

MARUBI 丸美

2022

**Environmental,
Social, and Governance
(ESG) Report**

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About the Report

Introduction

This report is the 2nd ESG Report issued by Guangdong Marubi Biotechnology Co., Ltd. (hereinafter referred to as "Marubi" or the "Company") to stakeholders. It 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. This report mainly covers the period from January 1, 2022 to December 31, 2022, while some contents may extend to the previous years or reflect the policies and practices of year 2023.

Report scope and boundaries

Unless otherwise specified, this report covers Marubi as well as its branches and subsidiaries. The "Marubi" and the "Company" herein shall mean Guangdong Marubi Biotechnology Co., Ltd. as well as its branches and subsidiaries.

Information description

The data used in this report come from public data of government departments, internal statistical data, administrative documents and reports of the Company, third-party evaluations and interviews, etc. Unless otherwise specified, the monetary amounts shown in this report are dominated in RMB. In case of any inconsistency with the data of the financial report, the financial report shall prevail. 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 jointly and severally assume the liabilities for the authenticity, accuracy and completeness of the contents hereof.

Preparation basis

- 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-ESG 5.0)
- 2030 Sustainable Development Goals (SDGs) of the United Nations
- GRI Standards of GRI (Global Reporting Initiative)

Preparation process

This report is based on the Company's ESG practice and follows the process of "project approval - collection of materials - preparation and revision - review by senior management - review by the Board of Directors - disclosure to the public". Active communications are carried out with relevant stakeholders in the process of project approval, preparation and revision, and other links to discuss the structure and contents of the report.

Release form

This report is released in electronic form. You may visit the website of the Shanghai Stock Exchange or the Company's website (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 (020) 66378685.

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Message from Chairman

Growth for the good of all

Courage makes us believe we can challenge adversity

Belief is what we developed with enduring courage over time

We believe in the power of time, the power of belief

In 2022, the 20th National Congress of the Communist Party of China mapped out a grand blueprint for building a socialist modern country in an all-round way and advancing the great rejuvenation of the Chinese nation on all fronts through a Chinese path to modernization, sounding a clarion call of the times for a new journey. The Company has forged ahead with its original intention. Over the past two decades, we have focused on the cosmetics industry to find, create, and share beauty. We are always devoted to becoming a world-class competitive brand.

CEO of Marubi
Sun Huaqing

With China's 14th Five-Year Plan for bio-economy development, the rapidly increasing demand of consumers in "medicine", "food", "cosmetics", and "safety" has drawn more attention. Additionally, a number of major changes are brewing in bioengineering and biotechnology. We adhere to the strategy of "customer first, excellent products, exploitation of market advantages, and precise operation", espouse the core business philosophy of sustainable development, and keep up with the times to deliver great performance in research and development, products, brands, and services.

Persistence in scientific and technological innovation

We believe that technological innovation changes the world. To control the discourse power of raw materials, we lead the industry into the era of "Chinese ingredients". The "recombinant collagen" developed by us is the world's leading anti-aging ingredient, which can rival the three leading anti-aging ingredients - Boswellin, A-alcohol, and Peptide. It boasts "the 4th leading anti-aging ingredient in the world".

Committed to efficient governance

Excellent governance is the cornerstone of a company's long-term sound operation and healthy development. At the governance aspect, we continue to improve the corporate governance system, maintain standard operation, improve the internal control and compliance system, and strictly observe business ethics. In particular, we protect intellectual property rights, actively promote digital construction, and improve overall values to create a solid foundation for long-term and sound development of the Company and safeguard shareholders' rights and interests in the long run.

Jointly building a green ecology

We aim to build a "clean, efficient, low-carbon and circular" green enterprise and achieve sustainable and green development. At the environment aspect, we implement lean production, costs reducing and efficiency increasing; we actively develop and apply green technologies, and continue to implement energy, natural resources, and emission management; we promote green operations and green development.

Creating prosperity

To integrate social responsibility into the development of our business is our commitment to the common development and prosperity of the times. We believe in the principle of integrity, and always give back to society. At the society aspect, we strive for excellence in products to win the trust of customers; we care about our employees and help them grow, mature and succeed; we act for love, actively participate in public welfare and work together to achieve prosperity.

Growth for the good of all

The only way to achieve success is to keep forging ahead and seek win-win cooperation. Believing in long-termism, we integrate the ESG management model with company operations through actively putting the idea of sustainable development into practice. In the next 10 years, we will invest hundreds of millions of yuan to continuously drive the development of the industry, firmly practice the ESG concept to become an excellent enterprise with technological innovation as the focus, the beauty and health of the people as the mission.

About Marubi

Company and brand profile

About Marubi

Since its establishment in 2002, Guangdong Marubi Biotechnology Co., Ltd. has been committed to the R&D, production and sale of cosmetics based on research on "skin science" and "biological science" research. Its brands 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 the anti-aging segment with eye care at the core 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 eight 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 put into operation in 2014. The 5C factory has passed the ISO 9001 quality management system certification, the US FDA GMPC certification and the EU's ISO 22716 (GMP) cosmetics production certification, qualification certificate of inspection and testing institutions (CMA) and other certificates.

The Company adheres to independent R&D. It is driven by joint R&D both at home and abroad. The Company focuses on skin anti-aging, deeply cultivates beauty and health, and pursues

the development of biotechnology such as genetic engineering, synthetic biology, biological fermentation, and plant extraction. In 2022, the Company's own raw material factory and cosmetics testing company were fully put into use, achieving a complete scientific research link from raw material research and production to product development and efficacy evaluation, providing strong support for the closed-loop research and transformation of the Company's core raw materials and technologies in the future. This has laid a solid foundation for the Company to maintain its industry-leading technological advantage. 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 taken the lead or participated in the compilation of national, industry, and group 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, content e-commerce, offline daily chemical specialty stores, department store counters and beauty salons. Following the principle of "using the best of the world to make the best of China", the Company 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", and adheres to the operation combining "technology + brand + digital intelligence", aiming to build a globally competitive company.



Brand ecology



Ecological layout of the investment industry of beauty and health



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

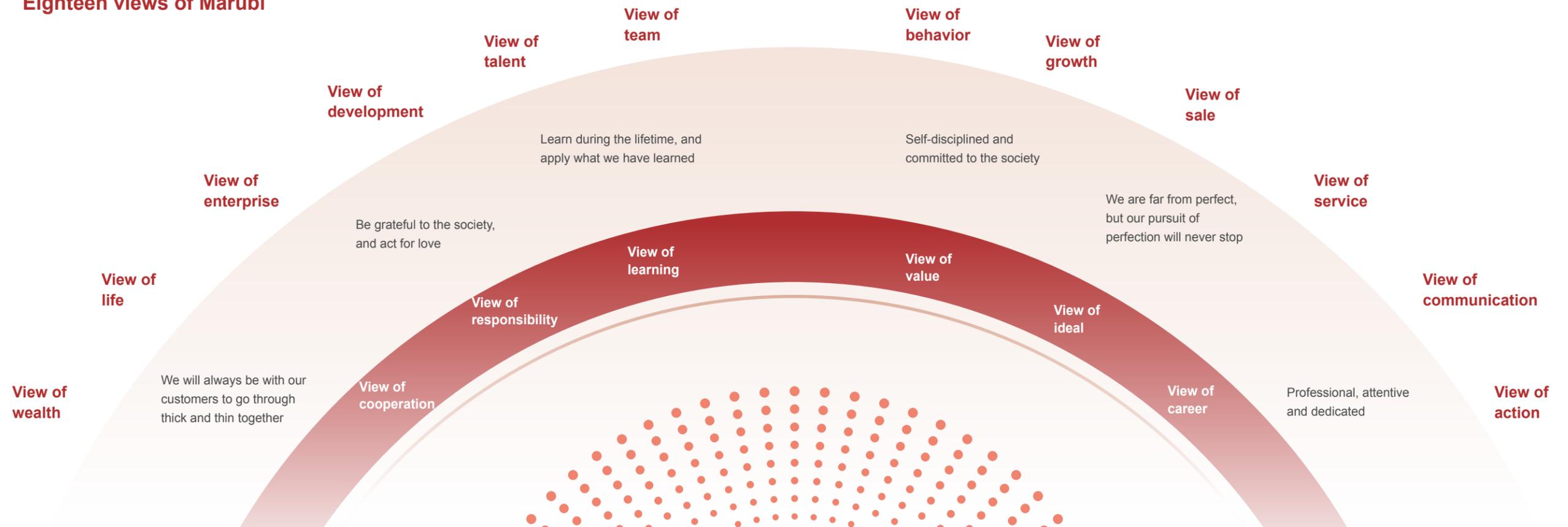
Be a globally competitive company and make the world beautiful

Mission of Marubi

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



Eighteen views of Marubi



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, RMB0.1 will be donated to public welfare from the income, to support education in underdeveloped areas

2011:

Marubi was awarded the title of high-tech enterprise for the first time (won this honor for four consecutive sessions)

2012:

Marubi's third-generation Elastin Essential Day & Night Eye Essence was released, for which it was the first time to propose the concept of doing day and night skincare differently

2013:

Marubi was named as "Eye Care Master" A fund of the global luxury group LVMH invested in Marubi

2014:

The 5C center of nearly 50,000 square meters in Guangzhou Science City officially replaced the old factory and was put 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

2015:

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

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

2021:

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

2022:

Marubi completed the building of Digitization 1.0 and a digital middle platform on all sides and achieved whole life cycle management including R&D, procurement, production, supply, market, and sales



Qualifications and honors

Core qualifications or honors

- National High-Tech Enterprise
- National Intellectual Property Demonstration Enterprise
- CMA Qualification Certification
- Guangdong Bio-Skincare Engineering Technology Research Center
- Guangdong Enterprise Technology Center
- Guangdong Excellent "Specialized and New" Small and Medium-sized Enterprise
- Guangdong Innovative Small and Medium-sized Enterprise
- Special Prize of Scientific and Technological Progress Awards of Guangdong Cosmetics Society
- Postdoctoral Innovation Center of Huangpu District, Guangzhou
- Guangzhou Green Factory
- Guangzhou Cleaner Production Enterprise
- China Patent Award - Three Excellence Awards



National Intellectual Property Demonstration Enterprise



CMA Qualification Certification



Guangzhou Green Factory



New Makeup Award 2022 Powerful Brand - Marubi



New Makeup Award 2022 Innovative Brand - Chunji



Blue Rose Award 2022 Star Product - Marubi Multiple Peptide Anti-wrinkle Eye Cream



New Makeup Award Annual Popular Makeup - PL "Invisible Liquid Foundation"

ESG Management

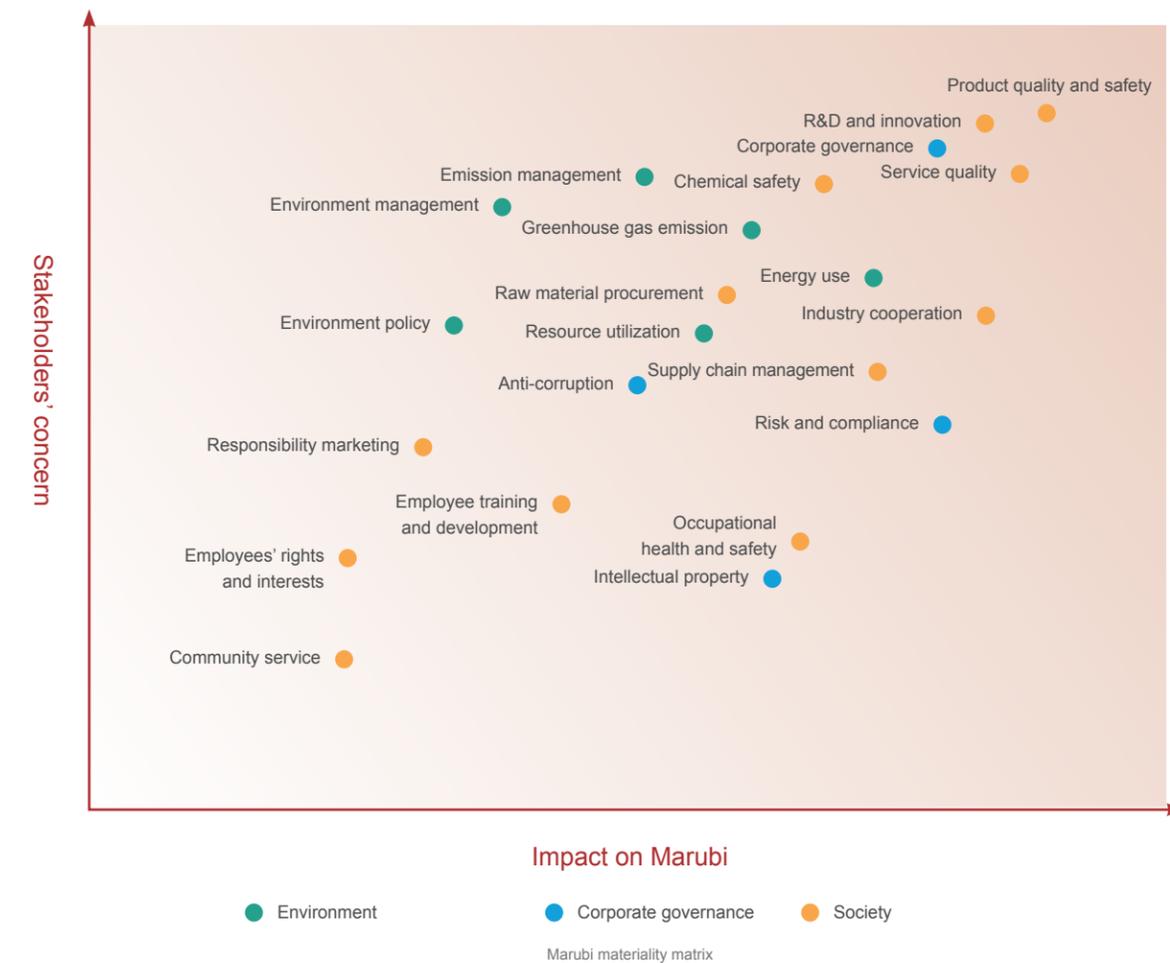
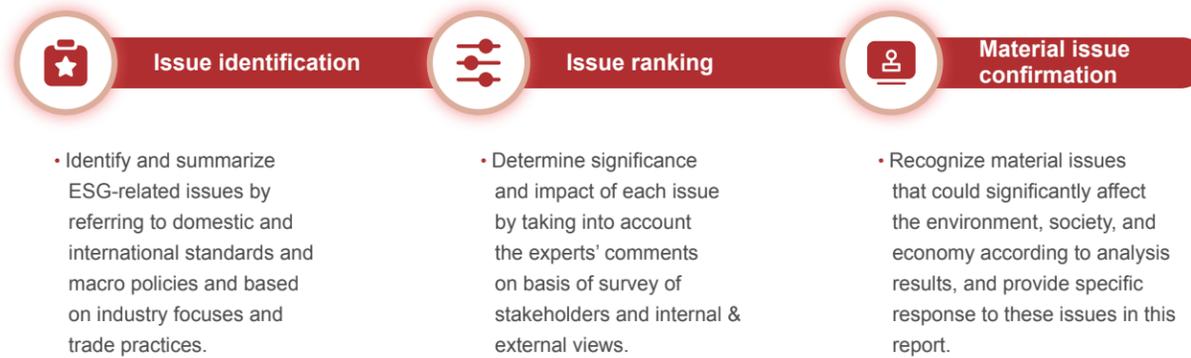
Communication with stakeholders and analysis of material topics

Marubi takes a positive attitude to check the impact of the Company's operation on various stakeholders, establishes multiple effective communication and response channels, and establishes close relations with stakeholders to achieve win-win situation.

Stakeholder	Issues	Communication and response
Government and regulatory authorities	<ul style="list-style-type: none"> • Operational compliance • Corporate governance • Emission management • Economic benefits 	<ul style="list-style-type: none"> • Institution inspection • Official correspondence • Policy implementation • Information disclosure
Stockholders and investors	<ul style="list-style-type: none"> • Corporate governance • Economic benefits • R&D and innovation 	<ul style="list-style-type: none"> • General meeting of shareholders • Information disclosure • Roadshow
Consumers	<ul style="list-style-type: none"> • Product quality and safety • Service quality • Chemical safety • Responsibility marketing 	<ul style="list-style-type: none"> • Quality management • Customer service • Satisfaction survey
Employees	<ul style="list-style-type: none"> • Employees' rights and benefits • Occupational health and safety • Employee training and development 	<ul style="list-style-type: none"> • Internal communication platform • Employee appraisal and promotion • Employee training
Suppliers/distributors	<ul style="list-style-type: none"> • Supply chain management • Anti-corruption • Raw material procurement 	<ul style="list-style-type: none"> • Supplier management • Green procurement
Cooperation organizations (Public welfare organizations and research institutions, and so on)	<ul style="list-style-type: none"> • Product quality and safety • Chemical safety • R&D and innovation 	<ul style="list-style-type: none"> • Investigation and visit • Technical exchange • Regular meeting
Industry associations	<ul style="list-style-type: none"> • Industry cooperation • R&D and innovation • Product quality and safety 	<ul style="list-style-type: none"> • Industry forum • Exchange and mutual visit
Public and community	<ul style="list-style-type: none"> • Community service • R&D and innovation • Greenhouse gas emission • Raw material procurement 	<ul style="list-style-type: none"> • Community activity • Voluntary service

Communication with Marubi's stakeholders

In order to continuously improve ESG management, the Company identifies material issues and forms material issue library through three steps: issue identification, issue ranking, and material issue confirmation, which will help the Company carry out ESG management construction, information disclosure, and continuous communication with stakeholders in the future.



Response to the Sustainable Development Goals (SDGs) of the United Nations

Marubi aims to become a globally competitive brand. The Company integrates ESG concepts into business operations to achieve sustainable development management, and actively responds to the SDGs.

