growth

By following the learning view as "Learn during the lifetime, and apply what we have learned", Marubi stays committed to building a learning organization. The Company has established its unique knowledge base, promotes the two-way parallel mechanism for online and offline training, internal and external lectures and provide employees with rich and diverse training courses, including new employee training, general quality training, key ability training, leadership training, dealer training, retail terminal training, to help employees grow.

The Company has built an online platform, namely Marubi Academy, which opens three colleges based on different learning demands of front, middle and back office personnel: i.e., Brand Management College, Operation College and Retail College. Such colleges provide systematic learning courses respectively targeting general knowledge and professional knowledge such as management, operation, skills, products, techniques and scientific principles. A total of online 865 courses and 1,475 sub-courses were offered.



Case | Employee training

To help new employees get familiar with the Company and its culture quickly, Marubi provides new employees with a 3-day centralized training on a periodic basis. The training content covers factory visit, corporate culture, career development path, salaries and benefits system and channel business.



Photo of new employee training



Training exam



Excellent training teams

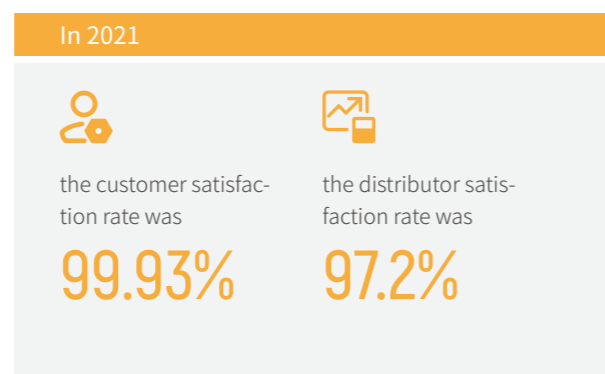
Career development

Marubi attaches great importance to the training, growth and career development of employees, and strives to build a "fair, impartial, objective and competent" promotion mechanism, to enrich and improve management and technical development channels, so that every employee can find a suitable development direction. Besides, the Company has also formulated a talent training mechanism and a talent succession mechanism, including an internal mentoring system, directional training plans, and personal development plans for employees, in order to establish a complete process and system from training method, training direction to employee's wishes, which can customize a "growth path" in Marubi for every employee.

Take customer first with integrity and develop win-win cooperation

Customer service

Marubi has formulated the After-sales System, the *Quality Compliant Management System*, the *Customer Satisfaction Survey System* and a set of standardized customer service procedures to optimize customer services and improve customer experience. To facilitate customer feedback, the Company has opened multiple communication channels including 400 national customer service hotline, official WeChat account and official online mall customer service, and timely replied the questions from customers. For distributors, with the philosophy of common development and progress, the Company strives to establish a good cooperation relation with distributors. The Company also regularly conducts customer service training campaign and summarizes questions, and continues to improve service process to advocate the improvement of the overall service quality.



Personal privacy protection

Marubi attaches great importance to the personal privacy protection and effectively protects the customers' privacy in the process of the Company's digital transformation. The Company strictly complies with the provisions of the *Law of the People's Republic of China on Personal Information Protection*, the *Data Security Law of the People's Republic of China* and other relevant laws and regulations. Under the leadership of the Company's President Office, the Digital Technology Department is responsible for implementing the overall governance of the Company's data security and network security to guarantee the data security and customer privacy. To improve our employees' awareness of information security, the Company's President pointed out and required at the meeting that head of each department should attach great importance to and implement the information security work, carry out regular or irregular information security education for employees, and cooperate with the Digital Technology Department fully in respect of information security work and requirements, thus strengthening the protection of information security and privacy in the management process.

Cooperate with suppliers

Marubi has always attached importance to cooperating with suppliers and established a good cooperation relation with suppliers through full cooperation and close communication to achieve common growth and contribute to sustainable development.

