

Beauty Farm Medical and Health Industry Inc.  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code:02373

Environmental, Social  
and Governance Report  
2024



# Contents



Chairman's Message on the ESG Report	02	About This Report	64
Highlight Performance	03	Appendix	65
Statement from the Board	04	ESG KPIs List	65
ESG Awards	05	ESG Reporting Guide Index	68

## 01 Beautiful Mission, Balancing Governance and Responsibility

Sustainable Governance Framework	08
Stakeholder Communication and Response	10
Materiality Assessment	11
Governance Mechanisms and Diversity Policy	12
Risk Management and Control	14
Compliance Operations	15
Anti-Corruption	17

## 02 Beauty Responsibility, Moving Forward Together

Ensuring High-Quality Service	21
Innovation and R&D Drive Market Competitiveness	32
Consumer Rights Protection	35
Supply Chain Management	39



## 03 Living Towards Beauty, Pursuing the Light

Employment Overview	42
Compensation System and Rights Protection	43
Work-Life Balance	44
Diverse Training and Growth Opportunities	46
Beauty Workplace Creating Space for Personal Development	48
Occupational Health and Safety	51
Social Contribution	52

## 04 Beauty in Nature, Coexistence and Mutual Prosperity

Climate Change Risks and Opportunities	56
Resource and Energy Management	59
Emissions Management	61
Ensuring a Green and Healthy Indoor Environment	63



# Chairman's Message on the ESG Report

Today, sustainability is not only an urgent imperative for global businesses, but also a responsibility that industry leaders must embrace.

With over three decades of deep industry engagement, Beauty Farm has transcended market cycles while remaining firmly committed to its long-term development vision. Our continuous exploration and vast operational experience have taught us that a company's sustainable growth is rooted in balancing commercial success with social value. To advance sustainably, we will continue to position ESG as a strategic cornerstone, striving to consistently deliver sustainable value beyond commercial excellence.

Since our listing two years ago, Beauty Farm has consistently embraced sustainability as a strategic priority, seamlessly integrating it into the Group's operational and management framework. We have fostered a top-down sustainability governance structure and an ESG system led by the Board of Directors, ensuring robust support and assurance for the systematic advancement of our ESG agenda.

## Consistently Upgrading Service Excellence, Preserving Customers' Beauty and Health

In 2024, with the successful acquisition of the "Naturade" brand, our business model underwent a comprehensive upgrade, shifting from the previous "Three Beauty Model" to a three-dimensional business model of "Two Beauties + Two Health Practices". This model integrates beauty and health services, aesthetic medical, and subhealth care, creating a powerful synergistic effect that consistently delivers value to our clients.

We deeply understand that while true radiance stems from a foundation of internal health, the power of self-confidence can be amplified by the graceful expression of external beauty. We have dedicated ourselves to providing one-stop beauty and health services for female customers, empowering them to express the elegance of beauty and health from the inside out. Our efforts aimed to unlock women's inner confidence and elegance, inspiring them with the self-assurance and capability to navigate life's journey. Along the way, we have bolstered and witnessed each woman's growth and transformation—from self-exploration and understanding, to ultimately defining themselves. We have also supported them in navigating the pressures of career, life, and health, reshaping and strengthening their growth with beauty and health.

Firmly guided by the belief that "accountability safeguards quality", we have built a three-tiered technical supervision framework and implemented rigorous service standards. Through systematic staff training, we ensure service standardization and consistency. In 2024, our beauty service stores carried out over a thousand internal quality control self-inspections. We also expanded the reach of our "mystery

shopper" program to further enhance proactive quality control, ensuring the consistent delivery of high-quality services. In aesthetic medical services, we pioneered our unique CellCare "two-category, five-tier physician team training system", and cultivated a multi-disciplinary talent team. In parallel, we developed a standardized "three-tiered medical quality control management system", implementing quality control protocols surpassing industry standards to assure the safety and compliance of our aesthetic medical services.

Building on our robust service standards, we consistently prioritize refining our services' personal touch and sincerity. As part of this effort, we launched the year-round "Craftsmanship Service" quality enhancement program to more accurately discern customer emotions and more precisely respond to customer needs. Our goal is to deliver a thoughtful and attentive experience at every service touchpoint.

Every service upgrade, every heartfelt greeting, and every thoughtful detail strengthens the bond between our members and our brands, fostering customers' enduring trust in our brands.

## Building a Sustainable Talent Pool, Empowering the Growth of Female Employees

We recognize that the battlefield of corporate competition has shifted from capital rivalries to the sustainability of talent ecosystems. As such, we must evolve from "leveraging talent" to "nurturing talent".

We have implemented a three-tiered incentive system for customer-facing staff, middle management, and senior management teams, transforming core talent from "career passers-by" into "partners in our shared mission". We also established a dual-track career development framework, mapping out clear learning paths and career roadmaps for employees in diverse roles through the "Treasure Hunt Guide". As the cornerstone of our learning and training program, Beauty Farm University<sup>TM</sup> has launched thousands of online courses, offering tailored, systematic training to support employees' career growth.

We have come to recognize that female employees, as a vital growing driving force, are increasingly contributing to the strength of our diverse talent pool. The empowerment of women in the workplace is grounded in fair promotion opportunities, inclusive resource platforms, and a gender-neutral value evaluation system. By turning "gender-friendly" ideals into actionable institutional innovations, we offer thoughtful benefits to support female employees in balancing career and family, ensuring career advancement and creating a supportive workplace for motherhood.

We are proud to share that women represent 60.5% of the Company's

management team. We have been privileged to help numerous young women from modest beginnings flourish at Beauty Farm, emerging as outstanding leaders and skilled professionals in the industry. In addition, over the past three years, we have welcomed the birth of 537 "Beauty Farm Babies". We will remain deeply committed to supporting women's long-term growth, empowering them to reach their full potential both professionally and personally, and inspiring them to excel.

In 2024, we took a significant step forward by officially becoming a global signatory of the United Nations Women's Empowerment Principles (WEPPs), emerging as the first public company signatory in China's beauty industry. Looking ahead, we remain committed to actively supporting women's growth, advancing gender equality, and helping more women reach their full potential in both their professional and personal journeys.

## Empowering Industry Partners, Taking the Lead in Driving Industry Sustainability

While remaining true to its vision, Beauty Farm has always been committed to creating an open and collaborative empowerment ecosystem through in-depth communication, shared resources, and collective smart innovation. Together with industry partners, we consistently advance industry sustainability.

On the corporate level, in 2024, we entered into a strategic partnership with Shanghai Jiao Tong University to launch Beauty Farm's inaugural EMBA program for professional managers, comprehensively enhancing franchisees' operational acumen and management effectiveness. In addition, we successfully hosted seven industry study tours, where we shared our management insights and professional perspectives with industry peers. During these events, we actively pursued new opportunities for industry consolidation, working together to drive the steady advancement and harmonious development of the entire industry. For consumers, we launched a public welfare traditional Chinese medicine online course alongside informative videos on aesthetic medical services. Through comprehensive and detailed knowledge sharing, we enhanced our customers' understanding and trust in the industry's services, improved information transparency and accessibility, and fortified the foundation of customer confidence.