SDGs	Marubi action in 2022	Corresponding chapter or section
	<ul style="list-style-type: none"> Care about the physical and mental health of employees, carry out comprehensive occupational hazards monitoring every year, and all employees take physical examination. 	<ul style="list-style-type: none"> Adhering to good health and safety practices
	<ul style="list-style-type: none"> To promote the education development, Marubi has been giving supports to Chongqing University of Technology and educators in the long run and has donated RMB500,000 as student grants. 	<ul style="list-style-type: none"> Boosting community co-construction with a grateful heart
	<ul style="list-style-type: none"> 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. Female employees account for 66.23%. 	<ul style="list-style-type: none"> Building a harmonious workplace with the people-oriented philosophy
	<ul style="list-style-type: none"> Improve the building of the factory sewage treatment station, reduce waste water discharge, actively carry out water-saving projects, and improve the comprehensive utilization efficiency of water resources. 	<ul style="list-style-type: none"> Conserving energy and reducing consumption for clean production Reducing cost and increasing efficiency to conserve natural resources
	<ul style="list-style-type: none"> Carry out the rooftop distributed photovoltaic power generation renovation project to achieve energy saving and emission reduction. 	<ul style="list-style-type: none"> Conserving energy and reducing consumption for clean production
	<ul style="list-style-type: none"> Respect the employees' rights and interests, establish a comprehensive salary and welfare system, provide a diverse growth platform, and provide employees with an inclusive and comfortable workplace environment. Forced labor and child labor are prohibited. 	<ul style="list-style-type: none"> Building a harmonious workplace with the people-oriented philosophy
	<ul style="list-style-type: none"> Emphasize investment in research and development, establish a global open partnership system, and engage in interdisciplinary practice and make creative breakthroughs. 	<ul style="list-style-type: none"> Green manufacturing Pursuing innovation through unremitting R&D efforts
	<ul style="list-style-type: none"> Adhere to the principle of open recruitment, fair competition and merit-based employment, insist on equal employment and oppose all forms of employment discrimination. 	<ul style="list-style-type: none"> Building a harmonious workplace with the people-oriented philosophy
	<ul style="list-style-type: none"> Emphasize interaction and communication with consumers, carry out marketing activities in principle of responsibility, and advocate rational consumption and scientific skin care. Follow the concept of green procurement, purchase and use raw materials with less impact on environment. 	<ul style="list-style-type: none"> Improving service with the customer-oriented philosophy Working together and joining hands with partners
	<ul style="list-style-type: none"> Explore synthetic biology and green manufacturing technology to pursue green and low-carbon development. Actively promote energy-saving technology transformation, reduce emissions of three wastes (i.e., waste gas, waste water and waste solid), and integrate environmental protection concepts into daily operations. 	<ul style="list-style-type: none"> Green manufacturing Conserving energy and reducing consumption for clean production
	<ul style="list-style-type: none"> Prohibit any form of corruption and bribery, request all relevant parties to sign a commitment letter on integrity and self-discipline, and strengthen the promotion of integrity and self-discipline awareness. 	<ul style="list-style-type: none"> Staying committed to business ethics

With the continuous development of science and technology, a number of major changes are brewing in the field of bioengineering and biotechnology. With the national policy of carbon neutrality and peak carbon dioxide emissions, the National Development and Reform Commission has clearly defined "bio-manufacturing as a strategic key development direction of bio-economy". Marubi strictly implements the guidelines of bio-economy of the National Development and Reform Commission and the strategic deployment of green bio-manufacturing of the Ministry of Science and Technology, continues to explore the application of biotechnology represented by synthetic biology and genetic engineering in beauty and health industry. Through the mutual integration of industry-university-research-medicine-inspection, Marubi has conducted research on recombinant collagen, other green ingredients, and technologies for several years, and has yielded fruitful results. The key ingredient "recombinant collagen" jointly developed by Marubi and National Engineering Research Center for Genetically Engineered Drugs has Chinese characteristics. Marubi overcomes the key technical obstacles in this field and creates the recombinant collagen with triple helix structure, which rivals the three leading anti-aging ingredients - Boswellin, A-alcohol, and Peptide, and has become "the 4th leading anti-aging ingredient in the world". The Company firmly believes that technological innovation changes the world. In the future, the Company will continue to deepen its research on recombinant collagen and other technologies, promote the improvement of the industry's green R&D ecology, and promote the sustainable development of the environment.

Committed to green manufacturing

Marubi is accelerating the construction of green manufacturing system in order to realize the development and research of environment-friendly technologies. The Company actively takes measures to minimize the impact of production on the environment and reduce energy consumption. At the same time, the Company has conducted a lot of technology exploration and summarized a technology path based on synthetic biology, genetic engineering and biological fermentation, together with green manufacturing.

Notes: Synthetic biology

Synthetic biology refers to the use of engineering design concepts to modify existing natural biological systems according to certain laws and existing knowledge, or to design and build new biological components, devices and systems to achieve the construction of cell factories. The purpose is to serve humans. Synthetic biology can be applied in vitro and in vivo. For application in vitro, it refers to manufacturing products by transforming the existing life system through synthetic biology, which are usually products with high added value, but featuring high chemical production costs, high carbon emissions or difficult to obtain in large quantities through traditional methods. For application in vivo, it refers to microorganisms that exert effects in the human body, acting as medicine after engineering transformation.

At present, synthetic biology is developing rapidly, and a number of synthetic biology enterprises have emerged in fields such as medical health, chemical and new materials, agriculture, and mass consumption. These enterprises respond to downstream demands, solve downstream pain points, promote product industrialization, and rapidly expand application scenarios.



27.5

Products using synthetic biology technology account for 27.5%, covering Marubi's all star products, including Recombinant Collagen series, Elastin series, Polypeptide Protein series, Multiple Peptide series, Chocolate series, as well as the Line Sculpting series, Luxury series, Soft and Smooth Skin series for beauty salons only.

Technology exploration: CelCaper® directional cryogenic extraction technology

The extraction and preparation of active ingredients from animals and plants commonly used in cosmetics R&D mainly rely on solvent method, ultrasonic-assisted extraction technique, microwave-assisted extraction technique, high-pressure homogeneous extraction technique, microjet extraction technique, and so on, which can help extract target ingredients to some extent, but generally suffer from many drawbacks such as low extraction efficiency, high energy consumption, local overheating, and difficulties in industrial scale-up.

The Company's CelCaper® directional cryogenic extraction technology is designed to replace traditional solvents with natural ionic liquids. With high-pressure electric field cell wall-breaking technology, the permeability of cell membranes and cell walls can be changed at low temperature to extract active substances from cells through specific ionic liquids effectively in a directional manner. This enhances the extraction rate of target compounds.

Compared with traditional plant extraction technique, CelCaper® directional cryogenic extraction technology has the advantages of high extraction efficiency, short extraction time (in milliseconds), and high extraction accuracy, and almost no heat is generated during the extraction process. This technique can retain the most heat-sensitive ingredients in plants while preserving their natural efficacy. Moreover, heating and cooling are not needed during the preparation process, so the energy consumption is significantly reduced. In addition, ionic liquids can effectively replace traditional solvents such as ethanol, and are natural in origin, mild in nature, and can be applied directly to the skin and products. Therefore, there is no need to set up complex purification processes to post-treat traditional extraction solvents and remove impurities, thus avoiding the energy consumption and the generation of wastes, and greatly reducing environmental pollution. The Company's exploration in this technical route provides the possibility to prepare green, mild, highly active and high-tech active raw materials, enriching and upgrading the means of extraction and R&D of biological raw materials, and forming an excellent extraction advantage.

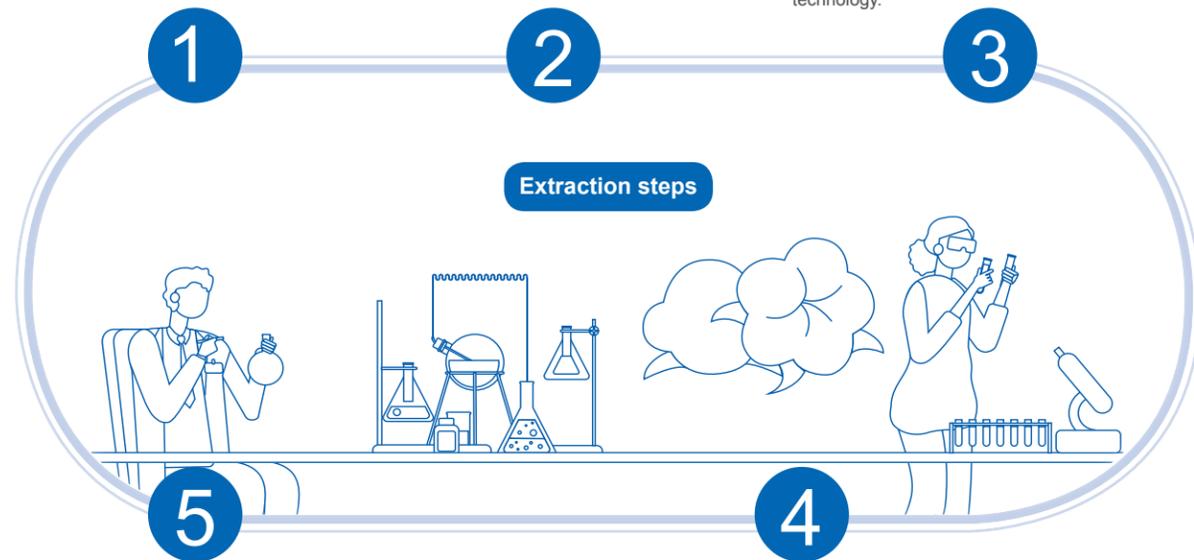


Case: Bombax malabaricum flower extract

As the city flower of Guangzhou, bombax malabaricum flower has a long history of cultivation in South China. It represents Guangzhou's prosperity and vitality and inspires people to serve the country. It is known as "Hero tree in South China, the most beautiful flower in Guangzhou". The Company actively responds to the call of the General Office of the People's Government of Guangdong Province on the issuance of Implementation Plan for Promoting the High-quality Development of the Cosmetics Industry in Guangdong Province Yuebanhan [2020] No. 330. In this Implementation Plan, government encourages enterprises to adopt modern science and technology and take advantage of local traditional advantages and special plant resources to manufacture cosmetics, and accelerate the output and transformation of scientific and technological achievements in the cosmetics industry. To achieve this goal, the Company is rooted in traditional plant resources, and makes good use of local advantages to research and develop bombax malabaricum flower extract independently (bombax malabaricum flower is rich in flavonoid, which is a strong antioxidant, and can be used to prevent cell degradation and aging). The Company upgrades the extraction technique from traditional ultrasonic-assisted which can greatly improve the extraction rate, showing an increase of 56.8% in the flavonoid content of bombax malabaricum flower extract.



- Determine flavonoid as the target ingredient according to the ingredient characteristics of bombax malabaricum flower.
- Design the ionic liquid (consisting of 2 - 3 natural components) suitable for dissolving out flavonoid according to the target ingredient.
- Dissolve the bombax malabaricum flower in the ionic liquid, and break cell walls of the flower with the pulsed electric field (PEF). This step, finished within 2 minutes, generates no heat, and keeps the active ingredient of flavonoid while greatly reducing energy loss compared with the traditional ultrasonic technology.



- After filtering and treatment, pack and store the extracted bombax malabaricum flower solution.
- Dynamically extract the bombax malabaricum flower with broken cell walls. No external heating is required for this step, thus keeping the heat-sensitive ingredients in the bombax malabaricum flower to the greatest extent and minimizing energy consumption.

Ultrasonic-assisted water (alcohol) extraction **CelCaper® directional cryogenic extraction**


Extraction solvent

- Low extraction rate when water is used as the extraction solvent.
- Limited production environment and environmental pollution when ethanol is used as an auxiliary extraction solvent.

- High extraction rate with self-designed ionic liquids for flavonoid.
- Natural in origin, mild, and pollution-free.

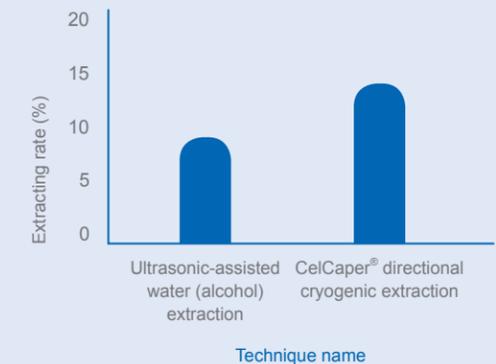

Extracting process

- Long extracting time and high energy consumption. External heating is required. A lot of heat is generated during the extracting process, and thus cooling is required.
- Heat-sensitive ingredients are inactivated after heating, and ethanol removal is required before application.

- Short extracting time, high efficiency, and low energy consumption. No heat is generated and temperature does not rise during the extracting process, and thus external cooling equipment is not required.
- Heat-sensitive ingredients are not destroyed, and the post-treatment is easy.

CelCaper® directional cryogenic extraction technology has lower energy consumption, less environmental pollution, and higher extraction efficiency compared with the ultrasonic-assisted water (alcohol) extraction technique


Compared with the traditional process, the cryogenic extraction technology increases the extraction efficiency of flavonoid from bombax malabaricum flower by 56.8%

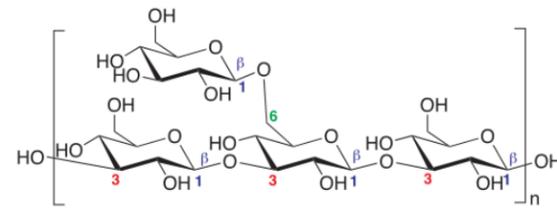


Ingredient discovery: Natural fermentation product - Schizophyllan Polysaccharide (SPG)

Schizophyllum is a fungus used for food and medicine. It has sedative effect, and can be used to improve immunity, treat neurasthenia, lethargy, dizziness, tinnitus, sweating, and alleviate sports fatigue. The Company adopts biological fermentation technology to generate bioactive polysaccharides - SPG, which is one of the main active substances fermented by Schizophyllum. Its structure is mainly β -(1-3)-D glucan main chain combined with β -glucan of β -(1-6)-D glucose side chain.



Schizophyllum



SPG structure

01

Separation and identification of spawn

- Separate and identify the schizophyllum commune in a sterile environment to obtain the spawn for axenic culture.

02

Preparation of liquid spawn

- Activate the spawn for axenic culture in suitable conditions to obtain the strong liquid spawn.

03

Fermentation in fermenter

- Inoculate the liquid spawn in a fermenter, and start fermentation by regulating the dissolved oxygen in the fermenter, stirring rate, and other parameters.

04

Extraction of SPG

- Schizophyllum excretes SPG in the later stage of fermentation. Extract and purify the fermentation liquid to obtain the bioactive polysaccharides, SPG.

SPG preparation process



Compared with the traditional plant extraction method, biological fermentation technology has the following advantages:

Technical advantages: Bacteria, substrates, products and the heat generated by fermentation are easy to diffuse, so that the fermentation can be carried out under homogeneous conditions. The extraction efficiency is high and the process is easy to control, making it possible to extract target compounds in large volumes. Compared with traditional planting, the biological fermentation technology does not require agricultural land and fertilizers, which can greatly decrease the use of cultivated land, reduce soil pollution, and protect the ecological environment.

Production process: It is easy to extract and refine the fermentation products in a short time without using organic reagents and physical processing, thus greatly reducing wastes and achieving environmental protection during production.

Product quality: The production efficiency is high in factory. It is easy to carry out automatic control and the product quality is stable.

SPG features hydration and repairing, with excellent moisturizing, anti-allergy, anti-inflammatory, skin repair and anti-wrinkle effects. It can also improve cell vitality. In vivo and vitro tests, SPG is proved to have better moisturizing, repairing, and anti-aging effects than hyaluronic acid. As of the end of the reporting period, SPG has achieved mass production.

化妆品功效测试报告

报告编号: BG2211012-01

产品名称	精纯SPG-β-葡聚糖	产品性状	白色粉末
使用方式	外用	使用部位	面部
功效宣称	保湿		
功效宣称评价项目	□皮肤屏障 □皮肤水分 □皮肤弹性 □人体功效评价试验 □消费者使用测试 □实验室测试		
方法名称	Q917-4256-2011《化妆品保湿功效评价指南》		
方法来源	全国标准化技术委员会		
试验原理	样品使用前后, 7天测试或 28天测试中, 皮肤角质层水分含量与使用前相比改善量(7-14天), 被认为是该产品具有保湿功效, 且测试为试验产品不具有保湿功效。		
试验日期	2022.12.13-2023.01.06		
样品名称	精纯SPG-β-葡聚糖		
样品编号	YP2211010-01		
报告日期	2023年2月15日		
报告日期	2023年2月15日		

★ 保湿宣称测试样品: 7天和 14 天后, 测试结果: 保湿
 使用样品 7 天后, 皮肤角质层水分含量较使用前提高提升 23.38%; 使用
 样品 14 天后, 皮肤角质层水分含量较使用前提高提升 31.75%。

The efficacy test report: After using the test sample for one week, the skin water content is increased by 23.38%; after using the test sample for 28 days, the skin water content is increased by 31.75%

Formula exploration: Optimization of preparation process

To achieve environmental sustainability, the Company continues to promote formula upgrading while ensuring the improvement of efficacy. In other words, the Company optimizes the formula preparation process to reduce energy consumption and greenhouse gas emissions.

Item type	Optimization	Achievement
 Water agent type	The maximum temperature is adjusted from 90°C - 95°C to 85°C - 90°C when aqueous solution is heated.	The material's dissolution and dispersion are not affected, and heat loss and energy consumption are reduced. As of the end of the reporting period, the optimization has been applied to 135 products of water agent type.
 Cream type	The minimum temperature is adjusted from 35°C - 38°C to 38°C - 42°C when aqueous solution is cooled.	The cooling time is shortened, so the required chilled water and energy consumption are reduced. As of the end of the reporting period, the optimization has been applied to 76 products of cream type.

Formula green upgrading

Green action: Sustainable development

As one of the leading listed companies in cosmetics industry in China, the Company has implemented the green bio-manufacturing, which shows the Company's responsibility. The Company continues to cooperate with the government, enterprises, and industry associations to promote the green and sustainable development of the industry. During the reporting period, the Company led or participated in two provincial-level key green bio-manufacturing special projects, held the synthetic biotechnology and green bio-manufacturing forum, and took the lead in drafting and releasing the Determination of Anti-Allergy in Cosmetics – Zebrafish Embryo Method and the Evaluation of Antioxidant Activity in Cosmetics – Caenorhabditis Elegans Assay and other group standards (For more information about caenorhabditis elegans assay, see the section Animal welfare).