In selecting suppliers, the Company prioritizes the product and service quality and actively incorporates the principle of sustainable development into the scope of supplier assessment, and has established a whole-process supplier assessment and management mechanism. The Company also offer corresponding training and presentations to suppliers to help them understand the philosophy and corporate culture of the Company. The Company has established a strategic cooperation relation with important suppliers and they jointly research and develop the raw materials and formulas to provide customers with better products and services.

Case | The whole-process layout of digital supply chain

Through digital transformation of supply chain, the Company achieved the real-time visualization of the data on its supply chain sector, and used such data for sales forecasting, production planning, procurement planning, inventories and other business aspects. With these efforts, the problems existing in each aspect of the supply chain are clear at a glance, which not only improves the efficiency of the supply chain but also provides the customers with better services. Meanwhile, all links of the whole life cycle of the Company's all products were connected through the in-depth application of the product sections. We realized the automatic model calculation from patent layout analysis and filing data analysis related to the product R&D in the early stage, to the market trend, price zone, competitive product analysis and comment analysis related to product planning in the medium stage and then to the sales tracking of various channels, product inventories and production related to the product sales in the later stage.

Marubi's digital application - Retail Store

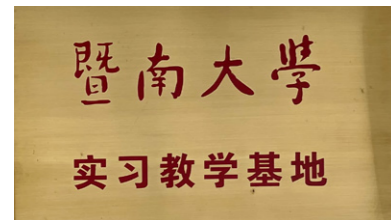
Screenshot of SAP system

Marubi's Data Center

Industry-university-medical-research cooperation

The Company continues to reinforce its cooperation with the industry, universities, medical institutions and research institutes, and is committed to joint research and co-creation with universities, research institutes, hospitals and other professional institutions, to enhance the Company's overall research and development level from multiple perspectives, such as raw materials, technologies, formulas, clinical testing and human testing (See the topic of research and development in this report for details, page 22).

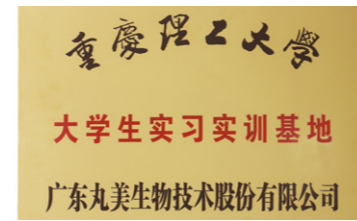
The Company continuously cooperates with universities, steps up efforts to promote the building of training bases and has become the practice and training base for Jinan University, Chongqing University of Technology and Guangdong Pharmaceutical University, etc., and offers a platform for the growth and practice of students. In 2021, the Company was recognized as the "Postdoctoral Innovation Center of Huangpu District, Guangzhou". The Company will continue to further open the innovation system, and capitalize on the new platform - Postdoctoral Innovation Center and the advantages of regional industry ecosystem, with the aim to build a smart network for cosmetics science and technology which will empower the industry innovation and upgrading with cutting-edge technology and further promote sustainable development of the industry.



Practice and teaching base of Jinan University



Postdoctoral Innovation Center of Huangpu District, Guangzhou



Practice and training base for students from Chongqing University of Technology

In 2021

The Company concluded the cooperation agreement with **10** colleges and universities

cultivating **32** students

offering **218** practice opportunities in total

Contribute to industry growth and integrate value

As an industry leader in China, Marubi drives the growth of the overall industry while pursuing its rapid development. We have participated in the preparation of relevant national and industry standards, published professional papers, attended the industry activities and held industry forums (See the topic of research and development in this report for details, page 26). In 2021, the Company opened the "Skin Manager Training Camp" course. The Company continues to explore technology innovation and industry model innovation and is committed to guiding the industry growth.

Case | "Skin Manager Training Camp" course

With a focus on industry growth, the Company opened the "Skin Manager Training Camp" course, a national skill training campaign, to help the rapid growth of the overall industry and enrich the reserved professional talents.