China has released an array of policies to advance deep AI empowerment across diverse industry application scenarios. As a pioneer in the digitalisation of the beauty industry, Beauty Farm will continue to leverage digital advantages and officially enter the AI 3.0 era this year, actively utilising the capabilities of artificial intelligence to enhance business

innovation and operational efficiency, leading the digital upgrade of AI + beauty industry.

## Closing Remarks:

As an industry frontrunner, Beauty Farm firmly upholds its leadership responsibilities and commitment to excellence, anchored by our long-term vision and goals. We remain dedicated to exploring a path where commercial and social value not only intersect but thrive together. Standing at this crossroads, we firmly believe that a company's vitality is driven by a profound respect for the fundamentals of business management alongside an enduring commitment to social responsibility.

Moving forward, we will continue to align our business goals with sustainable development, integrating sustainability values into our corporate strategies and daily operations. Meanwhile, we will drive the beauty industry's sustainable transformation to elevate its overall image and position. We are committed to joining hands with all stakeholders, addressing the expectations of the times with accountability, and collaborating professionally to ring in a bright future.

Rooted in our initial aspirations, we keep striding forward on our journey as a beauty and health pioneer.

# Highlight Performance

## Responsible Governance

- **60.5%** Female in Senior Management Team
- **0** Lawsuits Related to Embezzlement, Bribery, Fraud, Deception, or Money Laundering
- Formation of the Beauty Farm Group Employee Union and Women's Federation
- **5 Major** Compliance Initiatives and "Three Standards" Principle in Aesthetic medical
- Become the First Listed Company in the Industry to Sign WEPs



## Responsible Service

- **1,173** Self-Inspections in Beauty and Wellness Stores
- Three-tier Medical Quality Control Management System with **130+** Medical Quality Control Inspection Standards
- Two Categories and Five Levels of Doctor Training System
- **470** Registered Trademarks, **58** Patents Granted (Utility Models), **8** Patents Pending (Inventions)
- **38** Business-Related Digital Systems, **70%+** Self-Developed Business System
- **100%** System Monitoring Coverage

## Customer Experience

- Upgrade "Craftsmanship Service" initiative along with year-round service quality improvement plan
- Overall Customer Satisfaction Rate of **97%**
- **31,213** Registered Users of Naturade's Intelligent Beautification System, **70,000+** online tests conducted
- **90.74%** Net Promoter Score (NPS) for Beauty and Wellness

## Green Add a reply

- Incorporate Climate Change-related Content into the Group's Governance Strategy
- Introduce "Benefit Beans" to Encourage Green Travel
- Implement "Large Bottle Plan" to Reduce Unnecessary Packaging Material Usage
- "Guarantee Compliant Air Quality in Every Store"



## Industry Empowerment

- Collaborate with Industry Leaders for Co-Creation and Joint Research
- **337** Third-Party Franchise Inspections **100%** Completion Rate for Quality Control Reviews
- Public Welfare "Traditional Chinese Medicine Online Courses - **4,000,000+** Likes "Representative Fung" Science Popularization Video Channel **69,000+** Views
- Cooperate with Shanghai Jiao Tong University to Launch EMBA Programme for Professional Managers
- Hold **7** Industry Study Tour Activities
- Leverage Digital Advantages to Lead the AI + Beauty Industry Digital Upgrade

## Career Development

- Establish a Three-Tier Incentive System Covering Frontline Employees, Middle Management, and Senior Management Teams
- Dual-Track Career Development System for "Management" and "Professional" Paths
- Participate in Compilation of "National Occupational Standards: Occupational Code 4-10-03-01 Beautician" Textbook
- Launch a Total of **1,541** Online Courses
- Partner with Shanghai Second Polytechnic University to Launch Education Advancement Plan



## Social Responsibility

- Contribute a Total of **150,000 RMB** Help Construct Rural Primary School
- Provide Donation of **80,000 RMB** Support "Village-Enterprise Pairing Precise Poverty Alleviation" Plan
- **65,000 RMB** Support for Employee in Need from Care Fund
- Free Skills Training for Drug Rehabilitation Individuals
- Partner with Changming Education Foundation's Zhen'ai Tongyan Special Public Welfare Fund to Launch Public Welfare Aesthetic Education Salon Activity



## Statement from the Board

The Board of Directors of the Group fully recognizes the importance of Environmental, Social, and Governance (ESG) matters to the long-term development of the Group and consistently integrates them into strategic decision-making and daily management. The Board of Directors holds ultimate oversight responsibility for ESG matters in the Group's business operations, ensuring a positive impact and alignment with stakeholders' expectations. In accordance with the ESG policy, the Group aims to build sustainable communities together with employees, customers, and business partners by supporting local initiatives. Through corporate philanthropy, industry empowerment, and other initiatives, the Group strives to bring long-term benefits to local communities while reducing the environmental impact of its operations.

To effectively fulfill its ESG responsibilities, the Board of Directors of the Group has established a Climate and ESG Management Committee to oversee ESG and climate change-related matters, implement ESG strategic planning, and ensure compliance with relevant laws and regulations. The Committee regularly reports to the Board of Directors on its progress to ensure that key matters are addressed in a timely manner. The Board of Directors focuses on current ESG matters and looks ahead to the future, adjusting strategies as needed to respond to internal and external changes and demands. In assessing the Group's ESG risks, the Board of Directors regularly reviews various business-related matters, prioritizing issues with significant impacts on operational risks and business performance. It also formulates ESG management guidelines and strategies to ensure alignment between ESG objectives and business strategy.

The Board of Directors of the Group holds an annual meeting to discuss ESG and climate change-related matters, review the progress of ESG goals, and closely monitor their implementation. It conducts an annual review of the progress toward ESG goals, assesses their alignment with the Group's overall strategy, and adjusts or optimizes the goals as necessary to respond to changes in the global market. In the future, the Board of Directors will uphold a strong sense of responsibility, strengthen the Group's leadership in ESG, and promote the deep integration of ESG goals with business strategy to create greater long-term value for stakeholders.