Case: Key research and development programs of the Department of Science and Technology of Guangdong Province - green bio-manufacturing projects

The Company has launched the green bio-manufacturing projects from the key research and development programs of the Department of Science and Technology of Guangdong Province, which are Green Biomanufacturing Key Technology and Industrial Application for Advanced Cosmetic Ingredients and Green Biomanufacturing Key Technology and Industrial Application for Recombinant Proteins, Antibodies and Polypeptide Medicines, respectively. The purpose is to study the transformation of raw material sources from plant extraction to microorganism preparation production through synthetic biotechnology and green bio-manufacturing technology, with a focus on overcoming the difficulty in the green bio-manufacturing of major functional compounds.



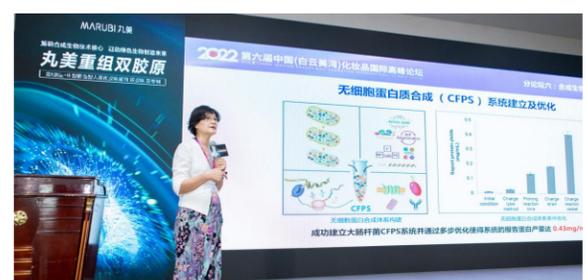
Green Biomanufacturing Key Technology and Industrial Application for Advanced Cosmetic Ingredients Kick-Off Meeting



Green Biomanufacturing Key Technology and Industrial Application for Recombinant Proteins, Antibodies and Polypeptide Medicines Kick-Off Meeting

Case: Synthetic biology and green bio-manufacturing sub-forum

The 6th China (Baiyun Meiwan) International Summit Forum on Cosmetics in 2022 is held in Guangzhou. The Company held the sub-forum - synthetic biology and green bio-manufacturing forum, and invited many industry leading experts and corporate R&D leaders to conduct academic exchanges and discussions on cutting-edge green manufacturing technologies, industry trends and development. The Company aims to build an innovation exchange platform centered on key technologies in the synthetic biology field, and promote innovative and high-quality development in this field.



Synthetic Biology and Green Bio-manufacturing Forum

In the future, the Company will continue to focus on the biosynthesis, process research and industrialization of functional proteins, active products and other bioactive substances that are useful for health and beauty, and keep expanding business in the field of beauty and health, and provide greater support for the massive health industry.

Focusing on recombinant collagen

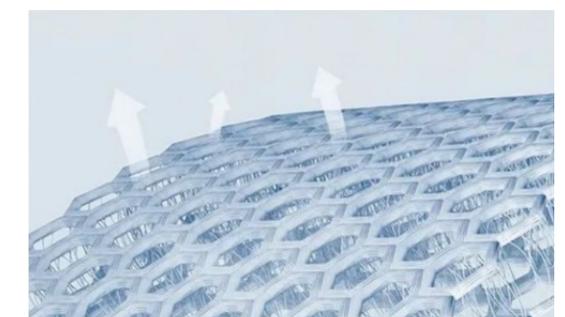
With the synthetic biology, ground breaking advances have been made towards overcoming cognitive and technical limitations on recombinant collagen. As the 4th leading anti-aging ingredient, recombinant collagen is becoming more and more popular because of its promising and wide application prospects in many fields such as cosmetics, medical treatment, food, and massive health. After years of research and development of the Company, the recombinant collagen has become a major breakthrough in the global anti-aging technology because of its high activity, high stability and high homology with the amino acid sequence of human collagen.

Notes: Type I collagen and type III collagen

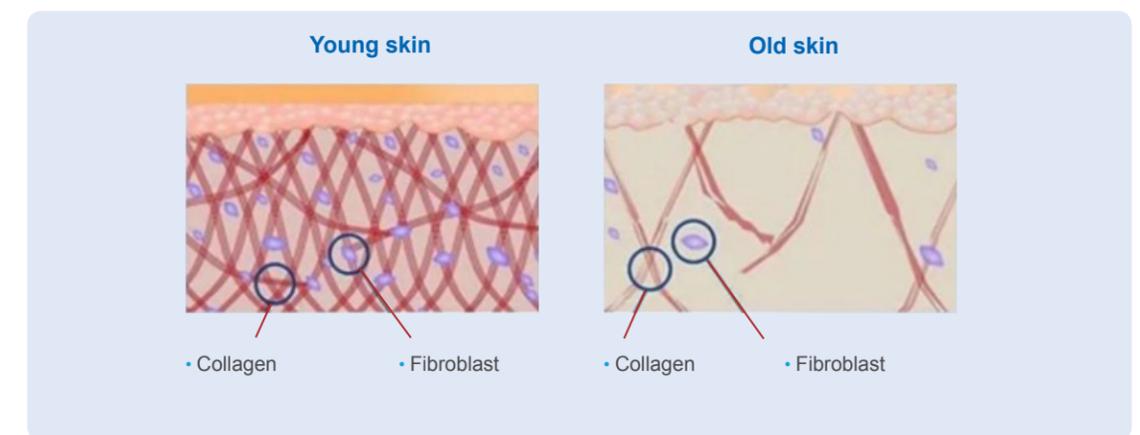
Collagen is a family of 28 subtypes of collagen, which performs many important tasks in the human body, including supporting the human body. About 70% of the proteins in human skin are collagen, of which two types are widely mentioned and used for important functions: Type I collagen and type III collagen. Type I collagen accounts for 80% of the total collagen in the adult skin and supports the skin with tree-like fibers. Type III collagen is elastic with a network structure. After adulthood, type I collagen and type III collagen start to lose, and the ratio of the two types of collagen is out of balance, leading to skin aging. Therefore, supplementing the skin with additional type I and type III collagen can keep skin elastic to lessen wrinkles and slow skin aging.



Type I collagen has strong supporting effect



Type III collagen improves skin elasticity



Loss of collagen and skin support with age

Notes: Recombinant collagen

According to the preparation process, collagen can be divided into recombinant collagen and animal-derived collagen, among which animal-derived collagen is still the mainstream in the global collagen market. Due to the large molecular mass of natural collagen, with an average of more than 100,000 Daltons (D), it is difficult for the human body to directly absorb the natural collagen. However, the extraction of uniform, stable, and highly active collagen from animals requires high technical requirements. Moreover, there are animal-derived sensitization and the residue of cytotoxic substances such as acids, alkalis, and organic reagents during the extraction process, which may impact the efficacy of collagen.

With the breakthrough in genetic engineering technology, recombinant collagen is of high stability, high safety, small molecular mass, and is easy to absorb. It has been gradually applied to end products in the fields of medical health and medical beauty. Since it is difficult for the engineering cells prepared by gene recombination to form a complete triple-helical structure similar to that of natural collagen when fermenting, representing, and producing collagen and its analogues, the biological activity and structural optimization of recombinant collagen are still the focus of the industry's research and development.

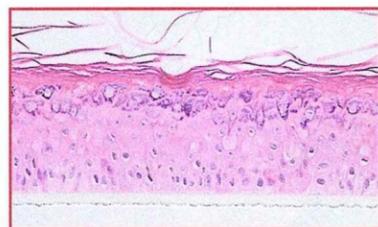
Recombinant collagen

Marubi's self-developed recombinant collagen exhibits a triple helix structure highly similar to that of natural collagen, with a 1:1 ratio of chimeric amino acid sequences of type I and type III collagen functional structures, which overcomes the difficulty that the two types of collagen cannot be absorbed simultaneously. The R&D and utilization of recombinant collagen shows the Company's continuous efforts to overcome difficulties in researching and developing recombinant collagen.

Case: The 3D epidermal model experiment shows the transdermal absorption of Marubi's recombinant collagen

The 3D epidermal model is a 3D model in vitro constructed by using recombination in vitro technology. The model takes keratinocytes as seed cells. This model has a complete epidermal stratified structure, which is highly similar to human skin and human epidermal lipid. The model can be used as a barrier, and can be used as a substitute for human skin to test the sample's efficacy, safety, and absorbency. The experiment adopts the surface administration method. Apply the product containing recombinant collagen (fluorescent labeling) evenly on the surface of the 3D skin model, and check the penetration amount (fluorescence intensity) and penetration depth (fluorescence distribution) of the recombinant collagen in the skin model at different time points to test its transdermal absorbency.

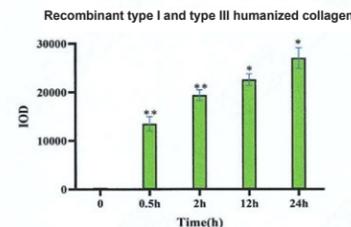
The result shows that the transdermal penetration of the recombinant collagen independently developed by the Company is detected after 0.5 H, 2 H, 12 H, and 24 H, and the transdermal penetration of the recombinant collagen at any time point above is significantly higher than that at the last time point. It indicates that the recombinant collagen has good penetration and the amount of penetration increases with time.



3D skin model: Epikutis



Human skin



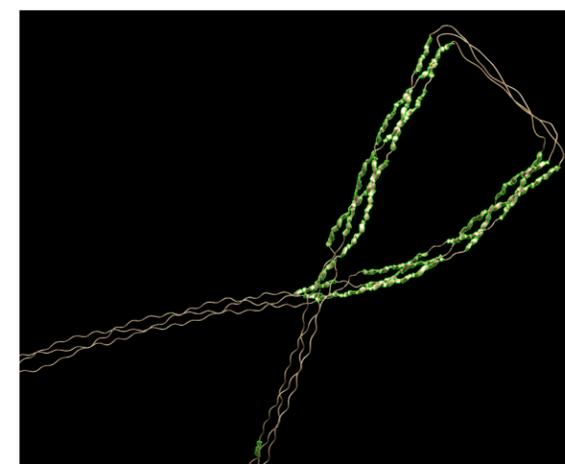
IOD (compared with the last time point)

The recombinant collagen has the amino acid sequence identical to the domain sequence of type I and type III collagens, therefore having higher safety.



Through the unique patented technology, Translation Suspension Technique and C-PRO Claspin Technique, stability and activity of recombinant collagen can be improved, and the stable triple-helical structure can be easily formed.

With AlphaFold, Google's AI system about protein folding, it is found that "recombinant collagen" has more triple-helical structures.



Spatial structure of recombinant collagen synthesized by the Company (predicted by AlphaFold)



Xiong Sheng, chief scientist of Marubi recombinant collagen and professor of Jinan University, introduces the features of Marubi recombinant collagen

Ingredient promotion to drive the development of the industry

The Company actively promotes the reform and application of recombinant collagen in the daily chemical industry, and works together with China Anti-aging Promoting Association and Guangdong Cosmetics Society to formulate five standards for the application of recombinant collagen. The standards cover multiple application fields, and provide a good example in ensuring the industrial standardization of recombinant collagen, the improvement of industry standards, the promotion of brand development, and the promotion of the rapid development of the entire industry.

The Company also shares the latest research results and applications of recombinant collagen by holding forums and meetings to promote industry technology upgrading and innovation:



2021 Marubi biotechnology anti-aging innovation forum

March 20, 2021

Released the "anti-aging secret" - recombinant collagen, of which the amino acid sequence in the functional and structural domain is 100% similar to that of human body's collagen.



Marubi recombinant collagen series new product launch

October 8, 2021

With the topic of "collagen" making you younger, "appraisal team" composed of 21 experts from famous universities at home and abroad was invited to reveal the secret of anti-aging by "exploration", "creation", "construction", "secret revealing" and "interpretation".



October 15, 2022

Held the 2nd recombinant collagen anti-aging forum, explored the transformation and industrial application of biotechnology represented by genetic engineering and synthetic biology in the beauty and health industry, and gave guidance to beauty lovers and consumers on skin care, and injected new momentum into the beauty and health industry in China.



Case: The 2nd recombinant collagen anti-aging forum



The Company held the 2nd recombinant collagen anti-aging forum, invited leading experts and scholars at home and abroad to conduct in-depth discussions on difficulties in the research and development of recombinant collagen, to specify the direction of development and to give professional advice for newcomers who want to make efforts in the field of recombinant collagen. At the forum, the Company announced the official establishment of an integrated collaborative platform of "industry-university-medicine-research-inspection" for recombinant collagen. By internally establishing a complete system covering basic research, application development, medical testing, pilot test, and application promotion, and by externally leveraging the scientific research resources of university-medicine-research-inspection, the Company aims to empower the entire industry chain of recombinant collagen.



The 2nd recombinant collagen anti-aging forum

Against the backdrop of continuous iteration of recombinant collagen technology and growing demand for skin care, the Company doubles its efforts to produce recombinant collagen. In the meantime, the consumers are increasingly aware of recombinant collagen's skin benefits. What's more, the penetration rate of recombinant collagen is further increased. All these factors contribute to the great prospects of the collagen market. In addition to industry exchanges, the Company will continue to publicize and promote the recombinant collagen and explain the efficacy for consumers. During the reporting period, the Company released the Anti-aging Skincare Trend White Book jointly with Tmall Innovation Center (TMIC), Mei Tmall, and other organizations, which deeply introduced the recombinant collagen from three aspects, including current development status and trend of the cosmetic and skincare ingredient market, advanced anti-aging demand, and Chinese self-developed ingredient and technical development trend. Besides, the Company has released science popularization tweets about recombinant collagen through WeChat public accounts of Marubi and other brands of Marubi, further promoting popularization of recombinant collagen.

Case: The Great Chinese Ingredients



The Company initiates the "The Great Chinese Ingredients" IP project with Ocean Engine, Harper's BAZAAR, Chinese cosmetics brands, and more than 50 stars and experts. Relying on its strength in skin-care ingredients, the Company helps consumers discover great Chinese skin-care ingredients. Taking into account the features of the platform, the Company visually communicated with its customers at different dimensions and levels to guide their mental cognition, to spark discussion, and to promote the overall understanding towards skincare ingredients.



Significant growth of brand volume



Governance responsibility: Pursuit of excellence

01

Marubi continues to improve the corporate governance level, adhere to standard operation, strictly observe business ethics, protect intellectual property rights, and improve its overall values, creating a solid foundation for long-term and sound development of the Company, and safeguarding shareholders' rights and interests in the long run.

Our actions:

- Optimize corporate governance, improve information disclosure and communication with investors
- Improve internal control compliance systems, and strengthen construction of business ethics
- Complete building of digitization 1.0, and create featured digital transformation solutions

16

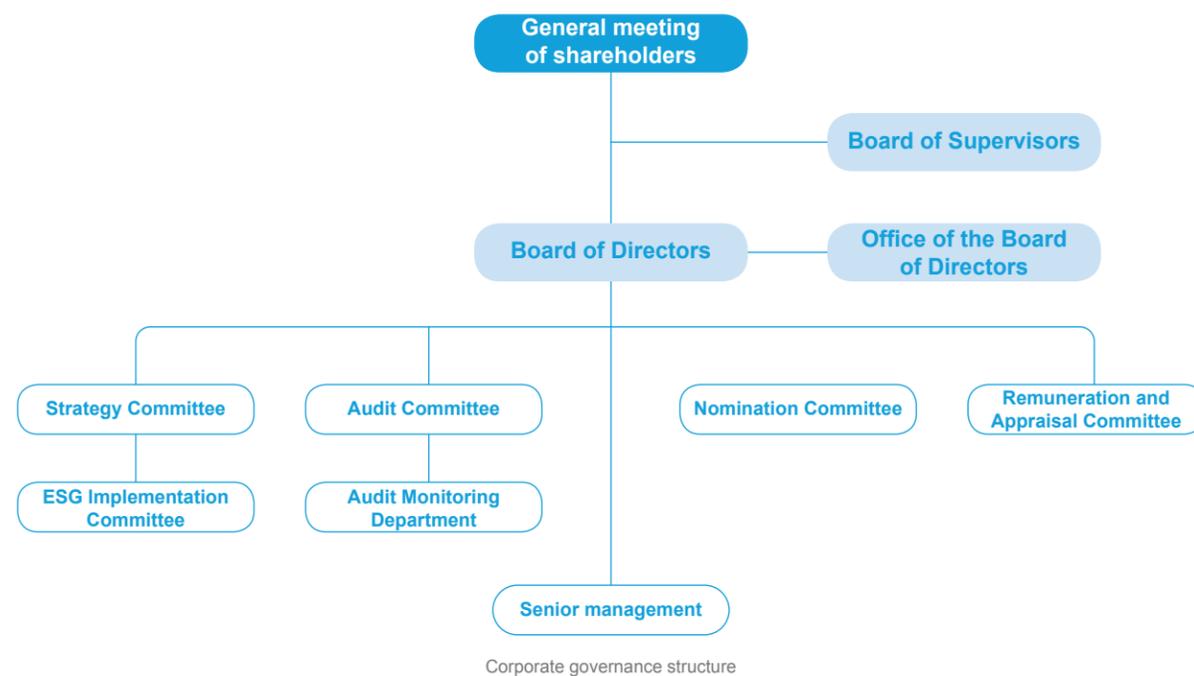
PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Improving corporate governance

The Company continues to improve the corporate governance structure and enhance the regulated operation level in strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Trading Rules of Shanghai Stock Exchange*, 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.

The Company has established a regulated and orderly corporate governance structure as required, formulated corresponding rules of procedure and clarified the duties and authorities, procedures and obligations of the bodies at all levels in decision-making, supervision and implementation. With these efforts, the Company has 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 of effectively safeguarding the legitimate rights and interests of the Company and shareholders.



Governance mechanism

About shareholders and the general meeting of shareholders

According to the relevant laws, regulations, and the provisions and requirements of the Articles of Association, the Company has formulated the Rules of Procedure for the General Meeting of Shareholders and established a relatively complete system for the general meeting of shareholders. The general meeting of shareholders is composed of all shareholders, and is the highest authority of the Company. During the reporting period, the Company held an annual shareholders' general meeting and an extraordinary shareholders' general meeting. The procedures for convening and holding the general meeting of shareholders comply with the relevant provisions of the Company Law of the People's Republic of China, the Articles of Association, and the Rules of Procedure for the General Meeting of Shareholders.

About the 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.

About directors and the Board of Directors

The Board of Directors is the decision-making body of the Company, and is responsible for and reports work to the general meeting of shareholders. The Board of Directors of the Company is composed of 9 directors, including 3 independent directors. During the reporting period, the Company held 4 meetings of the Board of Directors, and all directors attended the meeting. The directors of the Company are able to perform their duties with loyalty, care and due diligence. The procedures for convening and holding 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 Procedure for the Board of Directors of the Company*.

The Company's Board of Directors has the Strategy Committee, Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee. Each committee has three members. The special committees have formulated the work rules and perform the duties in accordance with the work rules.