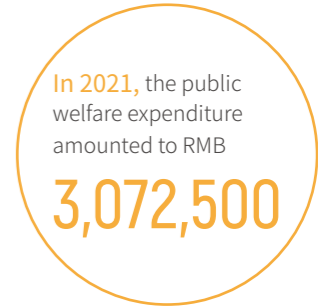


Scene of "Skin Manager Training Camp" course



Be grateful to the society, and act for goodness

In 2021, the Chinese government proposed the "third distribution", demonstrating the significance of common prosperity once again. Marubi stays true to its original aspiration and works hard to give back to society. With the responsibility outlook as "Be grateful to the society, and act for love", the Company has insisted on shouldering social responsibility since inception, delivering "Marubi Love" in terms of culture, rural revitalization and education and contributing to the society.



Care for children

In 2008, Marubi formally establish "Better Care" Fund, namely, for every bottle of product sold, RMB 0.1 will be donated to public welfare from the income, to support education in underdeveloped areas, helping them extend and repair school buildings, purchasing teaching equipment, living and learning suppliers for children.

In 2014, the Company donated RMB300,000 to Guangdong Soong Ching Ling Foundation as long-term financing for poor children hospitalized in ophthalmology department of Guangzhou Women and Children's Medical Center and other poor children in critical condition hospitalized in other hospitals, with the hope that the poor children with eye diseases and other diseases would have a pair of healthy eyes as soon as possible.

In 2021

The Company donated **24** Marubi love primary schools in total across the country.

The Company supported a total of **27** children with eye disease



Visit the child with eye disease



"Better Care" Fund

Inheriting culture

Located in the western end of Hexi Corridor, Dunhuang is the only existing gathering place of four major human civilizations and was also a major stop on the ancient Silk Road. It is of great significance to protect, continue and pass on the historical civilization of Dunhuang and Mogao Caves. Marubi donated RMB1 million in 2021, to establish the "Special Fund of Dunhuang · Chinese Heritage" for strengthening protection of cultural relics and cultural heritage.



Photo of guests attending the Charity Conference of China Dunhuang Caves Protection and Research Foundation

Giving back to the society

The Company donated RMB379,986.53 to Shixi Village, Yangshan County, Qingyuan City, Guangdong for the repair of street lamps, contributing to the construction of rural transportation infrastructure; we also donated RMB200,000 to Weining County, Bijie City, Guizhou, a poverty-stricken county for which Guangzhou provided targeted support, to support the conduct of Xinfu township's poverty alleviation projects.

Meanwhile, Marubi encourages employees to actively participate in social welfare. In June 2021, the Company's Party branch responded to the call by purchasing daily necessities for families in need, assisting them in housework, and addressing their difficulties. In July, a major flood occurred in Henan, after which the Company's R&D Department acted quickly by donating RMB10,000 to them for disaster relief.



"Help Families in Financial Difficulty" activity organized by the Party branch of Marubi

Committed to education



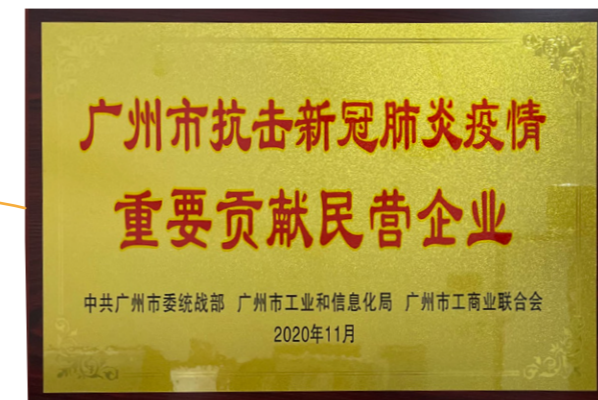
Presentation of award to Marubi Top Ten Students in 2021

To promote the education development and boost the talent training, Marubi donated RMB1.9 million in cash and Marubi products worthy of RMB2 million to Chongqing University of Technology for school building, talent education, and has established the "Pioneers from the School of Economics and Finances" reward fund. Meanwhile, top 10 students from Chongqing University of Technology were also named "Marubi Top Ten Students".