BEAUTY FARM

# ESG Awards

Beautiful Footprints,  
Keeping Pace with the Times



## Market

China's Leading Brand  
in High-End Beauty  
Services<sup>1</sup>

▲  
Frost & Sullivan

China's Leading  
Brand in Intelligent  
Beauty<sup>2</sup>

▲  
Frost & Sullivan

Forbes Beauty Industry  
Top 100 Outstanding  
Brands 2025

▲  
Forbes

Meituan Beauty and  
Body Care Annual Best-  
Selling Brand 2024

▲  
Meituan

Meituan Beauty and Body  
Care Annual Influential  
Brand 2024

▲  
Meituan

Member Unit of the  
China Association of  
Plastics and Aesthetics

▲  
China Association of  
Plastics and Aesthetics

Top 100 Chain Enterprises in the  
Service Industry and Top 280  
Franchises in 2023

▲  
China Chain Store &  
Franchise Association

Annual China Leading  
Brand Top 100

▲  
Winshang.com



## Social Responsibility

Sino-Securities Index  
ESG Rating Grade A

▲  
Sino-Securities Index

Wind ESG Grade A

▲  
Wind

Yicai Responsible Governance  
Contribution Award

▲  
Yicai

CLS Zhiyuan Award for Sustainable  
Development Value

▲  
CLS

Honor Award (2024) for Outstanding  
Social Responsibility Report and  
Annual Integrity Brand

▲  
Social Responsibility Conference  
Organizing Committee

2024 ESG Model Listed  
Company

▲  
14th Philanthropy Festival  
Organizing Committee



## Capital Market

2024 Potential  
Growth Listed  
Company

▲  
Hexun

Top 30 New Stocks Annual  
Pharmaceutical High  
Potential Value Award

▲  
Top 100 Hong Kong  
Listed Companies

2024 Best Value  
Transmission  
Award

▲  
Finenter Technology

13th China Securities Golden  
Bauhinia Award for Outstanding  
Listed Company CFO

▲  
Hong Kong Ta Kung Wen Wei  
Media Group

8th China Excellent IR Award – Best Capital Market  
Communication Award, Best Leader Award, Best  
Value Creation Award, Best Director Award

▲  
China Excellent IR Award

2024 Best Investor Relations CFO  
Award

▲  
Guided by the Shanghai Hongqiao International  
Central Business District Management  
Committee, hosted by Yaoda Consulting

<sup>1</sup> Based on market share in 2023 and the number of directly operated stores as of June 2024.

<sup>2</sup> Based on the total number of detection, diagnosis, and care services (in thousands) provided by the intelligent beauty and health brand's directly operated stores in mainland China from January 2023 to December 2023.



## UN Women's Empowerment Principles (WEPs)

The Group's frontline employees are primarily female, catering to a female clientele. While providing beauty and health services, the Group also creates career development opportunities for women. The Group's vision, business philosophy, and core values focus on women's rights, leveraging services to explore and harness female strength, and uphold the motto of "Perfection and Beauty" to promote industry development and social prosperity. In the employee training system, building female leadership is crucial, and currently, over half of the management team is composed of women. The Group places special emphasis on the growth and development of female employees during the Reporting Period, creating a wide platform for their career advancement and helping them become outstanding managers and skilled professionals in the industry. This model not only benefits the female employees within the Group but also sends a positive signal to the broader female population in society, inspiring more women to pursue excellence and realize their self-value.

Currently, we are actively and vigorously promoting initiatives related to women's empowerment. We highly recognize and respect the contributions that women make in various fields, including society and the economy, while actively aligning with internationally accepted standards to effectively implement the principles of women's empowerment. In community activities, the creation of a supportive work environment, and throughout our business operations, we are fully committed to promoting gender equality and thoroughly exploring and harnessing the strength of women.

This year, the Group officially became a global signatory member of the UN Women's Empowerment Principles (WEPs), making it the first listed company in the beauty industry to sign the WEPs.





UN SDGs



# 01

## Beautiful Mission, Balancing Governance and Responsibility

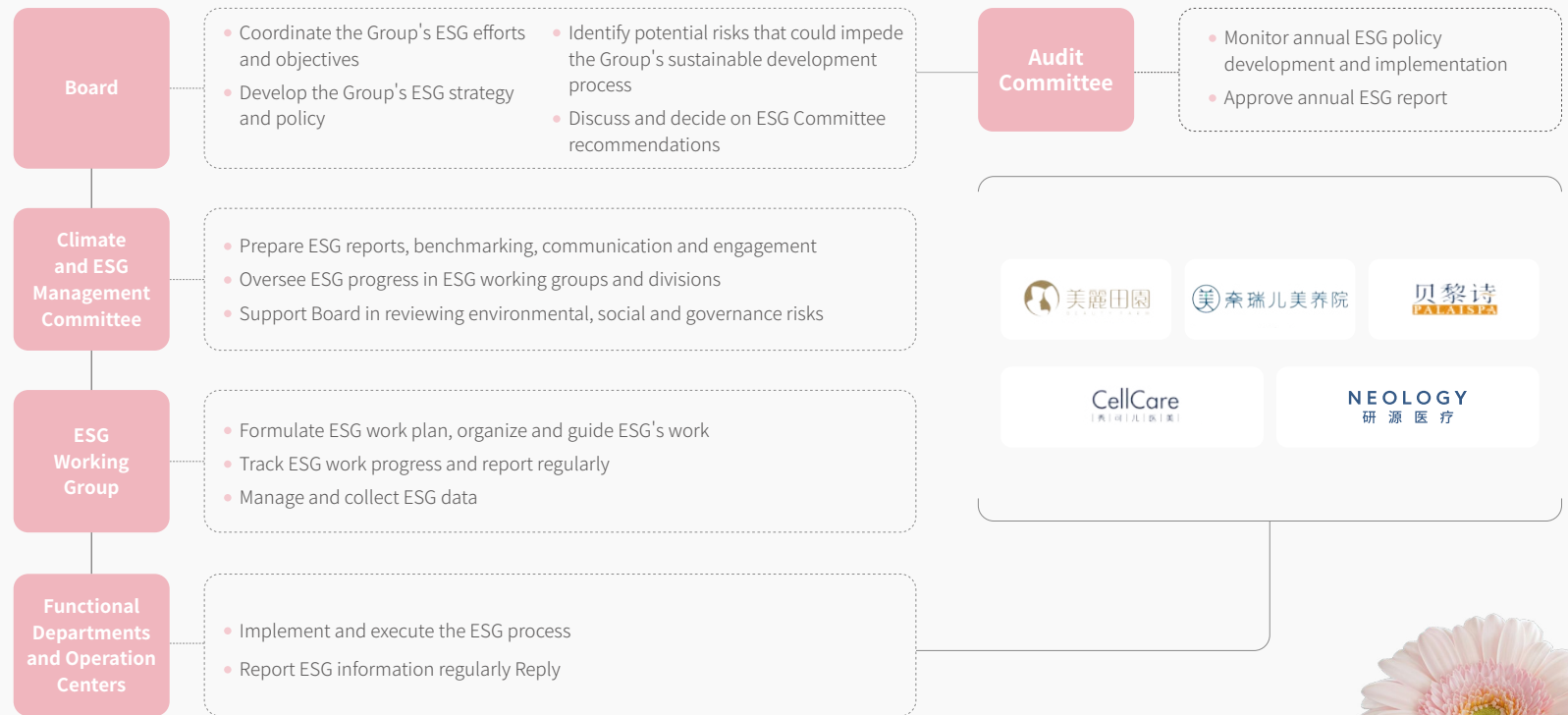
- Establish a "top-down" governance system supervised by the Board of Directors
- Implement strict risk management and internal control mechanisms
- Enforce codes of professional ethics and anti-corruption policies to eliminate related risks

## 1.1 / Sustainable Governance Framework

To efficiently advance sustainable development, the Group has unified the deployment of ESG and climate change governance work, establishing a comprehensive governance framework. This framework includes the Board of Directors, the Climate and ESG Management Committee, and the ESG Working Group, integrating relevant personnel from various business and functional departments into the overall coordination system. The Board of Directors is responsible for final decision-making and oversight, ensuring that sustainable development issues are prioritized and integrated into the overall strategy, facilitating the organic integration of ESG management with the existing management system.