About supervisors and the Board of Supervisors

The Board of Supervisors of the Company is composed of 3 supervisors, including 1 staff representative supervisor. The Board of Supervisors is the supervisory body of the Company, supervises and checks the financial position and the performance of duties by the directors, general managers, and other senior officers of the Company to safeguard the legitimate rights and interests of the Company and shareholders. During the reporting period, the Company held 3 meetings of the Board of Supervisors. The procedures for convening and holding 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 Procedure for the Board of Supervisors of the Company*.

Meeting	Frequency of meeting	Attendance rate
Meeting of the Board of Directors	4	100%
Meeting of the Board of Supervisors	3	100%
Meeting of the Strategy Committee	1	100%
Meeting of the Audit Committee	4	100%
Meeting of the Nomination Committee	2	100%
Meeting of the Remuneration and Appraisal Committee	1	100%

Meetings of 2022

Information disclosure management

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. The Company stays committed to improving management level and quality of information disclosure, and safeguarding rights and interests of investors. The Company has strictly observed insider trading rules, formulated the System for Registration and Management of Insiders Who Have Access to Insider Information. The Board of Directors is solely responsible for validity of insider information management. Moreover, to avert, reduce and standardize affiliated transactions, the Company has formulated the Affiliated Transaction Management System, stipulating review, withdrawal, and decision-making rules of affiliated transactions, and guaranteeing fairness of the Company's affiliated transaction decisions to all shareholders.

Investor relations management

Attaching great importance to the investor relations, the Company has formulated the Investor Relations Management System, and proactively conducted communications in time. The Company has sent relevant information to the capital market and the investors through multiple channels, including performance presentation, investor research, investor hotline, investor email, and SSE E-interaction to safeguard the investors' right to know.



Visit and exchange of investors



Performance presentation



Live broadcasting of Zhangle Fortune Path of Huatai Securities



Strengthening risk compliance

The Company has set up the Audit Monitoring Department which comes under management of the Board of Directors. With three functions in total, which are internal control, audit, and supervision, the Department provides an all-around supervision management system to the Company's business at all levels. The Company has built an effective risk and internal control management system in accordance with relevant laws, regulations, and internal requirements such as the Audit and Supervision System, the Supervision Management System, and the Internal Audit System. The Company reviews its internal control procedures every year and evaluates their effectiveness to improve its internal control system and internal management level on an ongoing basis. During the reporting period, the Company has updated 820 internal control items (including appendixes).

In accordance with the principles of objectivity, policy, and prevention orientation, the Company has independently conducted audit and supervision on operations and internal control of itself and its subsidiaries, covering internal control, external control, communications, and all business chains. The Company has made rectifications in time for issues detected (if any) during audit, to promote its business toward high-quality development.

To reinforce risk management, the Company has convened the "Audit Rectification Solution Closing Meeting 2021", the "Audit Issue Rectification Management System Training Meeting", and the "Internal Control Management System and Manual Update Training Meeting 2022". Heads, persons in charge and internal control coordinators of each department, 104 persons in total, attended such meetings. The training themed "Internal Control Knowledge Sharing" and "Unauthorized Access to Confidential Information Case Sharing" has been launched on the online learning platform of Marubi Academy, and 323 persons attended the training.

Staying committed to business ethics

Marubi stays committed to creating a healthy and clean work environment, and forbidding all forms of corruptions and bribes. To push forward the Company's anti-corruption and integrity work and build a long-term supervision mechanism that no one has the audacity, opportunity, or desire to become corrupt, the Company has set up the Supervision Management System, the Honesty and Self-discipline System, and the Complaint and Reporting Management System, defined the "red line for honesty", reinforced honesty management on suppliers, distributors and other partners, and set up a commercial fraud complaint and reporting channel and handling mechanism.

Marubi's red lines for honesty:

- Obtain improper individual interests by fabricating or concealing facts
- Ask for bribes
- Abuse power for personal gains
- Use an official seal without authorization or through fraud
- Disclose the Company's secret
- Obtain interests through internal and external collusion
- Obstruct or hinder audit and investigation

Honesty management

The daily anti-corruption of the Company is conducted through the combination of audit and supervision. Any fraudulent practice clue found during an audit should be handed over to the supervisory personnel for investigation. The supervisory personnel also should view and register the fraudulent practice clue in time. With both the audit and supervision efforts, the Company has steadily advanced the work on honesty risk prevention and control. During the reporting period, the Company proactively promoted anti-corruption management, organized and required the staff to execute the Honesty and Self-discipline Commitment of Staff, the suppliers and distributors to execute the Honest Cooperation Agreement, and the bidders to execute the Honesty and Self-discipline Commitment for Bidders, and publicized the Honesty Statement on the construction project site, to promote the business ethics. Moreover, the Company has joined the Enterprise Anti-fraud Alliance, made full use of the blacklist information sharing system of the Alliance, and strengthened talent review and supplier introduction, to keep out dishonest persons and organizations and reduce risks of frauds.



Plaque of Enterprise Anti-fraud Alliance

Whistleblowing

The Company provides whistleblowing channels such as hotline, email, WeChat public account, and letters, and publicizes honesty through OA, WeChat public account, and its official website, to inspire its staff, clients, suppliers, and partners to report corruption under the real name or anonymously. Moreover, the Company has formulated the Complaint and Reporting Management System, stating rights of whistleblowers, e.g., petitioning for recusal, result inquiry, request for protection, and obtaining rewards.

Channels for accepting reports are managed by specific personnel. The Company keeps the information of the whistleblowers strictly confidential, and protects their legitimate rights and interests according to law.

Reporting channels:

- Reporting hotline (Tel): 020-66378666 (Ext) 385
- Reporting hotline (Mobile): 18602010151
- Reporting email: complaint@marubi.cn
- WeChat official account: Honest Marubi
- Address: Audit Monitoring Department, 7/F, South Tower, Poly Granville Building, No. 11, Xiancun Road, Tianhe District, Guangzhou



During the reporting period



No violations of discipline occurred

Honesty education

The Company continues to promote honesty and self-discipline awareness through posters, OA columns, and articles, to strengthen the professional ethics of the staff, improve their awareness of honesty, and cultivate a cultural atmosphere that honesty is honorable and corruption is shameful.

Case: Honesty training on the International Anti-Corruption Day 

The Company initiatively responded to the call of the Enterprise Anti-fraud Alliance, and conducted honesty training. On December 8, the Company provided training to its management and key positions (such as salesmen, purchase personnel, and construction personnel) from key departments, 44 persons attending the training offline and online. Through the training, relevant theoretical knowledge about honesty culture, laws, regulations, hazards of frauds, and the Company's requirements for honesty were interpreted in details. With these efforts, a clean workplace environment was built, and the awareness towards the honest culture was raised, which could encourage the Company's employees to actively standardize their behaviors at work in future.



Offline venue of honesty training

Protecting intellectual property with concerted effort

Marubi has established a scientific, systematic and regulated intellectual property management system, and formulated the Intellectual Property Management Measures and the Intellectual Property Reward Measures, to boost the sustainable development of the Company. In addition to protecting its own intellectual property rights, the Company also respects other's intellectual property rights. Before making use of trademarks and the like, the Company will conduct a patent inquiry and buy the copyright, avoiding infringements upon other's rights. The Company also provides training to cultivate the awareness of protecting trade secrets. As of the end of the reporting period, the Company has obtained the Intellectual Property Management System Certification, and been awarded as the "National Intellectual Property Demonstration Enterprise", the "National Enterprises with Intellectual Property Advantage", the "Enterprises with Intellectual Property Advantage in the Development Zone", and the "Intellectual Property Demonstration Enterprise in the Development Zone".

Keeping information secure proactively

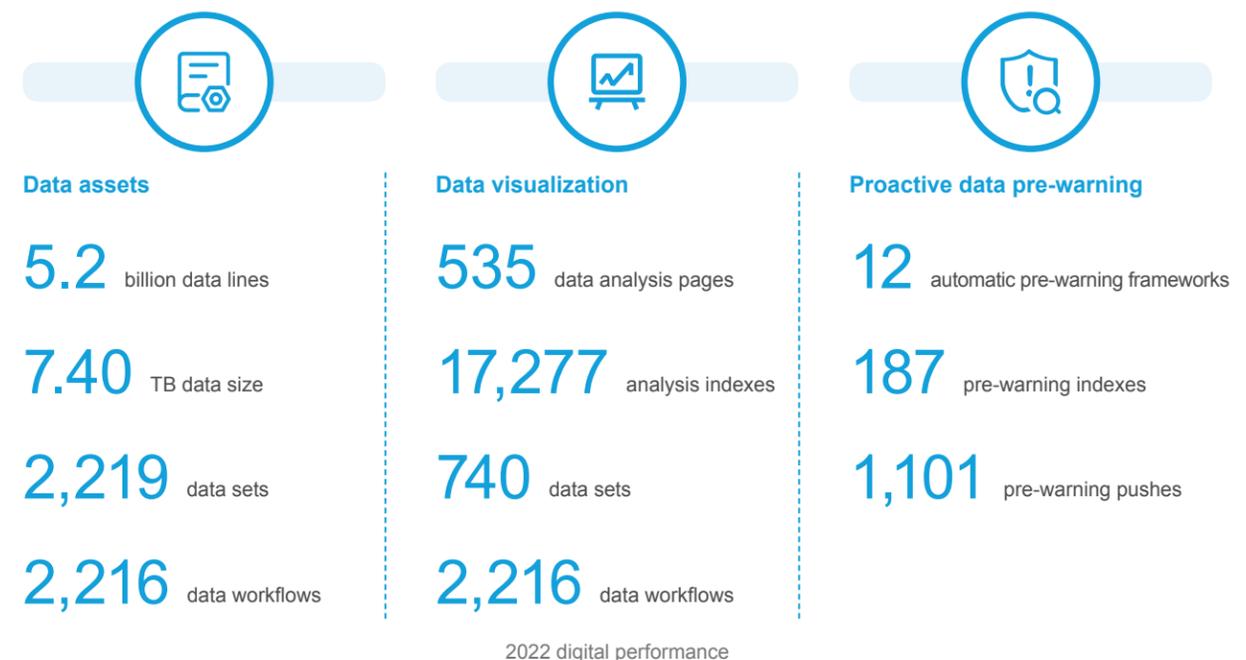
By referring to the ISO 27001 Information Security System and the Cobit5 Information Security System, Marubi has set up an information security management system that meets the Company's development needs, industrial supervision requirements, and national laws and regulations. The Company has formulated an overall three-year plan for information security, built a security service system according to the cybersecurity protection system 2.0, continuously improved information security management system, strengthened security awareness and security incident handling capacity of informatization personnel, and deployed relevant security products and third-party security services. Besides, the Company has initiatively promoted training on network data security and personal information protection through emails and online training, to improve the staff's network security awareness. During the reporting period, the Company has finished network security risk evaluation and vulnerability scanning. No information security accident has occurred.

Exploring intelligent transformation

Marubi stays committed to continuously exploring diversified digital paths and promoting digital-based construction. The Company has officially launched its digital transformation in 2020. Through unremitting efforts for three years, the Company has completed the construction of digitization 1.0 in 2022. The Company has built a middle platform which covers data assets accumulation, data visualization, and active data pre-warning, and has achieved whole life cycle management including R&D, procurement, production, supply, market, and sales, with 12 internal systems released and 46 types of external data connected.

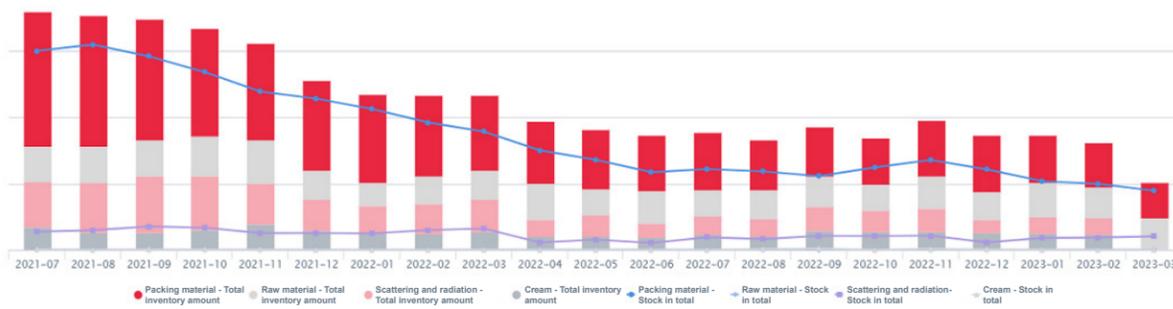
By opening up channels between demand schedule, production and procurement, and inventory, the Company greatly improves marketing and production teams collaboration and provides flexibility to its supply chain. During the reporting period, the Company has achieved 45-day delivery time for key products, and greatly improved the planning accuracy, minimizing the inventory to the historically low level. Through promoting longitudinal analysis of the front-end business, the Company effectively grasps industrial trends, market trends, and category opportunities, and implements precise operation in combination with the consumer portrait. During the reporting period, the Company promoted structured channels and commodities, perfected new product development procedures, upgraded product formula methodology, and promoted building of cloud warehouse.

The Company is going to commence the building of a three-year digital transformation 2.0 from 2023, to further strengthen application and transformation of the middle platform in each business sector. The Company is also going to gather user assets through collecting and applying data assets, to boost the high-quality development of the Company. During the reporting period, the Company has completed grading of integration of informatization and industrialization.





The middle platform manages data during the product life cycle from R&D through procurement, production, supply, marketing, and sales



Inventory decreased to historically low level through digital management

Case: Simplifying and optimizing packing material management by using data model



The business units lacked unified and systematic management measures, and the degree of association between new and former packing material data was low, making it impossible to reasonably classify these materials. Moreover, packing materials of the same size were developed repeatedly, resulting in excessive SKUs or even waste. This lowers the efficiency of procurement and production scheduling and increases the costs.

As the digital transformation advances, the Company launches the packing material standardization project to supplement and complete basic data for packing material management, standardize design of development procedure, set up business rules, and reduce SKU quantity.

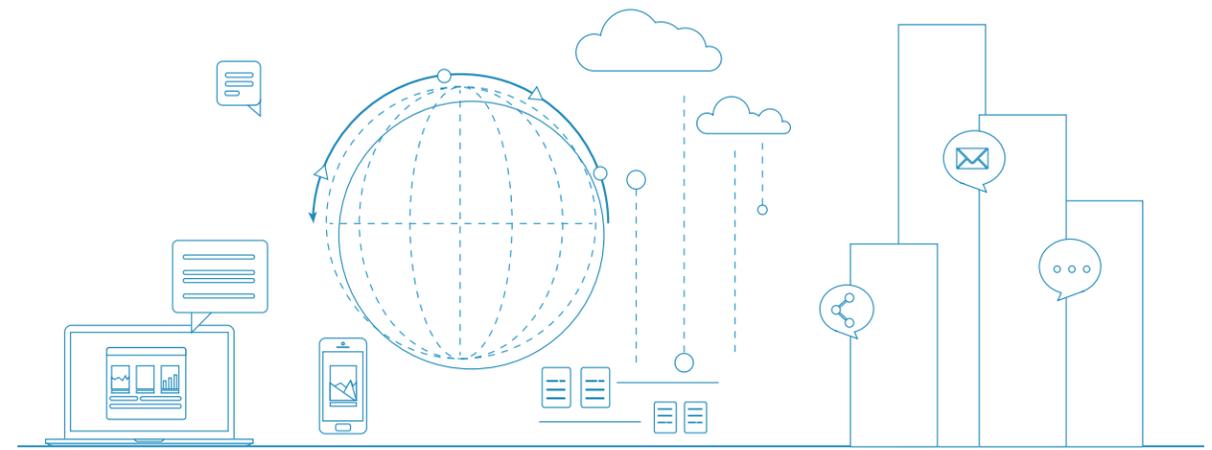
In this process, the Company determines packing material specifications and dimensions to be optimized and aggregated and defines packing material SKU to be removed by applying data modeling and combining actual conditions of business, production, and procurement. 1,300 packing materials SKUs are removed in total, greatly saving energy, reducing waste, lowering cost, and empowering and increasing efficiency of supply chain turnover and management.

Case: Cloud warehouse system



To coordinate management over channels and commodities, maintain market orders, and improve market efficiency, the Company has comprehensively promoted the construction of the cloud warehouse in 2021, and officially launched the same in 2022. At present, the cloud warehouse system has covered inventories of the Company's daily chemicals and department store distributors in China, connecting the production end to the retail end and putting the distributors' commodities under centralized management. Through the global inventory management concept, channels and inventories are shared, scheduling and precise control are made under centralized management, resource consumption is reduced, and efficiency is improved. In the future, the cloud warehouse system will increasingly cover inventories of beauty salons and e-commerce channels, achieving commodity sharing and all-channel coverage.

In the meantime, the Company has established cooperation with the frontline logistics suppliers, achieving the average 3-day transportation for the trunk line of the cloud warehouse, T+2 service time for 80% delivery orders, and direct distribution to terminal stores from the cloud warehouse, optimizing commodity validity period management, and greatly improving transportation efficiency.



Environment protection responsibility:

Green and low carbon

02

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. The Company regards energy conservation, consumption reduction, and low carbon as its important tasks for long-term growth. The Company has set up a well-established environment management system, executed lean production, actively developed and applied green technologies, and continued to implement energy, natural resources, and emission management, to promote green development of the Company.

Our actions:

- Adhere to energy conservation, technical transformation, cost reduction, and efficiency increase
- Carry out clean production, and set an example on green manufacturing
- Advocate green operation, and build an environmentally-friendly ecology



Driving forward environment-friendly construction

Marubi always follows the "four basic principles" to boost energy conservation, emission reduction, consumption reduction, and efficiency improvement in production and operation through concept innovation, technological innovation, and process innovation. The Company has formulated the Management Manual of Quality, Environment and Occupational Health and Safety to build a resource-conserving and environment-friendly society. As of the end of the reporting period, the Company has obtained the ISO 14001 Certification for Environmental Management Systems and Clean Production Certification, and also been awarded as the Guangzhou Green Factory. The Security Department of the Company is responsible for checking and supervising the environmental protection management, and effectively implementing the environmentally-friendly, energy-saving and emission-reduction concepts and measures. No violations of environmental discipline occurred during the reporting period.

Before commencing new projects and reconstruction projects, the Company will take into account the impacts on the environment, prepare an environment impact report in strict accordance with laws and regulations, and propose scientific and reliable control plans and specific countermeasures for pollution sources generated during production, to minimize the adverse environmental impacts.