Engage in COVID-19 containment

The COVID-19 pandemic has swept across the world. In January 2020, when the domestic epidemic was at the early stage, Marubi donated RMB5 million in cash for virus response. In addition, the R&D Department also donated RMB30,000 voluntarily. In June 2021, donated supplies worthy of RMB62,500 to anti-epidemic workers in Haizhu District.

Meanwhile, Marubi combines the fight against the virus with its own business. In March 2020, the Company delivered to 5 hospitals in Wuhan City and Xiaogan City, Hubei Chunji special care moisturizing repair toner and cream worthy of RMB358,000 as these products can effectively prevent the "mask face" (known as the contact dermatitis) via anti-allergic patents, so as to contribute its professional force to the basic needs of front-line doctors and nurses.



Receive an anti-epidemic plaque from the municipal government



Scene of donation of supplies for Haizhu District

Key Performance

Economic performance

Indicator	Unit	2021
Revenue	RMB	1,787,028,564.22
Net profit	RMB	247,921,313.25
Total assets	RMB	3,761,645,909.30
Number of R&D staff	Person	97
Proportion of Number of R&D staff	%	8.10
Total research and development expenses	RMB	50,488,237.81
Taxes during the reporting period	RMB100 million	2.53
Total dividends to shareholders during the reporting period	RMB100 million	1.41

Note: See 2021 Annual Report of Marubi for other financial data of Marubi in 2021

Environmental performance

Energy

Indicator	Unit	2021
Annual electricity consumption	kWh	4,617,846
Revenue	RMB10'000	178,702.86
Energy intensity	kWh/RMB10'000 revenue	25.84
Electricity efficiency	RMB10'000 revenue/kWh	0.04

Note: (1) Energy intensity reflects the energy consumed by each RMB10,000 of revenue, so the less the energy each RMB10,000 of revenue consumes, the lower the energy intensity will be; (2) Energy efficiency reflects the revenue generated by every kWh of electricity, so the greater the revenue each kWh of electricity generate, the higher the energy efficiency will be.

Water Resource

Indicator	Unit	2021
Water resource consumption	Ton	54,927
Revenue	RMB10'000	178,702.86
Water resource consumption intensity	Ton/RMB10'000 revenue	0.31
Water resource efficiency	RMB10'000 revenue/ton	3.25

Note: 1. Energy intensity reflects the energy consumed by each RMB10,000 of revenue, so the less the energy each RMB10,000 of revenue consumes, the lower the energy intensity will be; 2. Energy efficiency reflects the revenue generated by every kWh of energy, so the greater the revenue each kWh of energy generate, the higher the energy efficiency will be. 3. Water resource consumption intensity reflects the water energy consumed by each RMB10,000 of revenue, so the less the water resource each RMB10,000 of revenue consumes, the lower the consumption intensity of water resource will be.

Greenhouse gas emission

Indicator	Main emission source	Unit	2021
Direct emissions (Category 1)	Natural gas	Tons of CO ₂ equivalent	497.59
Indirect emissions (Category 2)	Electricity purchased		3,106.26

Note: 1. Direct emissions means the greenhouse gas emissions from the combustion of fossil energy such as coal, natural gas and oil and from industrial production processes. 2. Indirect emissions means greenhouse gas emissions caused by purchased electricity and heat. 3. The greenhouse gas emissions here are emissions from major sources.

Social performance

Indicator		Unit	2021	
Employees	Total employees	Person	1,197	
	By gender	Male employees	Person	377
		Female employees	Person	820
	By age	21 (inclusive) - 30 years old	Person	539
		31 (inclusive) - 40 years old	Person	490
		41 (inclusive) - 50 years old	Person	146
		51 years old or above	Person	22
	By education	Below junior college diploma	Person	779
		Bachelor	Person	351
		Master or above	Person	67
Middle management distribution by gender	Male employees	Person	42	
	female employees	Person	59	
Labor contract signing rate	%	100.00%		
Social insurance coverage rate	%	100.00%		
Trade union coverage rate	%	100.00%		
Total training length	hour	21,432		
Society	Social welfare expenses	RMB10'000	307.25	