During the Reporting Period, we further developed and refined the "ESG Working Group Responsibilities", clearly defining the respective roles of the Board of Directors, management, and operational levels in ESG management. This has helped to steadily enhance our ESG management capabilities.

The Group's ESG governance system will further strengthen decision-making and discussions related to climate change, comprehensively reviewing climate risks and opportunities, proactively formulating response strategies, enhancing resilience to climate risks, and ensuring robust operations.





### Adopting a dual-directional ESG governance mechanism:

Top-down supervision of ESG development to drive strategy implementation; and bottom-up reporting on ESG matters and feedback. The Board of Directors is responsible for formulating and reviewing the vision, policies, and goals related to ESG and climate change, assessing ESG and climate change-related risks at least annually. The Board may conduct these assessments independently or appoint an independent third party to evaluate ESG risks, review existing strategies, goals, and internal controls, and implement improvement measures.

The ESG Committee reports significant matters and the status of goal achievement to the Board of Directors through annual meetings, ensuring that the Board is promptly informed about the execution of the Group's ESG and climate change-related strategies, as well as market and policy changes. This mechanism ensures that the Group's sustainable operations align with the ESG and climate change strategies, allowing for adjustments in execution details as necessary.

In addition, the Board of Directors utilises the Group's risk and internal audit management system to identify and assess various risks faced by the Group. For detailed information regarding the methods for managing related risks within the Group, please refer to the "Risk Management" section of the Report.





## 1.2/ Stakeholder Communication and Response

The Group values communication with stakeholders and ensures that shareholders, employees, customers, suppliers, communities, and governments are informed about the Group's development, strategy, and sustainability goals through transparent and timely information disclosure. We fully consider the importance of their opinions on business operations and performance. Through regular meetings, workshops, and community activities, we maintain close contact with both internal and external stakeholders to understand their concerns and expectations, which are appropriately incorporated into the Group's sustainable development strategy.



## 1.3/ Materiality Assessment

During the Reporting Period, the Board of Directors engaged an independent third-party consultant to conduct a materiality assessment, investigating stakeholder demands to understand their evaluations and expectations regarding the Group's ESG performance. Additionally, we identified and prioritised a list of ESG topics for the Group based on publicly available information, capital market ESG concerns, and best practices from domestic and international industries, focusing on 17 key ESG issues. Using this as a basis, we reviewed the existing ESG strategy and internal controls, and formulated improvement measures to reduce risks and enhance responsiveness.

### Corporate Government

- 1 Governance Mechanism and Risk Management
- 2 Compliance Operation
- 3 Anti-corruption
- 4 Intellectual Property Right Protection

### Environment

- 5 Climate Change Risk and Opportunity
- 6 Use of Resources
- 7 Emissions Management
- 8 Environmental and Natural Resources

### Employment

- 9 Compliance Employment
- 10 Child Labour and Forced Labour Prevention
- 11 Employee Care and Welfare
- 12 Occupational Health and Safety
- 13 Diverse Development and Training

### Supply Chain

- 14 Supply Chain Management
- 15 Responsible and Green Procurement

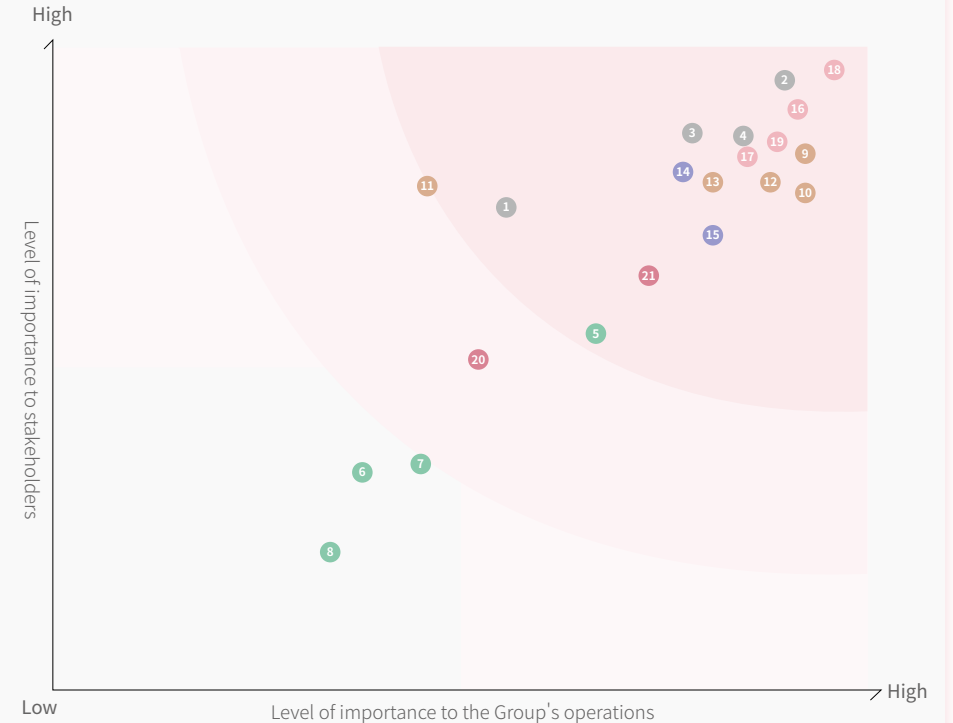
### Operation

- 16 Quality Management
- 17 Product and Service Diversity
- 18 Consumer Protection
- 19 Compliance Marketing and Advertising

### Social Responsibility

- 20 Charity and Educational Donations
- 21 Contribution to Industry Development

### 2024 ESG Materiality Matrix



# 1.4/ Governance Mechanisms and Diversity Policy

## Governance Mechanisms

The Group strictly complies with Appendix C1 of the Hong Kong Stock Exchange's Listing Rules, the Corporate Governance Code, and the laws and regulations of the jurisdictions in which it operates. Our aim is to safeguard stakeholder interests and promote business development by continuously improving our governance structure and procedures, thus enhancing our governance standards. Additionally, we continually optimise internal management systems to clarify decision-making, execution, and supervisory responsibilities, providing organisational and institutional support for the development of the Group.