Marubi's four basic environmentally-friendly principles

-  Low energy consumption in product use
-  Low production resource demands
-  Harmfulless raw materials
-  Low recycling cost

Conserving energy and reducing consumption for clean production

Marubi practices green development concepts, regards energy conservation, consumption reduction, and low carbon as key tasks for the growth of the Company in the long run, and adheres to green production and lean production by conducting all-around actions with respect to energy, pollutant prevention and control, and resource management, to create a more sustainable future.

Energy management

The Company aims to reduce energy consumption and improve efficiency of energy use through technical transformation. In the meantime, the Company uses clean energy to conserve energy and reduce carbon emission. As of the end of the reporting period, the Company has implemented the following energy conservation and technical transformation projects, which have positive and continuous environmental benefits:



Project	Content	Achievement
 Rooftop distributed photovoltaic power generation renovation project	<ul style="list-style-type: none"> Electricity is the main source of energy for the Company. According to evaluation, the Company boasts a roof space of about 7,400 m² for photovoltaic power generation. Through the photovoltaic power generation renovation project, the Company saves its investment in electricity. 	<ul style="list-style-type: none"> The installed capacity of the project is 660.06 kW. During the reporting period, the generating capacity of the project was 655,185 kWh, which effectively reduces electricity consumption and indirect emission of carbon dioxide, and reduces emission of carbon dioxide by 373.65 t every year.
 Energy conservation and renovation project of inverter central air conditioner	<ul style="list-style-type: none"> As the central air conditioners of the Company adopt the traditional air conditioning mode, all of units start running after the air conditioner is powered on, regardless of the indoor and outdoor temperature. This leads to energy waste and increased electricity consumption and cost. 	<ul style="list-style-type: none"> After renovation, the automatic closed loop control system is used and equipment is updated, which saves electricity, stabilizes the system, and extends the service time of the equipment. As a result, 255,091.9 kWh of electricity is saved every year.
 Sack filling optimizing project	<ul style="list-style-type: none"> Change the sterilization mode of some glass bottle packing materials from cleaning and drying to ozone. 	<ul style="list-style-type: none"> To improve efficiency, and save water and electricity. During the reporting period, 1,376.70 m³ of water and 39,323.28 kWh of electricity were saved.
Energy conservation and technical transformation project		

Case: Renovation of AHU circulating system in purification system



To improve the disinfection effect in former clean production workshops, ozone is used for disinfection during the non-production time. After disinfection, the deposited ozone needs to be diluted by circularly running the AHU of the purification system of the central air conditioner. The original system needs to be turned on by hands and the original constant-temperature and constant-humidity system needs to run for 24 H. After updating the control program of the constant-temperature and constant-humidity system, the Company implements interlock control of the ozonizer and the constant-temperature and constant-humidity system. With the design of independent control, the ozonizer and the AHU can be started and shut down at fixed time, respectively. After setting the system, the sterilization and distinction function can be automatically started after work, and automatically shut down after reaching the specified time. The AHU can be automatically started before work to activate the production mode in the clean area. After renovation, the running time is reduced, the new system can save up to 60,581 kWh of electricity consumed by the fan every month and up to 1,185.92 kWh of electricity consumed by the ozonizer every month, the operating environment is improved for the staff, the equipment loss is reduced, and the equipment service life is extended.

Case: Installation of energy-saving lighting fixture

The Company adjusts the commodity storage and management method by dividing the storage area on the 4th and 5th floor of the warehouse into a non-operation area for storage and a manual commodity distribution area. The non-operation area is unlit, and the manual commodity distribution area is lit by energy-saving lamps. While ensuring the adequate light in the operation area, 342 unnecessary lamps are removed, saving the 19,206 kWh of electricity every year.



Installing energy-saving lamps in manual commodity distribution area



Pollution prevention and control

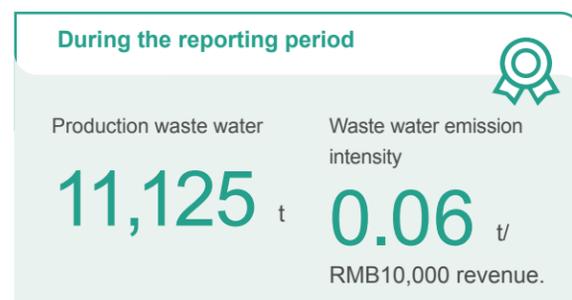
Marubi commits to observing relevant laws and regulations on pollutant emission management by classifying and treating pollutants in strict accordance with standards. By continuously improving the management on waste water, waste gas, and waste solid, conducting daily monitoring and regular third-party monitoring, and actively conducting process renovation, equipment update, and waste recycling, the Company reduces waste emissions, and achieves goals of "energy conservation, consumption reduction, pollution reduction, and efficiency increase". As of the end of the reporting period, all environmental protection projects constructed and implemented by the Company have been stably operated.

Waste gas management

By introducing advanced equipment and strengthening waste gas emission management, waste gas discharged from the production of the Company is reduced, lessening impacts on the environment. The waste gas generated during daily operation is small in amount, so the Company adopts the waste gas and dust removal and treatment system, as well as other pollutant prevention and control measures, to ensure that the waste gas emission complies with provisions.

Waste water management

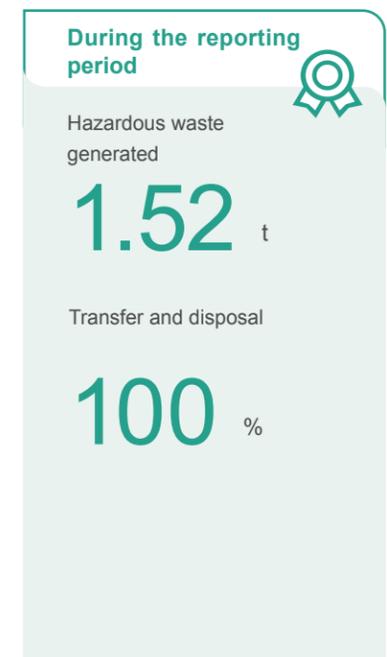
The Company applies strict control, classified management, and standard discharge of waste water. The Company has formulated the Sewage Station Operation Instructions and the Sewage Station Operation System, and implemented 6S management, to regulate and guide the operation processes of the main unit tank of the sewage station and the sludge cultivation. Meanwhile, the Company continued to improve operation management of the sewage station. With these efforts, the waste water can be discharged externally only after being treated by the sewage station and reaching the emission standard. The Company uses the front-end physico-chemical and back-end biochemical methods to treat the waste water, significantly reducing the discharge of each type of waste water.



Waste management

The Company's waste solid is mainly divided into four types by nature, including the recyclable waste, the non-recyclable waste, the hazardous waste, and the household waste. The responsibilities of each department related to waste management and management procedures are clearly defined according to the Waste Control Procedures in which collection and disposal requirements for each waste type are stipulated. The hazardous waste is stored in a hazardous waste storage room in the factory, and is disposed of by a qualified hazardous waste disposal organization.

Besides, the Company actively drives forward recycle and reuse of the waste, and promotes development of recycling economy. For example, the sludge in the sewage station of the factory is recycled by a third-party organization, and then is made into the new wall material through sintering; the Company uses recyclable cartons and containers in the workshop. During the reporting period, 51 t sludge waste, generated from the sewage station of the factory, was 100% recycled.



Reducing cost and increasing efficiency to conserve natural resources

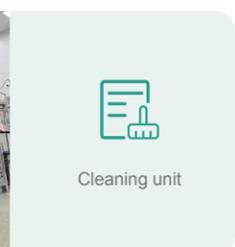
Marubi keeps an eye on the use of natural resources, and commits to improving utilization of production resources. The Company practices lean management, continues to improve processes during production, and makes rational use of resources, to improve resource utilization.

Water resources

The Company's water consumption mainly includes the water for raw material, washing water, and cleaning water used in the research, development, and production process. The water is from the municipal water utility. The Company actively carries out water-saving projects and adopts flexible production, to reduce water required for raw materials, and improve the comprehensive utilization efficiency of water resources.

Case: Emulsification process optimization and renovation project

The emulsification process is the main production process of the Company, which has direct impacts on product quality, production water and energy consumption. The Company renovates the spray and cleaning devices of the boiler unit, and adds a cooling system, to improve the cleaning effect and reduce the cleaning of the boiler unit. Through the project, 385 t water is saved, and product turnover and raw material waste are reduced, with about 5.12 t raw material saved.



During the reporting period



Production water consumption

57,190 t

Water consumption intensity

0.33 t/RMB10,000 revenue.

Resource usage

The Company treats production resources as the key environmental impact factor for the operation. The Company commits to reducing use of materials, integrating the green and environment protection concept in the product design stage, and phasing in the low-carbon and environmentally-friendly materials. The Company takes into account recycling or exhibition value of a gift package at the time of design. During the reporting period, the Company has taken measures below:

Project	Effect
Add the microbiological detection method to screen and verify feasible alcohol in advance and reduce the disinfection of alcohol passing through the equipment	Reduce use of alcohol while ensuring the effect
Optimize the production schedule to control the production process	Gradually reduce the cream loss rate
Cancel BOPP bag use on products	Reduce the packing material purchase cost, and improve the production line environment
Use the buckle type packing box to pack the product	Reduce consumption of packing tape
Use the zipper type paper box as the packing box	Reduce the tape consumption
Simplify the sample product packing mode, and remove the zip lock bag	Save packing material purchase cost, and improve production efficiency

Lean production improvement solution



Simplifying sample product packing



Use of zipper case to reduce tape

Promoting low-carbon development philosophy

Marubi actively responds to the national energy conservation and emission reduction policy, advocates green and healthy concepts and smart life, and passes on the ideals of energy conservation and environment protection.

Green office

To minimize carbon emission and impacts on the environment, the Company's headquarters building under construction is designed according to the three-star green building standard and the concept of sponge city. The Company also promotes green office, encouraging its staff to build a green workplace by starting with small steps from themselves.



Green office measures:

- Use LED energy-saving lighting equipment
- Promote paperless office
- Provide the small-volume bottled water to guests, and inspire the staff to use their own water cups, to reduce the use of disposable paper cups
- Recycle used batteries
- Set up a garbage classification leadership team, formulate garbage classification solution and management system, and put domestic garbage classification into place
- Environment protection tips and training

Case: Event of "Garbage Sorting for a Better Home"



The Company actively responds to the household garbage sorting work in Guangzhou through the following measures: driving forward the orderly garbage sorting, equipping garbage sorting and collection bins, promoting the fixed-point garbage storage mode, giving education and training on garbage sorting, and guiding the staff in garbage classification and disposal.



Garbage sorting training



Garbage sorting bulletin board

Social responsibility: Continued growth

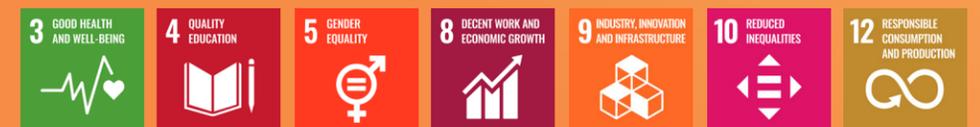
03



Marubi sticks to the strategies of "customer first, excellent products, exploitation of market advantages, and precise operation", and commits to responding to concerns and expectations of the staff, suppliers, and customers. The Company attaches importance to R&D, strictly controls quality, and pursues quality products, to win customers' trust. According to the "human-oriented" principle, the Company cares about its employees, and creates a systematic career development system, providing a good environment for employees' growth. The Company cares about the society, takes actions with love, and actively devotes itself to public welfare.

Our actions:

- Deeply engaged in R&D to empower the industry with green biological technology
- Continue to improve the quality management system to provide quality products
- Provide professional service and perfect solutions to create a pleasant consumption environment and user experience
- Safeguard the health, rights and interests for the staff to pursue mutual growth
- Establish strategic partnership with suppliers for win-win cooperation
- Boost community co-construction, harmony, and goodness



Pursuing innovation through unremitting R&D efforts

R&D concepts: open, innovative, scientific, truth-seeking, green, leading, independent, and high-tech oriented

As the cosmetics market increasingly stresses the product effect and the brand stresses the quality itself, the innovation ability, as the core competitiveness, becomes the cornerstone for development and the engine for continuous breakthrough of the Company. In the last two decades, Marubi has adhered to its original intentions, focused on anti-aging effects, deeply engaged in research on beauty and health, and embraced innovations with professional attitude, devotions, and concentrations.

R&D innovation

In terms of R&D management, the Company continues to promote innovation and advance the project management system. By setting complete, clear, demonstrated and evaluated project cycles, divisions of work, and goals, the Company can learn the progress and issues of the current project in time, make correct decisions, and make a summary of lessons learned during performing each project, to provide reference to subsequent projects and continuously accrue organizational process assets for the department.

R&D team

The Marubi R&D Center has a high-quality talent team, systematic talent training system, and an open and innovative research platform. The Company has 93 R&D technicians, 30% of which hold the master's degree or above. The Company has set up 35 experimental platforms, fully building a complete link of R&D modules covering "raw material development - raw material production - formula development - evaluation and testing - intellectual property protection - launch of products onto the market - technical support - open innovation" in the cosmetic technique field. This provides a strong support to the closed-loop research and transformation of core raw materials and technologies of the Company in the future.

During the reporting period

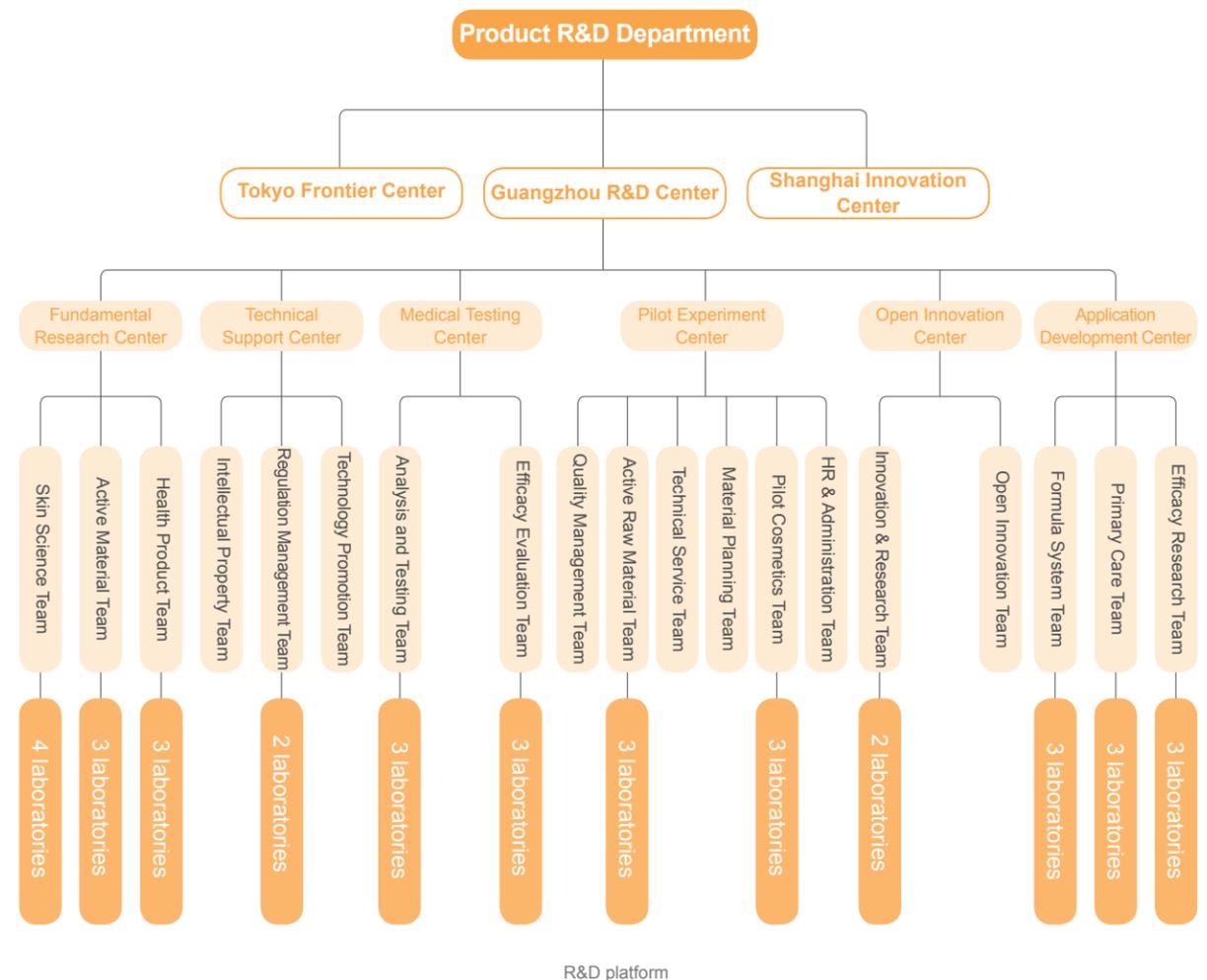
<p>"Elderly expert" from the International High-end Talent and Hong Kong, Macao and Taiwan High-end Talent Exchange Project of Guangdong</p> <p>1</p> <p>Practice tutor of master candidates of Beijing Technology and Business University</p> <p>1</p> <p>Assistant engineers of light industry engineering</p> <p>5</p>	<p>Experts registered in Guangzhou Science & Technology Expert Database</p> <p>2</p> <p>Senior engineer of light industry engineering</p> <p>1</p>	<p>Quality experts from the cosmetics field of Huangpu District as well as Economic and Technological Development District, Guangzhou</p> <p>7</p> <p>Engineer of light industry engineering</p> <p>1</p>
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Areas of experts:

- Dermatology, biochemistry, bioscience, materials science, cytobiology, molecular biology, organic chemistry, fine chemical engineering, pharmacy, oral medicine, food science, etc.

Research directions:

- Biology, chemistry, orology, food, medicine, material, etc.

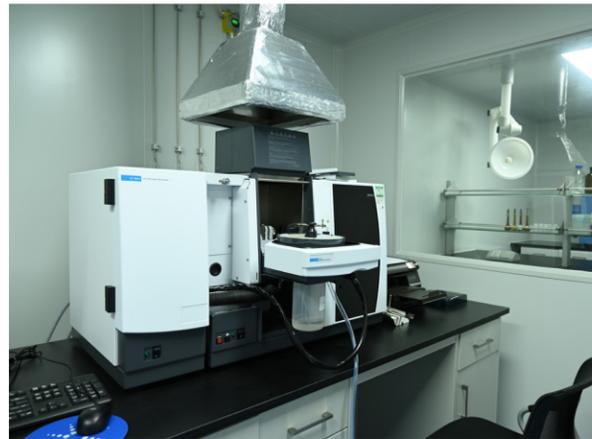


R&D platform

Guangzhou Marumed Research Co., Ltd.