Indicator Index













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About this report			GRI101 GRI102	P1
Message from Chairman			GRI102	P2
About Marubi	Company Profile		GRI201/GRI202	P4.2/P4.3/P4.4/ P4.5/S1.5/S1.6
	Corporate Culture		GRI102	P4.1/G1.1
We have been focusing on the "present" in the past twenty years			GRI416/GRI417	M2.1/M2.2/M2.3/ M2.4/ M2.14/ M2.15/M2.18
Select the optimal technology to reveal anti-aging secrets				
Governance Responsibility: Pursue Excellence in Corporate Governance	Continue to improve the corporate governance level		GRI101/GRI102/ GRI103	M1.1/M1.2/M1.4
	Strengthen investor relations management		GRI102	M1.5/M1.6/M1.7
	Improve internal control system and strictly control risks		GRI102	S1.1/S1.2
	Consolidate the integrity and self-regulation defense lines		GRI205	M1.3
	Protect the intellectual property rights and ignite the dynamism		GRI206	M3.5
Green management and qualification certification	GRI103		E1.1	
Environment Protection Responsibility: Pursue Green and Low-carbon Development	Green innovation, energy conservation and consumption reduction		GRI305/GRI306	E2.11/E2.12
	Green manufacturing and cleaner production		GRI302/GRI305/ GRI306	E2.11/E2.12/E2.3
	Green packaging materials to protect the environment		GRI308/GRI414	M3.11/M3.12
	Advocate the green office and low-carbon life		GRI305/GRI307	E2.24/E2.25/ E3.1

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Social Responsibility: Win-win Cooperation	Help employee grow, mature and succeed with the "people-oriented" philosophy	 	GRI401/GRI402/ GRI404/GRI405/ GRI406/ GRI407	S2.1/S2.2/ S2.4/ S2.7/S2.8/ S2.10/ S2.14/S2.15/ S2.17/S2.18	
	Take customer first with integrity and develop win-win cooperation		  	GRI308/GRI414/ GRI415	M3.6/M3.8/M3.10/ M3.11/M3.12/ M3.15
	Contribute to industry growth and integrate value	 		GRI102/GRI203	M3.4/M3.5/M3.6
	Show gratitude to society and devote love				GRI413
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Feedback Form

Dear readers:

Thank you for reading *2021 Environmental, Social and Governance (ESG) Report of Guangdong Marubi Biotechnology Co., Ltd.* in your busy time. In order to provide you and other stakeholders with more valuable information and effectively promote the Company's ability and level to fulfill social responsibility, we sincerely look forward to your comments and suggestions.

Multiple-choice Questions (please tick ✓ in the appropriate place)

1.What do you think of this report as a whole?

excellent good fair bad worse

2.What do you think of the response to and disclosure of the concerns of stakeholders?

excellent good fair bad worse

3.What do you think of Marubi's fulfillment of economic responsibility?

excellent good fair bad worse

4.What do you think of Marubi's fulfillment of environmental responsibility?

excellent good fair bad worse

5.What do you think of Marubi's performance of safety management?

excellent good fair bad worse

6.What do you think of Marubi's fulfillment of responsibility toward employees?

excellent good fair bad worse

7.What do you think of Marubi's fulfillment of responsibility toward communities?

excellent good fair bad worse

8.Are the information, indicators and data disclosed in this report clear, accurate and complete ?

excellent good fair bad worse

9.Do you think that the content arrangement and layout design of this report are easy to read?

Yes No

Open-ended question

What are your comments and suggestions on the fulfillment of social responsibility by Guangdong Marubi Biotechnology Co., Ltd. and on this report?

Your contact information:

Name:

Phone:

E-mail:

Employer:

Position:

Contact address:

You can provide your valuable comments and suggestions to us by calling, emailing or courier, and we can be reached as follows:

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