## Governance Structure

The Chairman of the Group's Board of Directors leads and ensures the effective operation of the Board of Directors in fulfilling its responsibilities. As the core of corporate governance, the Board is responsible for managing and operating the business, carrying out overall governance, supervision, and regular reviews, thereby safeguarding the long-term interests of the Group and its stakeholders.

Board Members

2

Executive Directors

3

Non-Executive Directors

3

Independent Non-Executive Directors

The Board of Directors has established committees that meet regularly, as detailed in the diagram below. For more information about the committees, please refer to the **Beauty Farm 2024 Annual Report**.

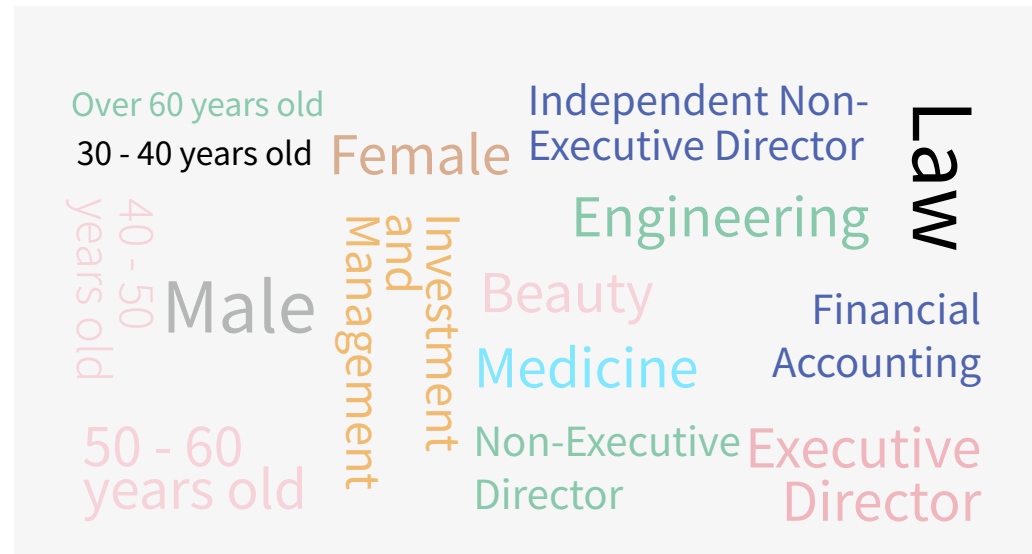
 General Meeting of Shareholders, Board of Directors and its Committees	 Number of meetings held per year
General Meeting of Shareholders	at least once a year
Board of Directors	at least four times a year
Nomination Committee	at least once a year
Remuneration Committee	at least once a year
Audit Committee	at least twice a year

## Diversity Policy

To achieve sustainable and balanced development in the beauty industry, the Group regards Board diversity as a key factor in achieving strategic goals and sustainability. We have established a "Board Diversity Policy", which is regularly reviewed by the Nomination Committee and implemented through measurable objectives and progress tracking. The Nomination Committee will also make recommendations regarding retirement and succession planning for the Board at the Group's annual general meetings.

We incorporate diverse perspectives in the nomination and appointment of Board members, considering multiple factors such as gender, age, professional background, industry experience, and career skills, adhering to the principle of meritocracy to enhance the quality of decision-making and innovation within the Group. We continuously monitor the proportion of female managers.

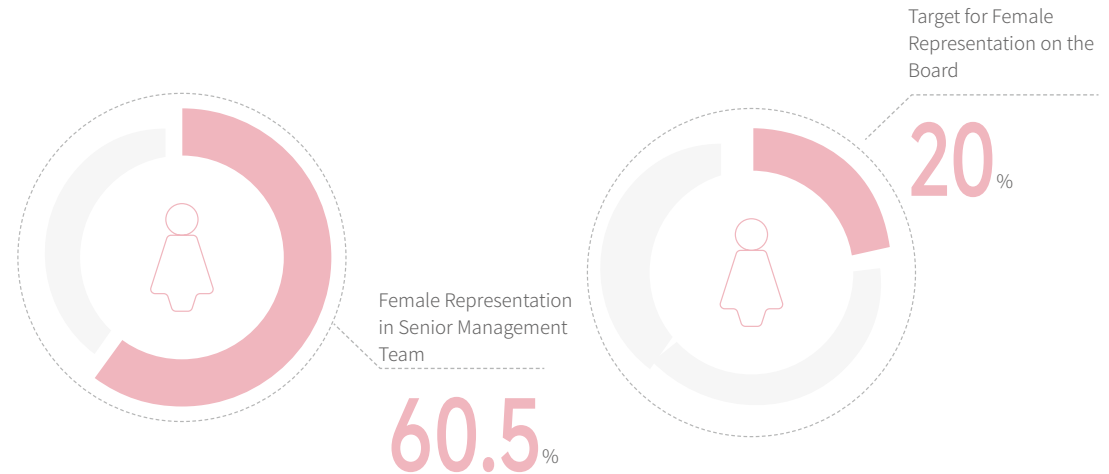
### Beauty Farm Board Members Information



## Enhancing Women's Influence

To promote gender diversity and improve corporate governance, we will actively focus on the diversity of backgrounds among Board members, increase the representation of individuals with sustainable development experience, and strive to identify suitable female candidates with the aim of raising the proportion of female representatives on the Board to 20% (currently at 12.5%). Presently, among the 38 members of the senior management team, 23 are women, accounting for 60.5%, reflecting our commitment to gender equality. By enhancing the representation of women on the Board and in management, we will further strengthen the fairness and transparency of the Group's governance, elevate the Group's reputation, and set an example for the industry, promoting gender equality and diversity.

Presently, among the 38 senior members of the management team, 23 are women





## 1.5/ Risk Management and Control

Managing the risk factors in the Group's strategic planning, operational plans, and actual business activities is an important aspect of the Group's governance work. With a clear organisational structure and robust systems in place, the Group continuously strengthens internal controls and risk management.

The Group has established a Risk Management System in accordance with the Securities and Futures Ordinance of the Hong Kong Securities and Futures Commission and the Listing Rules of the Hong Kong Stock Exchange, while also considering the actual business conditions of the Group. The Group has built a comprehensive risk management framework to identify and assess various uncertain events that could impact the achievement of the Group's objectives. By referring to evaluation manuals, management systems, and control processes the Group can quickly implement response measures to keep the impact of risks within an acceptable range.