The R&D Center of the Company has set up a cosmetic testing and evaluation laboratory in 2016, and in 2021, Guangzhou Marumed Research Co., Ltd was officially established. During the reporting period, Marumed Research has obtained CMA qualification from the national testing organization and has been approved to conduct registration and testing about cosmetic safety and stability, as well as efficacy testing about soothing, repairing, anti-wrinkle, anti-oxidation, and suitability for sensitive skin.



Marumed Research

R&D incentive

To encourage R&D innovation, the Company builds an innovative R&D mode to reward the employees who made inventions, published articles on a journal, or filed individual patents. Through the multi-dimensional incentive system, the Company motivates independent innovations of its employees, and improves the overall R&D level.

Besides, the Company actively promotes "building power of product with techniques". During the reporting period, the Company has organized innovation and research exchanges across departments, such as "Product and R&D Co-creation Exchange" and "R&D Salon", greatly promoting deep integration between techniques and products, and making the Company's product development aligned with the techniques and markets. Through these activities, the Company has developed lots of quality products, among which the "Marubi Recombinant Collagen Cream" has been released to the market. This product innovatively breaks the boundary between "oil" and "cream", providing the effects of moisturizing and repairing for skin.



R&D salon

BIOST Pharmaceuticals (Guangzhou) Co., Ltd.



In 2021, the Company established BIOST Pharmaceuticals (Guangzhou) Co., Ltd., aiming to realize production of self-developed raw materials and to boost application of new biological materials in cosmetics, food, and other beauty and health fields. During the reporting period, the Company has obtained the cosmetic production license and implemented mass production of self-developed raw material, SPG, in the BIOST factory.



BIOST Pharmaceuticals



Product co-creation exchange



Marubi Recombinant Collagen Cream



R&D achievements

R&D investment
RMB52.93
million



- By the end of the reporting period, the Company has obtained **214** issued patents in total, including **136** patents for inventions. **3** patents for inventions have obtained the China Patent Award - Excellence Award, and **1** patent has obtained the Patent Award of Guangdong Province.
- During the reporting period, the Company has had **77** new patent applications and **69** new authorizations.



- During the reporting period, the Company has led and participated in drawing up **16** standards, including **1** industrial standard and **15** group standards. The Company has also actively participated in the compilation of the Blue Book of the Cosmetics Industry with the Social Sciences Academic Press.

- By the end of the reporting period, the Company's research achievements in fields, such as genetic engineering, stem cell and regenerative medicine, natural phytochemistry, biological fermentation engineering, and high polymer materials, have been published on domestic and overseas academic journals, with nearly **30** academic papers, **8** of which are published on the SCI. The total impact factor of these papers for SCI journals is nearly **50** (specifically, 47.162), with a value of **6** (specifically, 5.895) each.
- During the reporting period, the Company has published **9** academic papers, including the High-voltage Pulse-assisted Extraction of Flavonoids from Kapok Using Deep Eutectic Solvent Aqueous Solutions. This paper, based on the CelCaper® directional cryogenic extraction technology, was published on the RSC Advances, the journal of the Royal Society of Chemistry, with an impact factor of 3.789 in 2022. The Company also published A Novel Delivery Vehicle for Copper Peptides on the New Journal of Chemistry (NJC), the authoritative academic journal of the Royal Society of Chemistry, with an impact factor of 3.925.



Case: Design and preparation of optimized protein raw material based on the functionally active protein research platform



Marubi has deployed a "functionally active protein research platform". 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 functionally active proteins or high-value animal and vegetable proteins, including recombinant collagen. Through technological upgrading, the Company has also enhanced the technological contents in raw materials and products, effectively reduced the cost of raw materials, comprehensively improved the skin care activity of its products, while reducing the use of harmful chemical reagents. These efforts are conducive to building an environment-friendly society and realizing healthy and sustainable development.



Standard type	Standard name
Group standard	Leontopodium Alpinum Extract (Leontopodium Alpinum Group Standard)
Group standard	Determination of Anti-Allergy in Cosmetics – Zebrafish Embryo Method
Group standard	Sapindus Mukorossi Extract
Group standard	Human Body Test Method for Moisturizing and Oil-controlling Efficacy of Cleansers
Group standard	Evaluation of Antioxidant Activity in Cosmetics – Caenorhabditis Elegans Assay
Group standard	Cosmetic Raw Materials - Prinsepia Utilis Rogle Oil
Group standard	Cosmetic Raw Materials - Recombinant Soluble Collagen
Group standard	Skin Anti-aging Ingredients

Compilation of standards led by the Company during the reporting period

Connect & Development

The Company has a mature "open innovation" system which is not limited within the boundaries of the Company. With "Connect and Development", the Company aims to achieve both "independent R&D" and "joint R&D". By breaking the organizational and industrial boundaries, the Company continuously collects, evaluates and integrates advanced technical resources that can be applied to R&D and products from external research institutions, and establishes its institution library, technology library, and expert library based on the chain of "university-research-medicine-inspection", forms an open innovation platform based on multiple subjects, multiple fields, and multiple dimensions, and realizes the collision of interdisciplines and breakthrough.

As of the end of the reporting period, the Company has established a global open partner system, covering more than 29 domestic and foreign universities, well-known 3A hospitals, scientific research institutes and other institutions, and introduced 88 university talents to work as interns at the R&D department, and cooperated with over one hundred leading experts from more than 10 fields such as biology, genetic engineering, dermatology, pharmacology, phytochemistry, material chemistry, and testing. These experts boast a wide range of expertise, with the transformable technological achievements up to 196.



Cooperation projects:

- Establish a "full-time professional degree graduate collaborative training base" with Jinan University
- Cooperate with South China University of Technology, Harbin Institute of Technology (Shenzhen), Guangdong University of Technology and other universities on raw material research and development and industrial application
- Reach a comprehensive strategic partnership with Guangzhou Quality Supervision and Testing Institute and international suppliers such as Lubrizol, DSM, Symrise, Ashland, and United Laboratories
- Cooperate with international scientific research and testing institutions such as Bureau Veritas (New York Laboratory), Laboratoire DermScan, Souken on product safety testing
- Establish an integrated collaborative platform of "industry-university-medicine-research-inspection" for recombinant collagen to promote the transformation of scientific research results
- Strengthen cooperation on scientific research projects with 8 universities, research institutes, and hospitals such as Westlake University, Beijing Technology and Business University, Guangdong-Hong Kong-Macao Greater Bay Area National Nanotechnology Innovation Institute, Guangdong-Hong Kong-Macao Greater Bay Area Huangpu Institute of Materials
- Introduce 8 experts from universities, research institutes, and hospitals to serve as academic leaders of new laboratories such as Synthetic Biology Laboratory, Advanced Biointelligent Manufacturing Laboratory, and Microfluidic Technology Laboratory and carry out scientific research work

Case: Marubi establishes a "graduate collaborative training base" with Jinan University



The Company makes great efforts in talent cultivation with Jinan University. During the reporting period, the Company has established a full-time professional degree graduate collaborative training base with Jinan University to cultivate graduates, integrate education with technology research and development and industrial development, accelerate the transformation of high-tech and scientific research achievements, and cultivate innovative talents with practical skills. The Company signs an agreement with the College of Life Science and Technology, Jinan University to jointly build a practice and training base outside college for college students. Since 2017, Jinan University has regularly arranged students to undertake an internship at the Company's 5C factory every year. As of the end of the reporting period, 221 students from Jinan University have worked at Marubi as interns.



Jinan University graduate training base inauguration ceremony

Development with the industry

The Company actively participates in industry activities and exerts own advantages to promote the development of the cosmetics industry.

Case: Cosmetics in South China go to the world - 2022 Beauty Huangpu Conference



As one of the representative companies in the cosmetics industry in Huangpu District, the Company actively supports the development of the cosmetics industry in Huangpu District, and participates in the customization of "the first industry co-brand star product - Beauty Huangpu gift box" in Huangpu District, to promote the brand power and product power of cosmetics companies and tell the story of the cosmetics industry in Huangpu District.



Beauty Huangpu Conference

Newly joined industrial associations by the Company during the reporting period

- Director unit of China Biotech Fermentation Industry Association
- Director unit of China Anti-aging Promoting Association
- Member unit of China Health Care Association
- Vice-chairman unit of Guangdong Medical Products Administration Society
- Member unit of Guangdong Cosmetic Quality Management Association
- Supervisory unit of Guangzhou Association for the Promotion of Technologically Advanced Small and Medium-sized Enterprises
- Member unit of Guangzhou Industrial Design Association
- Specially engaged director unit of Guangdong Science and Technology
- Director unit of Detergent & Cosmetics

Chemical safety

The Company strictly abides by the Safety and Technical Standards for Cosmetics and other laws and regulations, standardizes the selection of chemical ingredients, bans the use of prohibited ingredients, and gradually eliminates controversial ingredients through formula upgrading, aiming to continuously improve the chemical safety of its products. During the reporting period, the Company has examined all preservatives used in cosmetics. Based on the needs of the Company and by searching literature and patents, and cooperating with other companies in the industry, the Company verified and tested more than 20 kinds of preservative combinations to screen out controversial preservatives. New preservative systems are preliminarily established, including green preservative system, preservative free system, and plant preservative system.

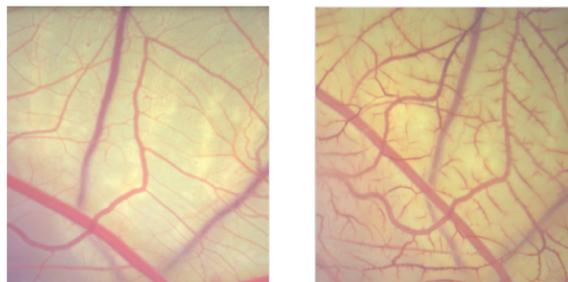
Animal welfare

The Company treats experimental animals friendly in accordance with the 3Rs (replacement, reduction, and refinement of experimental animals). Under the same conditions, the Company prioritizes alternative testing methods. For example, the Company has introduced chorioallantoic membrane (CAM) experiment, caenorhabditis elegans assay, zebrafish embryo method, and cell model for safety and efficacy testing. These efforts can help reduce animal experiments.

Case: CAM experiment



CAM experiment is an alternative method for eye stimulation. Due to the complete, clear and transparent characteristics of the CAM blood vessel system of the inoculated chicken embryo in the middle stage, the experiment directly applies a certain amount of the test substance onto the CAM. After a period of time, observe the changes of toxicity effect indicators (such as bleeding, crur and melting in blood vessel). Give a score according to the different forms of cosmetics to evaluate the eye stimulation that the test substance causes. During the reporting period, the Company has carried out CAM experiments for cosmetics and raw materials for many times, and conducted comparative analysis by using other safety assessment methods to open up new ideas in product safety assessment.

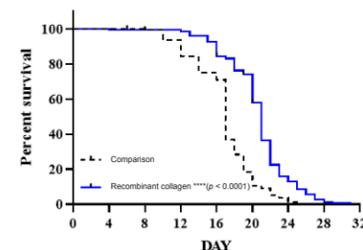


Example of an embryo before and after contact with a certain raw material. Bleeding points appear, which proves that the raw material is irritating

Case: Caenorhabditis elegans assay



Caenorhabditis elegans is a model organism in anti-aging research because of its fast reproduction, easy cultivation and operation, high experimental stability and expansibility, 60-80% of homology with human genes, and no ethical issues in animal experiments. In view of the short life cycle of caenorhabditis elegans, easy cultivation and clear genome sequence, the lifespan of caenorhabditis elegans has become the core indicator in anti-aging research. The Company uses caenorhabditis elegans in the safety and antioxidant test of cosmetics and raw materials, and checks the impact of the test sample on the life cycle of caenorhabditis elegans to evaluate the anti-aging efficacy of the sample.



Taking the data of Marubi's recombinant collagen as an example, the rightward shift of the caenorhabditis elegans survival curve reflects its anti-aging effect.

Keeping improving the product quality

Guided by the policy of "quality-first, integrity-based, leading the market, and keeping improving", the Company strictly complies with Quality Management Standards for Cosmetics Production and other relevant laws and regulations, and has established a quality management system through the entire life cycle of the product, covering product development, supplier selection, material acceptance, production, sales management, and product recall. The Company has passed the certification of ISO 22716 Good Manufacturing Practices for Cosmetics (GMP), the ISO 9001 Quality Management System, and Intertek's Good Manufacturing Practice Guidelines for Cosmetics. The Company regularly holds quality management meetings, checks the quality management system, evaluates suppliers, and checks the achievement of internal quality goal to ensure the effectiveness of the quality management system.

The Company keeps the product quality under strict control. The production area includes the filling workshop, ingredient workshop, and emulsification workshop, with a cleanliness degree up to level D according to GB 50457-2019 Code for Design of Pharmaceutical Industry Clean Room. In this way, raw material preparation, cream emulsification, cream storage and product filling are carried out in a cleaner environment. 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", and "suitable for sensitive skin".

	Chinese industry standard	Marubi standard
Heat-resistant	40°C, with no abnormality after 24 hours	45°C, with no abnormality after 24 hours
Cold-resistant	-8°C, with no abnormality after 24 hours	-18°C, with no abnormality after 24 hours
Centrifugation (emulsion)	2,000 r/min, with no stratification at room temperature for 30 minutes	3,000 r/min, with no stratification at 38°C for 30 minutes
Bacterial amount (cfu/g)	≤ 1,000	< 50
Total mold and yeast (cfu/g)	≤ 100	< 10

The Company has formulated the Quality Complaint Management System. After receiving a product quality complaint, the Company will follow up on and deal with the complaint in a timely manner, issue a Corrective and Preventive Measures Sheet, and formulate and implement corrective measures based on the investigation results. The Company has actively promoted the improvement of product quality, organized quality training sessions for more than 20 times, and taken special actions such as on-site inspection and quality punishment for suppliers during the reporting period to improve product quality.

In 2022,



Qualification rate of cream

99.6 %

Qualification rate of finished products

99.9 %

Case: Strict control to extend product shelf life

The Company has taken strict measures to control microorganism and inspect raw materials, which helps extend the shelf life of products.

Raw material selection

- Formulate standard raw material introduction systems and implement strict onboarding standards, to ensure that the raw materials used are of top quality in the industry, and to find vendors supplying stable, bulk volumes with minimum impurities and the highest purity.

Microbiological test for raw materials

- To reduce the risks of contamination caused by microbial reproduction, no microbe shall be detected in the incoming raw materials.

Microbial contamination control from all links of production

Production process

- Carry out the strictest microbial control measures with ultraviolet rays, high temperature, ozone, and bactericide, depending on time and places, and taking into account all dimensions ranging from human, equipment, material, regulation, to environment.

Case: Transformation of purified water unit

Water resources are very important for cosmetic production. Due to the impact of the environment and treatment process, water may contain impurities and cannot be used directly. In order to prepare water that meets the standards, the Company has carried out purified water treatment to control product quality. During the reporting period, in order to continuously improve the water quality for production and product quality, the Company has installed a first-level water pump at the outlet of the first-level water storage tank, added four RO membranes, replaced the PLC automatic control system, and installed 304 stainless steel pipelines. In addition, the Company has purchased equipment to optimize the treatment process between the water tank and the water outlets. These efforts help reduce the rate of defective products, and the amount of waste disposal during production, with both economic and environmental benefits.



After

Improving service with the customer-oriented philosophy

With the philosophy of "service first, sales second", Marubi has established an efficient and diversified service feedback mechanism, and is committed to providing customers with high-quality service.

Customer service

Marubi has formulated a set of standardized customer service procedures, and has opened multiple communication channels including 400 national customer service hotline, official WeChat account and official online mall customer service, to ensure a timely response to customers. The Company has built a consultant customer service system to serve specific customer groups on each platform, and provided personalized services by distinguishing the portraits of the groups. The Company has also conducted customer service training each month, and formulated a sound incentive system to continuously improve employees' professional and service capabilities.

Based on the customer feedback, the Company regularly collects after-sales problems and customer evaluations, and then communicates product-related problems to relevant departments of the Company for product optimization. At the same time, the Company conducts in-depth product training for customer service staff, in order to optimize the relevant process to improve customer experience.

Case: Upgrading of Multiple Peptide Anti-Wrinkle Eye Cream (Small Red Pen)

Marubi Multiple Peptide Anti-wrinkle Eye Cream is a two-in-one product, which integrates eye cream and massager, and equipped with batteries to ensure its high-frequency vibration. The original generation of Marubi Multiple Peptide Anti-wrinkle Eye Cream is designed with one battery. To meet consumers' needs, the second generation is designed with two batteries and improved efficacy, which can increase the product's battery life and improve customer experience.



可换电池
按摩头没电后,可更换电池继续使用,操作详询客服

Multiple Peptide Anti-wrinkle Eye Cream user guide



The 2nd generation of Multiple Peptide Anti-wrinkle Eye Cream

Case: Delivery within 12 hours during Double 11

During the reporting period, the Company has taken measures to improve logistics efficiency such as the construction of cloud warehouse, optimization of the express delivery sheet review system, and strengthening of the commodity inventory information synchronization. Therefore, delivery within 24 hours throughout the year could be possible. During Double 11, the Company adopted methods such as pre-packaging to improve delivery timeliness, achieving 12-hour delivery. The total number of orders was about 1.7 million, of which the largest number of orders within one day was 200,000.



Commodity packaging

Chitu "Star Customer Service" evaluation criteria

The Chitu "Star Customer Service" award is granted to 555 vendors from a total of over 100,000 e-commerce merchants registered on Chitu based on the evaluation of various indexes of the before-sales customer service teams. Winners are honored as the "Excellent Customer Service Team of the Year". The evaluation activity is based on the overall assessment of the customer service teams in the same category and at the same level, including the transformation rate of inquiries, customer service satisfaction, average response time, Ali Want reply rate, question-to-answer ratio, as well as reception number and customer service sales.