### Risk Management Structure

The Group has established a clear risk management and internal control framework that encompasses organisational responsibilities, authority limits, reporting methods, and more, to identify and manage potential risks while safeguarding the Group's assets. The Board of Directors is fully responsible for overall risk management. Under the guidance of the Audit Committee, the Audit Department, Financial Centre, Legal Department, and Medical Management Department together form the internal control and risk management system, collaboratively managing significant risks faced by the Group. The Audit Department submits a risk management report to the Audit Committee every six months, covering risk identification, assessment, and response measures, as well as discussing ways to enhance relevant work.



### Internal Audit System

The Group has established an "Internal Audit System" along with implementation guidelines, strictly adhering to laws and regulations to safeguard shareholders' investments and the security of the Group's assets. The Board of Directors conducts regular reviews, evaluations, and provides feedback on the soundness, reasonableness, and effectiveness of the Group's internal control system.

Each year, the Internal Audit Department formulates an internal audit plan based on the Group's annual work arrangements, conducting comprehensive inspections and evaluations of the internal controls of the Group and its subsidiaries. The department submits an annual work report to the Board of Directors, highlighting significant internal control deficiencies or risks to ensure timely rectification and reduce compliance risks. Additionally, the Internal Audit Department alerts management to fraud and corruption risks, carries out targeted rectifications, promotes overall supervision, and enhances internal controls to mitigate operational risks. For detailed information about the internal audit system and the internal control and risk management system, please refer to the Corporate Governance section in the Group's Annual Report.

## 1.6/ Compliance Operations

Beauty Farm firmly believes that operating in accordance with the law and maintaining a sense of responsibility are principles of sustainable development. In the conduct of our various business activities, we have established a series of systems to ensure strict compliance with all relevant laws and regulations. The Group has established five compliance systems to ensure sustainable compliance operations and effectively control operational risks.

### Operational Qualification Compliance

- During the store location phase, checks are conducted on the rental site's qualifications, including property certificates, fire safety, and other relevant documentation.
- All necessary qualifications and permits are completed before the store opens.

### Operational Personnel Compliance

- Medical staff are required to obtain respective physician practice licenses and nursing qualifications, and complete registration.
- Frontline beauty therapists complete a mandatory 2 to 3 month professional training before commencing their roles.

### Operational Projects Compliance

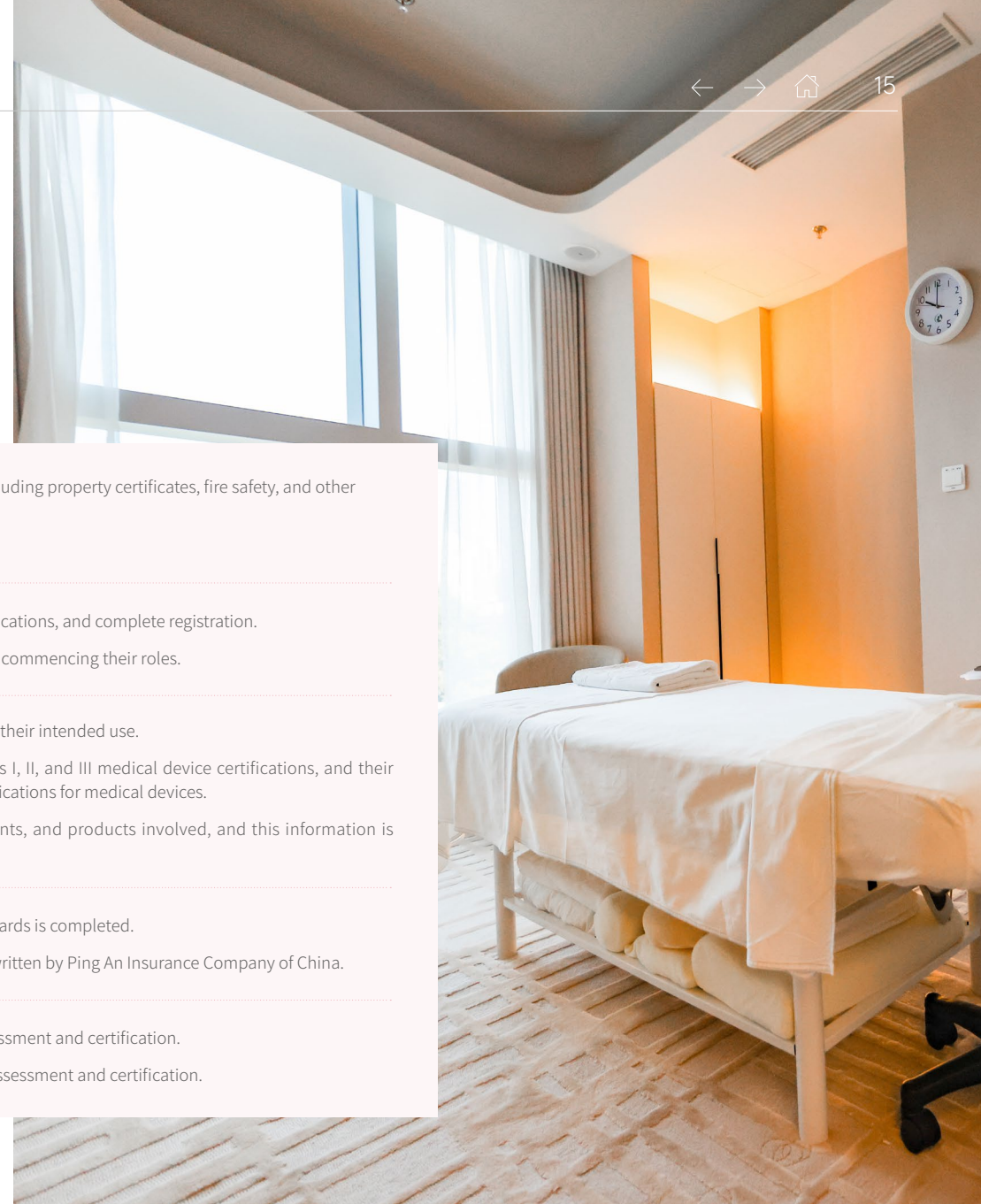
- All cosmetics are registered and possess necessary import documentation that comply with their intended use.
- Medical instruments and products used in medical projects possess the appropriate Class I, II, and III medical device certifications, and their distribution and production institutions hold the necessary operating and production qualifications for medical devices.
- A supplier database is established to verify the qualifications of the suppliers, instruments, and products involved, and this information is recorded as necessary attachments in the master data system.

### Prepayments Compliance

- In accordance with relevant laws and regulations, a registration for single-purpose prepaid cards is completed.
- Compliance for fund deposits is ensured through performance guarantee insurance, underwritten by Ping An Insurance Company of China.

### Information Security Compliance

- Systems involving customer identity information have completed Level 3 cybersecurity assessment and certification.
- Systems dealing with general customer information have completed Level 2 cybersecurity assessment and certification.





## Compliance Assurance through Implementation of Internal Regulations

The Group has established and implemented management systems such as the Procedure for "Handling Employee Violations and Disciplinary Infractions" and the "Disciplinary Measures for Employee Violations". When operational personnel engage in misconduct, the Audit and Supervision Department conducts an investigation and collects evidence, followed by the determination of discipline and conclusion by a "Deliberation Group" that includes multiple departments. Disciplinary actions may include financial penalties, position changes, and disciplinary measures, which are applied according to the severity of the violation, either separately or in combination.

### "Three Standards" Principle in Aesthetic medical

CellCare believes in adhering to the "Three Standards" principle of "legitimate hospitals, licensed doctors, and approved medicines" to promote the compliance and safety of the industry. It has become a partner organisation in multiple industry product and equipment authenticity alliances. Currently, 25 stores across 24 cities and 3 managed stores have been verified by the China Association of Aesthetic Medicine as part of the Three Standards Aesthetic Medical Platform. We commit to providing only genuine medical devices and equipment, with legal sources that meet quality and safety standards. Additionally, we ensure full transparency of doctors' qualifications and certification information, which is regularly updated through official channels.

#### Physician Qualifications



#### Authenticity Alliance



#### Legitimate Hospital



### The 8th Shanghai Corporate Legal Skills Competition

In the course of this year's legal system construction, Li Qian, the Deputy Director of Legal Affairs for the Group, actively participated in the 8th Shanghai Corporate Legal Skills Competition, themed "Corporate Compliance Fuels Development and Optimises Business Operations". The competition brought together industry elites and was highly competitive. Li Qian was awarded the third prize for her keen insights, precise risk management skills, and proficient legal application techniques. This honour reflects the Group's determination and effectiveness in upholding compliance standards, optimising the business environment, and promoting high-quality development, setting a benchmark for lawful and compliant operations within the industry.



The 8th Shanghai Corporate Legal Skills Competition

## 1.7/ Anti-Corruption

### Anti-Corruption System

#### Compliance operations and system development



The Group consistently upholds the principles of compliance operations and anti-corruption, maintaining an integrity-driven and ethical work style. We strictly adhere to laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China and Interim Provisions on Prohibition of Commercial Bribery. The Group has developed the "Anti-Fraud Management Measures" and established an anti-corruption system. This year, we have conducted online training for all employees to promote awareness of anti-bribery and educate them on the relevant issues.

#### Board Leadership and Organisational Supervision Mechanism



The Board of Directors plays a core leadership role in anti-corruption efforts, urging management to actively cultivate and enhance the Group's anti-corruption cultural environment, ensuring the effective operation of the internal control system. An Integrity Leadership Group, composed of the Chairman and senior management, is responsible for continuously monitoring the progress of the Group's anti-fraud and anti-corruption initiatives, as well as approving the handling opinions and appeals related to anti-fraud and anti-bribery cases. Relevant departments such as the Finance Department, Legal Department, and Audit Department collaborate to implement compliance management, with department heads bearing management responsibility for potential corruption within their respective areas. Promotable senior executives within the Group must undergo a public announcement process to widely gather feedback and ensure fair handling of any whistleblowing information that may arise.

#### Anti-Bribery and Anti-Money Laundering Management



We firmly oppose any form of bribery. Employees who violate the anti-corruption policy will face serious consequences, and those with severe violations will have their employment terminated immediately. Additionally, to actively comply with the Anti-Money Laundering Law of the People's Republic of China, the People's Bank of China's Anti-Money Laundering Regulations for Financial Institutions, and the Anti-Money Laundering and Anti-Terrorist Financing Guidelines for Payment and Clearing Organizations, we have established the "Anti-Money Laundering and Anti-Terrorist Financing Management System". We continuously strengthen our anti-money laundering and anti-terrorist financing efforts while regulating the management of prepaid cards, as detailed in the compliance operations section.

#### Special Audits and Process Optimisation



The Audit Department conducts special audits on the entire process related to the issuance of the Group's valuable vouchers/cards and non-valuable vouchers/cards based on the existing risk management mechanisms. A series of improvement recommendations have been made, such as establishing an incompatible positions review mechanism and strengthening post-event management, in order to achieve closed-loop management and enhance the overall compliance and security of the Group's operations.





### Anti-Monopoly Self-Assessment

In the context of tightening global antitrust regulations and China's ongoing improvements to its antitrust regulatory framework, Beauty Farm conducted an anti-monopoly self-assessment during the acquisition of Naturade.

The purpose of the self-assessment is to ensure compliance with relevant laws such as the Anti-Monopoly Law, ensuring that business operations strictly adhere to legal requirements; to enhance the awareness of antitrust laws among management and employees while proactively preventing anti-competitive behaviour; to promptly identify potential compliance issues, mitigate legal risks, and avoid administrative penalties or civil litigation; and to build public and market trust in the Group through strong compliance performance, thereby establishing a positive brand image.

Following the self-assessment, the Group found no illegal or non-compliant activities, and both its business model and market strategies are in accordance with regulatory requirements.



## Professional Ethics and Whistleblowing Management

We have established a comprehensive system for professional ethics and anti-fraud measures through strict adherence to ethical standards and a robust whistleblowing management mechanism. We encourage employees to report any violations, committing to protect the privacy of whistleblowers. Additionally, we employ a tiered handling system to ensure that fraudulent incidents are addressed promptly and fairly, safeguarding the security of the Group's assets and ensuring operational integrity.

- **Implement the "Employee Code of Professional Ethics":**

This covers various regulations, including honesty and integrity, handling conflicts of interest, information disclosure, protection of company assets, reporting and penalties, and anti-fraud measures.

- **Encouraging Reporting of Violations:**

We have established the "Internal Whistleblowing Procedures," which are distributed to all employees. A reporting channel has been set up to protect the privacy and data security of whistleblowers, along with a whistleblower reward mechanism.