Marubi official flagship store on Tmall scored 4.8, and overall experience for users is 5 stars



During the reporting period

The Company won the honor of Tmall Gold Medal Customer Service and Chitu "Star Customer Service", and Marubi official flagship store on Tmall scored

4.8

Compared with 2021, the annual satisfaction survey result has achieved a significant improvement, with a year-on-year increase of

17.49 %

Complaint settlement rate

100 %

Responsible marketing

The Company highly values the interaction and communication with consumers, and carries out responsible marketing activities. The Company attaches great importance to the authenticity and accuracy of product marketing, and reviews the advertisements in accordance with the requirements of laws and regulations. If new laws and regulations are introduced, the key points of these laws and regulations will be summarized in written documents and be distributed to relevant departments of the Company for learning. At the same time, the Company actively provides training on cosmetics laws and regulations, as well as compliance to all employees at relevant departments, dealers and stores.



直播电商合规指引

一、 编制目的
为规范公司直播行为，避免或降低公司被处罚（索赔）风险，根据《广告法》《反不正当竞争法》、《广州网络消费纠纷处理办法》等法律法规、行业规范制定本指引。

二、 适用范围
本指引适用于广东丸美生物科技股份有限公司及其下属全资子公司及分公司、控股关联公司（占股50%以上）等开展直播电商业务的公司。

三、 违规法律风险
《广告法》规定：发布虚假广告，处广告费用三倍以上五倍以下的罚款，广告费用无法计算或者明显偏低的，处二十万元以上一百万元以下的罚款；两年内有三次以上违法行为或者有其他严重情节的，处广告费用五倍以上十倍以下的罚款，广告费用无法计算或者明显偏低的，处一百万元以上二百万元以下的罚款，可以吊销营业执照。

《反不正当竞争法》规定：商品作虚假或者引人误解的商业宣传，处二十万元以上一百万元以下的罚款；情节严重的，处一百万元以上二百万元以下的罚款，可以吊销营业执照。

《著作权法》规定：发生侵权行为，行政罚款可处二十五万元以下罚款，其他刑事及民事责任。

四、 具体合规指引
(一) 宣传合规
1. 主播不得发表以下内容：



**化妆品生产质量管理规范
检查要点及判定原则**

Training on Quality Management Standards for Cosmetics Production





《化妆品不良反应监测管理办法》重点解读
——丸美品质管理中心QA部

《化妆品生产经营监督管理办法》解读
——丸美品质管理中心QA部22年4月

Training of laws and regulations



Emails relating to new laws and regulations

The Company advocates rational consumption and scientific skin care, provides high-quality products, professional services, and beauty solutions for consumers. In addition, the Company is committed to creating a comfortable and pleasant consumption environment for customers through high-quality products, professional interpretations, considerate services and varied activities. The Company introduces product functions and product tutorials through customer service on e-commerce platforms, introduction by hosts, guide cards in packages, public accounts, and short videos. Offline salons and private sessions are held, mainly to share skin care skills, skin first aid skills, and promote new products. In addition, the Company also attaches great importance to the development of the industry, actively empowers downstream partners in the industry, and conducts trainings for dealers and stores, covering product introduction, sales skills, skin care skills, etc.

During the reporting period

Offline salons and private sessions held

12,012

Covering members

329,092






Marubi's big shot popularizes products in live studio



Restaurant bar salon



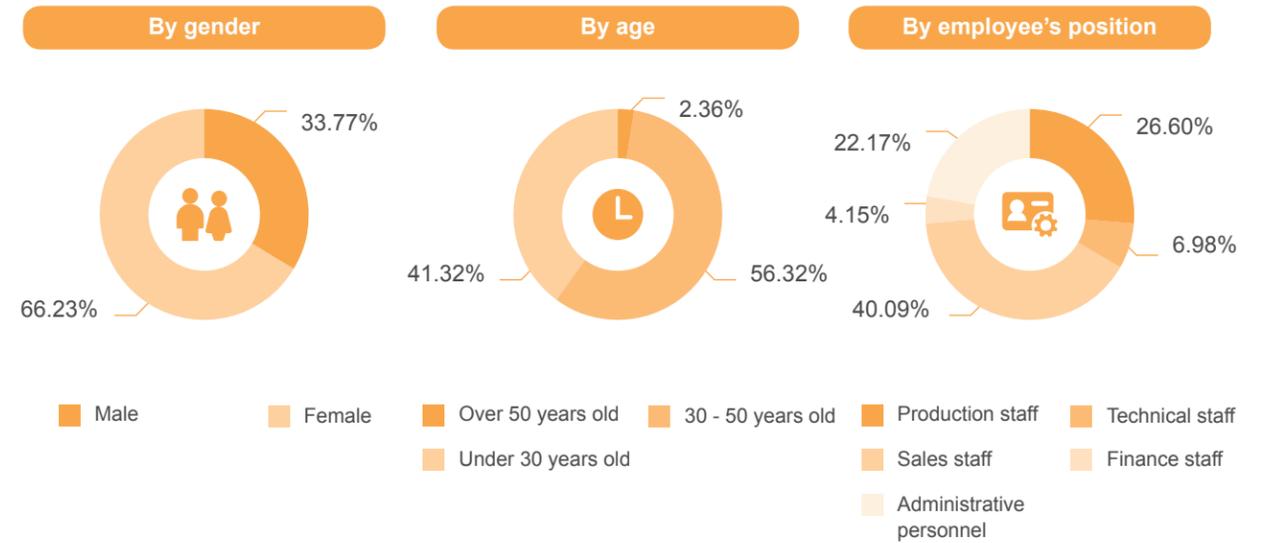
Skin care salon

Building a harmonious workplace with the people-oriented philosophy

Marubi adheres to the "people-oriented" philosophy, and is committed to providing strong backup for its employees, helping tap the potentials of employees, and helping employee grow and succeed.

Gender equality and diversity in employment

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 concluded labor contracts in accordance with the law, aiming to continuously improve employee management and protect legitimate rights and interests of its employees. The Company adheres to the principle of open recruitment, fair competition and merit-based employment, insists on gender equality in employment and prohibits any form of employment discrimination. Forced labor and child labor are prohibited. The Company always advocates and adheres to gender equality, employment diversity and other philosophies, and strives to create a fair, respectful and diverse working environment.



Case: Enterprise-university cooperation to cultivate practical talents

With a focus on industry growth, the Company continuously cooperates with universities, and has become the practice and training base for Jinan University, Chongqing University of Technology and Guangdong Pharmaceutical University, etc. During the reporting period, the Company has conducted the enterprise-university cooperation project with Guangdong Industry of Polytechnic, to train practical students and help them finish the internship. During the one-year internship project, the Company has provided the interns with the opportunity of work shift among multiple posts, including semi-finished product production, product quality control, cosmetics R&D, and volunteer evaluation. Through this project, the interns can learn more about cosmetics besides the basic operation, while the Company can expand the talent pool of the industry.



Enterprise-university cooperation

Employees' rights and interests

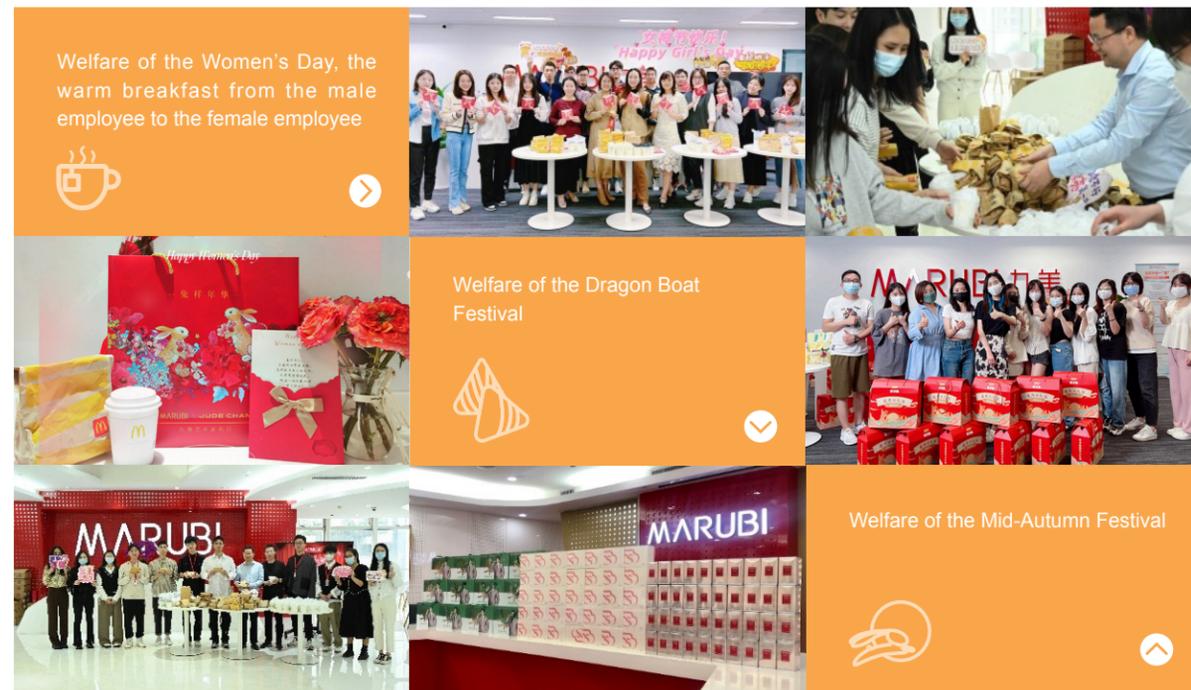
To safeguard the employees' rights and benefits and to create a standard talent management system, Marubi has formulated relevant management provisions, such as the Performance Management System of Marubi, the Salary Management System of Marubi, and the Benefits Management System of Marubi, to improve the salary system and the democracy mechanism, so as to create a fair and harmonious working environment.

Remuneration and talent motivation

The Company provides competitive remuneration, including the fixed base salary, achievement incentive, subsidy, and welfare. With the multi-channel remuneration system, the Company attracts, retains, and motivates talents, inspires the employees' initiatives to share interests and shoulder risks, improves the Company's competitiveness, and achieves the goals of the overall development strategy. The employees' remuneration follows basic rules of fairness, competitiveness, motivation, acceptability, adaptability, and legality, and adheres to the principle of equal pay for equal work. In addition to being compliant with local provisions and being higher than the local minimum wage, the remuneration should also be determined according to the overall operation performance of the Company while taking into account the Company's business characteristics, value evaluation, external wage level, and benchmark of the market.

Employees' benefits

Marubi proposes the life outlook of "learning by heart, concentrating on work, and living happily", and stays committed to legally, reasonably, and completely safeguarding rights and benefits of the employees. To build a warm and harmonious working atmosphere, and present the humanistic care to the employees, the Company provides a variety of subsidies to them, such as the traffic subsidy, launch subsidy, attendance bonus, and travel subsidy, besides the five insurances and housing provident fund as required by law, making each employee actually feel the warmth from the Company. The Company also witnesses and accompanies the big moments of each employee, sending blessings and gifts including birthday gifts, health gifts, gifts for babies, wedding gifts, and holiday gifts. Moreover, to carry forward the culture of filial piety, advocate respecting and loving the old, and pass on filial piety, the Company sets up the filial piety salary system. According to the system, the Company and employees will jointly contribute a sum of money to the filial piety salary, which is then directly sent to the bank account of the employees' relatives. As of the end of the reporting period, the Company has cumulatively paid the filial piety wages up to RMB 3.4348 million.



Democratic communication

To safeguard the employees' rights and benefits, and expand the communication channels for employees, the Company has formulated the Comments and Suggestions Collection, Handling and Feedback System of Marubi, completing the signing and approval of comments and suggestions mechanism, establishing collection channels, and summarizing information ledger. The established channels comprise Enterprise WeChat Mini Program, OA, CEO mailbox, etc.

Besides, the Company conducts the quarterly satisfaction survey, and makes rectification based on the issues raised by the employees in the survey. During the reporting period, the survey results showed that the Q4 employee satisfaction was higher than Q1 employee satisfaction at each survey dimension.



Complaint box in Headquarters and e-commerce tea room



Advice and Suggestion (Enterprise WeChat mini program)

Talent development

Marubi appreciates cultivation, growth, and occupational development of the employee, strives to build a "fair, just, objective, and qualified" promotion system, and continues to improve the occupational development channel for the employees, to promote overall development of the staff, build a flat organization, and achieve agile and efficient operation of the organization. During the reporting period, the Company has optimized the human resource management strategies according to the talent review report, in combination with the Company's business development and the actual conditions of the organization, forwarded structural integration and optimization of departments, and promoted talent cultivation and utilization. Meanwhile, the Company stressed on the feelings and mental health of the employees, provided the communication channels for the employees, and listened to and cared the employees in time.

The Company insists on the values of "life-long learning and practice", and stays committed to creating a learning organization by setting up a comprehensive online learning platform, Marubi Academy, to provide online and offline training, and setting up a dual system of internal and external lecturers. The Company sets up the three-level training system to support the Company's strategy implementation, business development, and human capital appreciation.

Cultivation of middle-level managers: management experts

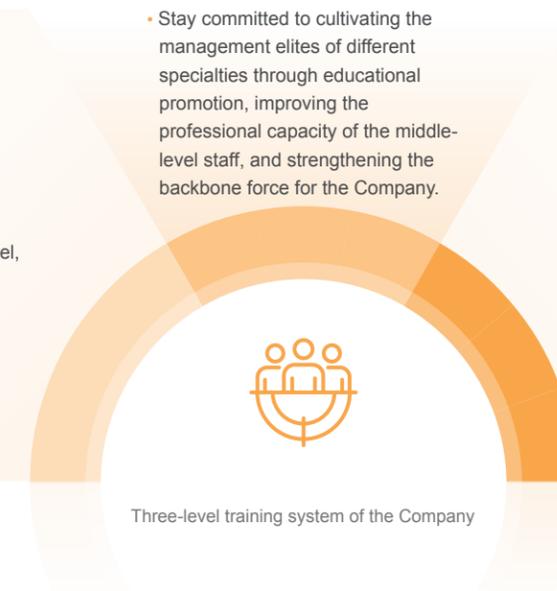
- Stay committed to cultivating the management elites of different specialties through educational promotion, improving the professional capacity of the middle-level staff, and strengthening the backbone force for the Company.

Cultivation of senior managers: talents with coordinated management skills

- Through the MBA courses of SUN YAT-SEN University, cultivate business partners that have far strategic vision, recognize Marubi's corporate culture, and with overall management capacity.

Cultivation of grassroots employees: talents with execution abilities

- Stay committed to cultivating management trainees and high-potential talents at grassroots level, and strengthening backbones for the basic level of the Company.



Three-level training system of the Company

During the reporting period, the Company has conducted the internal training and the new employee training. The internal training includes the product training, skill training, sales training and other multi-dimensional business enabling training, totaling 81 rounds and covering 2,506 persons all the year around. The new employee training is a regular 2-day collective training for new employees, including factory visit, corporate culture interpretation, interpretation of occupational development path, interpretation of remuneration and welfare system, and interpretation of channel and business. 8 rounds of the new employee training were held all the year around, covering 222 new employees.



Internal training



New staff training

Case: Educational improvement support



To promote active learning and lifelong learning ideas in the workplace, and encourage employees to participate in the academic education and occupational training, the Company selects the best training organizations and quality cooperation suppliers externally while learns the employees' demands and solves actual issues internally, providing full support to education promotion. The Company managed to encourage the grass-roots employees to actively upgrade their academic level. During the reporting period, 14 employees have upgraded their academic level.

Case: EMBA training of SUN YAT-SEN University



The Company provides the key employee training, with the aims to discover, select, and cultivate talents from senior managers and technical elite teams. Further, the Company cultivates the selected talents in a systematic and planned manner, boosting the conversion of business management elites to comprehensive operation management talents. Since its launch in February 2022, the EMBA training project of the SUN YAT-SEN University has completed 7 sessions of face-to-face courses.



EMBA course

Case: Marubi Academy



The Company sets up three colleges based on different learning demands of front, middle and back platform personnel: including 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 438 online courses and 1,118 sub-courses were offered as of the end of the reporting period.



Marubi Academy

During the reporting period



Total training time
28,522 H

Average training time
27.5 H

Employee care

Marubi truly cares for the employees, ensures the balance of the employees' work and life, and attaches importance to the team building activities. The Company carries out team building from the department, club, and company level, festival activities, and family activities for employees, giving the employees a warm feeling in their spare time.

Case: Culture Festival



Since 2015, the Company has held the Enterprise Cultural Festival to the staff every year, which consists of multiple activities such as annual strategic presentation, great cultural training, debate competition, sports meet, annual commendation conference, and gala dinner. The Cultural Festival is an opportunity to praise the achievements of the staff for last year, and also a stage for showing themselves. During the Cultural Festival, the friendship between the employees is deepened, the employee's sense of belonging is enhanced, and the employees can further understand the Company's strategy and enterprise culture. The Marubi Culture Festival has been held for eight years. The Marubi Culture Festival 2022, themed Growth for the good of all, passed on the Company's values and core strategies, united the force of employees, and enhanced the core competitiveness of the Company through strategy presentation, annual commendation conference, and kick-off meeting.



Venue of culture festival



Speech of Chairman

Case: Marubi's 20th anniversary



To celebrate the 20th anniversary, the Company adopts a brilliant decoration design of balloon arches, colored flags, and banners. Moreover, a signature wall is provided for signing by the staff, allowing them to fully participate in the celebration. A birthday cake is cut and distributed to the staff, and fruit and drinks are also provided at this joyous moment.



Signature wall

Case: Badminton game

To build a healthy and upward corporate culture, enrich the spiritual and cultural life for the employees, and raise the awareness of positively participating in sports and exercise, the Company organizes and holds the First Badminton Game of Marubi 5C Center. 74 employees from 9 departments applies for the Game (the participation rate of each department is 75%), with 97 rounds completed in total. The Badminton Game marks the breakthrough of Marubi 5C Center, further enriching the team building activities for the employees, enhancing the enthusiasm of employees for sports, and improving the team cohesiveness.



Competition site

Case: Photographic activity

To enrich the employee's spiritual and cultural life, and build a positive, upward, healthy, and civilized factory, the Company organizes photographic activities themed sharing the beauty of the factory and finding the "wonderful" moments.



Competition site

Case: Caring about employees working at high temperatures in summer

In the heat of summer, the Company holds the "Cool Summer" activity by providing refrigerators, cool drinks, and watermelon to the warehouse employees, to express the Company's care and inspire them.

“送清凉 鼓干劲 创业绩 筑未来” 慰问活动



Cool summer

Case: Caring about employees during Double 11

To prepare for Double 11, the Production Department and the Logistics Department usually work over time, and other departments also need to support the production and packing work. To appreciate their hard working and inspire them to work for Double 11 in better states, the Company provides welfare to the employees every day, including fruit, milk, drinks, and food.



Honoring employees working for 15 and 20 years for the Company

Adhering to good health and safety practices

Marubi always puts safety first, promotes the physical and psychological health of the employees, and builds a healthy and safe working environment, to make the Company continuously forward the sustainable development goals.

Safety management

To strictly adhere to relevant laws and regulations, and set up a complete occupational health and safety management system, the Company has formulated 26 safety management system documents, including the Emergency Rescue Plan in Case of Accidents Caused by Precursor and Explosive Chemicals, the Hazardous Chemicals Safety Management Procedures, the Emergency Preparedness and Response Control Procedures, and the Pipeline Natural Gas and Bottled Gas Safety Management Procedures. The Company has obtained the certification of ISO 45001 Occupational Health and Safety Management System. By the end of the reporting period, no major safety accident has occurred.

The Company has formulated the Hazard Source Identification and Evaluation Control Procedures to strengthen safety risk management. The Company also conducts safety risk evaluation every year, and implements effective control measures according to the evaluation results. In addition, the Company conducts the monthly check, the check before holidays, and other conventional safety checks, to rectify all problems detected, and implement the work safety in an all-round way.

During the reporting period

Work accidents

0

Work-related fatalities

0



Selection of activity, process, and service

- Production process and safety technology management
- Operational activity of production personnel
- Installation, operation, and maintenance of equipment and facility
- Hazardous factor in storage of toxic and harmful materials



Identification of hazard factors in activities, processes, and services

- Management: production technology, operating procedure, skill training, education and training control
- Quality of personnel: awareness, operating procedures, and experience
- Environmental conditions: environment and conditions of production site
- Occupational health and fire control



Determination of major hazardous factors

- The Security Department summarizes risk control plans from each department, defines the Company's major hazard factors, and establishes the list and control sheet of major hazard sources.



Qualitative and quantitative evaluation of hazardous factor

- Formulate hazard source (risk) identification, evaluation, and risk control plan according to evaluation results mainly through inquiry, exchange, site observation, and search of relevant records.

Safety risk identification

The Company's control measures for major hazards are as follows:

- Formulate goals, indicators, and management solutions
- Formulate management procedures
- Conduct training and education
- Formulate emergency plan
- Reinforce supervision and check on site
- Maintain existing measures
- Monitor major hazards and give instructions and provide service accordingly



During the reporting period



Labor protection appliance expenditure

**RMB
207,000**

Emergency measures for safety

Adhering to the principles of equal importance of prevention and emergency, the Company has formulated the Emergency Plan for Production Safety Accidents. The Company conducts safety drills every year, which ensures effectiveness of the emergency plan and the emergency equipment, and helps continuously improve the fire safety awareness and fire emergency capacity.



Fire drill



Firefighting competition

Hazardous chemicals

The Hazardous Chemicals Safety Management Procedures and the Emergency Rescue Plan in Case of Accidents Caused by Precursor and Explosive Chemicals, formulated by the Company, specify strict measures and fixed procedures for procurement, transportation, storage, use, and waste management with respect to hazardous chemicals, effectively preventing environmental safety accidents. The Company also provides training to the workers engaged in use of hazardous chemicals, regularly carries out emergency drills by referring to the Emergency Plan for Production Safety Accidents, thus effectively preventing and controlling risks of dangerous explosive chemicals and protecting the employees against injury.



Anti-theft drill for chemicals



Occupational health

The Company stays committed to providing a safe working environment to the employees and ensuring the employees' mental and physical health through measures below: inviting a professional third-party organization to supervise all occupational health hazards of the Company, providing the employees with physical examination every year, and carrying out health monitoring and management for the specific positions with occupational disease risks.



Occupational health examination report

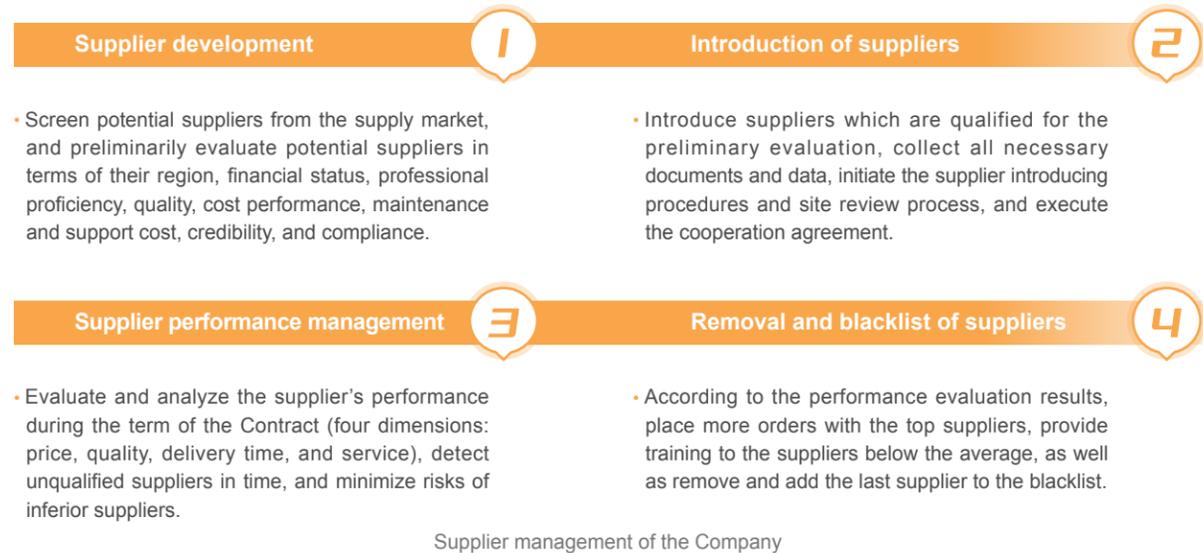


Working together and joining hands with partners

Marubi highly values the cooperation with its suppliers. When selecting suppliers, the Company insists on the primary principles of ensuring product quality and service quality, supports local procurement, and positively includes ESG considerations into the supplier assessment range. Through working together and close communication with its suppliers, the Company has established a long-term and stable cooperation with its suppliers for mutual improvement, boosting the sustainable development of the Company in the future.

Supply chain management

The Company has formulated the Supplier Management Manual, specifying the whole life circle from introducing suppliers, audit, procurement, cooperation, and evaluation management, to elimination, and guiding each internal department concerned to well conduct supplier management. According to the open, fair and just principles, the Company implements transparent and digital procurement mechanism, fully standardizes procurement processes with the SRM platform, improves transparency of full life cycle management procedures with respect to suppliers, and establishes a win-win strategic partnership with suppliers.



Supplier onboarding

When admitting new suppliers, the Company takes into account performance of the new suppliers in enterprise social responsibility, production environment, and safety & environment protection, besides their general qualifications and product quality screening. The new suppliers can be included into the database only after they are reviewed and approved on site and execute the honesty agreement.

ESG site review dimension for supplier:

- Labor management
- Work safety and health
- Environment protection

Green procurement

Marubi follows the concept of green procurement, advocates the preemption and use of raw materials with less impact on environment, gradually integrates the principle of sustainable development to supplier management and review, continues to complete sustainable procurement procedures, and improves the sustainable attribute of the whole industrial chain. As required by the Company, the supplier's product should contain information about hazardous substance, recyclable material, etc. To ensure the validity of green procurement, the Company implements environment audits and regular training.

- The supplier complying with the Nagoya Protocol is the first choice.
- The raw material complying with the Roundtable Sustainable Palm Oil (RSPO) is the first choice.
- The suppliers are inspired to use environmentally-friendly inks.
- Pay close attention to biodiversity and use raw materials with less impacts on biodiversity.

Boosting community co-construction with a grateful heart

Marubi cares for the society, and adheres to the values of "being grateful to the society, and acting for love". Since its establishment, the Company has been committed to shoulder its social responsibilities. In 2008, the Company set up the "Better Care Fund", with the aim to pass on love from aspects of culture, rural revitalization, and education, and make contributes to the society as best as it can.



Case: Education aids to Chongqing University of Technology

The Company has been giving supports to Chongqing University of Technology since 2015, and has donated RMB500,000 as student grants during the reporting period, to improve the education development.

Case: Visiting veterans and senior party members

As the Spring Festival is coming, the Company visits retired veterans and senior party members to further learn their thoughts, physical health, and living conditions, and sends cares, gifts, and blessings from the Company.



Visit of the Company's party branch's to senior party member



Learning meritorious deeds

Case: Air China & Marubi: making up a beautiful life

Cooperating with Air China, Guangdong Branch, the Company holds the activity of Women's Day for the beauty of female employees of Air China, promotes the special Air China Discount Applet, and provides the special skincare training to interpret knowledge and skills about skincare and makeup.



Venue of skincare training themed Women's Day

Appendix

Key performance table

Economy				
Indicator	Unit	2021	2022	
Operating revenue	100 million yuan	17.87	17.32	
Net profit attributable to the parent company	100 million yuan	2.48	1.74	
Total assets	100 million yuan	37.62	40.91	
Number of R&D personnel	Person	97	93	
Proportion of R&D personnel	%	8.10%	8.77%	
Total R&D investment	10,000 yuan	5,048.82	5,292.57	
Tax amount	100 million yuan	2.53	2.63	

Note: For other financial data about Marubi in 2022, see *Marubi Annual Report 2022*.

Environment				
Topic	Indicator	Unit	2021	2022
Renewable energy	Photovoltaic power generation	kWh	690,800	655,185
	Purchased electricity	kWh	4,617,846	4,707,000
Energy use	Natural gas	m ³	238,997	228,071
	Comprehensive energy consumption	Tons of standard coal	830.43	829.29
	Energy intensity	Tons of standard coal/100 million yuan of revenue	46.47	47.88
	Energy efficiency	100 million yuan of revenue/tons of standard coal	0.02	0.02
Greenhouse gas	Total emission	Tons of carbon dioxide equivalent	3,106.26	3,178.00
	Scope 1	Tons of carbon dioxide equivalent	497.59	493.60
	Scope 2	Tons of carbon dioxide equivalent	2,608.67	2,684.40
Waste water	Total emission	Ton	11,493	11,125
	Emission intensity	Ton/10,000 yuan of revenue	0.06	0.06
Water resource	Amount of water consumption	Ton	54,927	57,190
	Intensity of water consumption	Ton/10,000 yuan of revenue	0.31	0.33
	Water resource efficiency	10,000 yuan of revenue/ton	3.25	3.03
Waste	Amount of generated hazardous wastes	Ton	—	1.52

Notes: 1. Since the subsidiary Guangzhou Marumed Research Co., Ltd. is officially put into operation in 2022, the statistical caliber of environmental data is the 5C factory and the Guangzhou Marumed Research Co., Ltd.

2. The main sources of greenhouse gas emission are natural gas and purchased electricity, and the Company's photovoltaic power generation is not included in carbon emission.

Society				
Topic	Indicator	Unit	2021	2022
Employees	Total number of employees	Person	1,197	1,060
	By gender			
	Male	Person	377	358
	Female	Person	820	702
	By educational background			
	College degree or below	Person	779	707
	Bachelor degree	Person	351	299
	Master degree or above	Person	67	54
	By age			
	Under 30 years old	Person	539	438
	30 - 50 years old	Person	636	597
	Over 50 years old	Person	22	25
	Gender of the management layer			
	Male	Person	42	74
Female	Person	59	133	
Training	Number of employees from ethnic minorities	Person	—	43
	Number of people with disabilities	Person	—	4
	Number of veterans and demobilized soldiers	Person	—	8
	Number of new employees	Person	—	410
	Number of local employment	Person	—	221
	Signing rate of labor contracts	%	100%	100%
	Coverage rate of social insurances	%	100%	100%
	Coverage rate of labor union	%	100%	100%
	Total hours of employee training	Hour	21,432	28,522
	Occupational safety and health	Number of employment injury accidents	Piece	0
Number of employment injuries		Person	0	0
Number of accidents involving work-related fatalities		Piece	0	0
Number of work-related fatalities		Person	0	0
Suppliers	Total number of suppliers	-	218	172
	By region			
	Suppliers from Chinese Mainland	-	210	167
	Suppliers from Hong Kong, Macao and Taiwan and overseas suppliers	-	8	5
	Total number of suppliers that have signed the Supplier Code of Conduct	-	218	172
Community	Public donation	10,000 yuan	307.25	50.00

Indexes

GRI Content Index

Statement of use	Marubi has reported the information cited in this GRI Content Index for the period January 1, 2022 to December 31, 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Corresponding chapter or section	
GRI 2: General Disclosures 2021	2-1	Organizational details	About Marubi
	2-2	Entities included in the organization's sustainability reporting	About the Report
	2-3	Reporting period, frequency and contact point	About the Report
	2-4	Restatements of information	Key performance table
	2-6	Activities, value chain and other business relationships	About Marubi Customer service
	2-7	Employees	Key performance table
	2-9	Governance structure and composition	Improving corporate governance
	2-10	Nomination and selection of the highest governance body	Improving corporate governance
	2-11	Chair of the highest governance body	Improving corporate governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Communication with stakeholders and analysis of material topics Improving corporate governance
	2-13	Delegation of responsibility for managing impacts	Improving corporate governance
	2-14	Role of the highest governance body in sustainability reporting	About the Report Communication with stakeholders and analysis of material topics
	2-16	Communication of critical concerns	Communication with stakeholders and analysis of material topics
	2-22	Statement on sustainable development strategy	Message from Chairman
	2-23	Policy commitments	Staying committed to business ethics Building a harmonious workplace with the people-oriented philosophy
	2-24	Embedding policy commitments	Staying committed to business ethics Building a harmonious workplace with the people-oriented philosophy
	2-25	Processes to remediate negative impacts	Staying committed to business ethics
	2-26	Mechanisms for seeking advice and raising concerns	About the Report
	2-27	Compliance with laws and regulations	See details in each chapter and section of the report
	2-28	Membership associations	Pursuing innovation through unremitting R&D efforts
	2-29	Approach to stakeholder engagement	Communication with stakeholders and analysis of material topics

GRI Standard	Disclosure	Corresponding chapter or section	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Communication with stakeholders and analysis of material topics
	3-2	List of material topics	Communication with stakeholders and analysis of material topics
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Key performance table
	201-3	Defined benefit plan obligations and other retirement plans	Building a harmonious workplace with the people-oriented philosophy
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Boosting community co-construction with a grateful heart
	3-3	Management of material topics	Communication with stakeholders and analysis of material topics Staying committed to business ethics
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Staying committed to business ethics
	205-2	Communication and training about anti-corruption policies and procedures	Staying committed to business ethics
	205-3	Confirmed incidents of corruption and actions taken	Staying committed to business ethics
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Conserving energy and reducing consumption for clean production Key performance table
	302-3	Energy intensity	Key performance table
	302-4	Reduction of energy consumption	Conserving energy and reducing consumption for clean production
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Reducing cost and increasing efficiency to conserve natural resources
	303-2	Management of water discharge-related impacts	Conserving energy and reducing consumption for clean production
	303-4	Water discharge	Conserving energy and reducing consumption for clean production Key performance table
	303-5	Water consumption	Reducing cost and increasing efficiency to conserve natural resources Key performance table
	3-3	Management of material topics	Communication with stakeholders and analysis of material topics Conserving energy and reducing consumption for clean production
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Key performance table
	305-2	Energy indirect (Scope 2) GHG emissions	Key performance table
	305-4	GHG emissions intensity	Key performance table
	305-5	Reduction of GHG emissions	Conserving energy and reducing consumption for clean production
	306-1	Waste generation and significant waste-related impacts	Conserving energy and reducing consumption for clean production
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	Conserving energy and reducing consumption for clean production
	306-3	Waste generated	Conserving energy and reducing consumption for clean production Key performance table
	306-4	Waste diverted from disposal	Conserving energy and reducing consumption for clean production Key performance table

GRI Standard	Disclosure	Corresponding chapter or section
GRI 308: Supplier Environmental Assessment 2016	3-3	Management of material topics Communication with stakeholders and analysis of material topics Working together and joining hands with partners
	308-1	New suppliers that were screened using environmental criteria Working together and joining hands with partners
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees Building a harmonious workplace with the people-oriented philosophy
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes Building a harmonious workplace with the people-oriented philosophy
	403-1	Occupational health and safety management system Adhering to good health and safety practices
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation Adhering to good health and safety practices
	403-3	Occupational health services Adhering to good health and safety practices
	403-5	Worker training on occupational health and safety Adhering to good health and safety practices
	403-6	Promotion of worker health Adhering to good health and safety practices
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships Adhering to good health and safety practices
	403-9	Work-related injuries Adhering to good health and safety practices
	403-10	Work-related ill health Adhering to good health and safety practices
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee Building a harmonious workplace with the people-oriented philosophy
	404-2	Programs for upgrading employee skills and transition assistance programs Building a harmonious workplace with the people-oriented philosophy
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees Building a harmonious workplace with the people-oriented philosophy Key performance table
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor Building a harmonious workplace with the people-oriented philosophy
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor Building a harmonious workplace with the people-oriented philosophy
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics Communication with stakeholders and analysis of material topics Working together and joining hands with partners
	414-1	New suppliers that were screened using social criteria Working together and joining hands with partners
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling Improving service with the customer-oriented philosophy

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Comments and feedback

Thank you very much for reading the Environmental, Social, and Governance (ESG) Report 2022 Guangdong Marubi Biotechnology Co., Ltd. To continuously improve the Company's ESG management, the report, and the ESG capacity and level, your comments and suggestions to this report will be highly appreciated. We will take into account your comments and suggestions and take appropriate measures to protect your information from being accessed by third parties.

1. What kind of shareholder are you?

- Employee Customer Investor Distributor
- Supplier Government and regulatory authority Media Industry association
- Cooperation organizations Others (please specify)

2. Do you think this report comprehensively and accurately reflects the Company's significant impacts to the economy, society, and environment?

- Very well Well Averagely Poorly

3. What do you think of the report's response and disclosure to stakeholders' concerns?

- Very well Well Averagely Poorly

4. Do you think this report clearly, accurately and completely discloses information, indicators, and data?

- Very well Well Averagely Poorly

5. What do you think of the readability of this report? How about the main logical line, content design, literal presentation, and layout design?

- Very well Well Averagely Poorly

6. What are your suggestions to our future ESG reports?