- **Handling Major Fraud Incidents:**

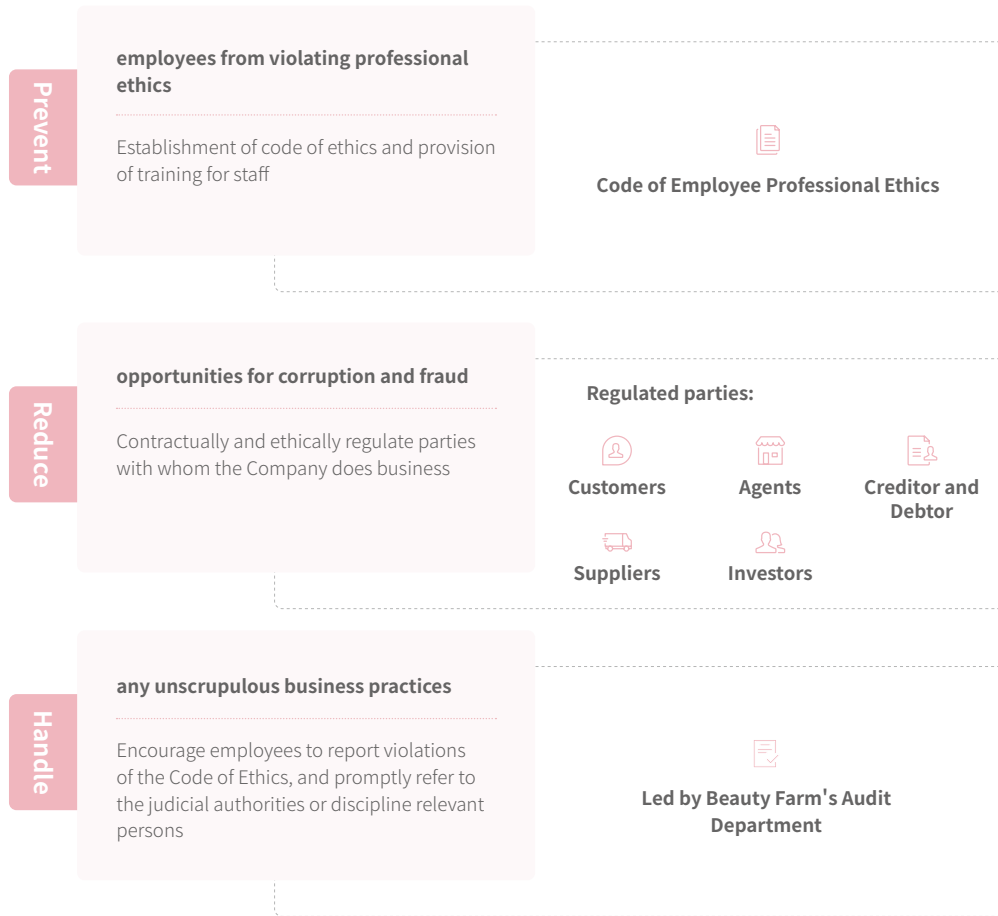
Major fraud incidents exceeding 50,000 RMB or involving department heads and above are reported directly to the Board of Directors by the leadership team.

- **Disciplinary Measures:**

For confirmed cases of fraud and bribery, economic penalties and administrative disciplinary measures will be applied in accordance with the Group's reward and punishment regulations; in severe cases, the employment contract will be terminated; and in cases involving legal violations, the matter will be referred to judicial authorities.

- **Handling General Fraud Incidents:**

Other fraud incidents and those involving personnel below department heads are registered, investigated, and tracked for resolution in accordance with the "Internal Whistleblowing Procedures".



Anti-Corruption Execution System


During the Reporting Period, the Group achieved **0** occurrences of litigation cases related to corruption, bribery, fraud, and money laundering.

### Reporting Channels

- ✉ Reporting Email: [shenjibu@beautyfarm.com.cn](mailto:shenjibu@beautyfarm.com.cn)
- 📞 Reporting Phone: 021-60953299 (Extension 8159)
- 🏢 Reporting Department: Audit Department, Beauty Farm
- 📍 Reporting Address: 12th Floor, East Tower, Raffles City, 1089 Dong Daming Road, Hongkou District, Shanghai
- 💬 Other Channel: "Tree Hole Xiaomei" on Enterprise WeChat

### "Tree Hole Xiaomei", direct channel of communication with executives

Beauty Farm has integrated into WeCom, establishing the "Tree Hole Xiaomei" account as a quick channel for employee complaints and reports. This account is managed on a rotating basis by the Human Resources Director and executives, ensuring direct responses and swift handling of employee feedback. This channel upholds the principles of fairness and justice, strictly maintaining the confidentiality of employee information to ensure smooth complaint channels and safeguard privacy and security.





UN SDGs



## Beauty Responsibility, Moving Forward Together

- Standardised service processes to ensure service quality and medical safety
- Continuously optimise the customer feedback mechanism, striving to implement "Craftsmanship Service"
- Digital platforms enhance service efficiency while safeguarding consumer rights

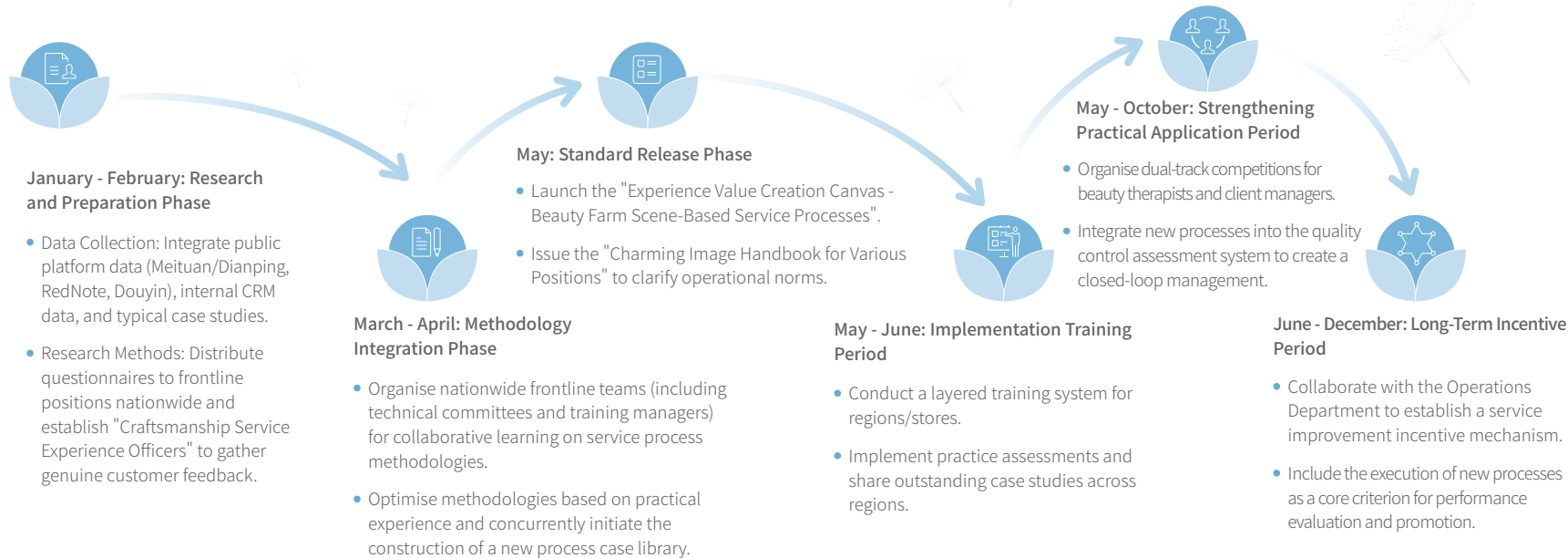
## 2.1/ Ensuring High-Quality Service

### Assurance of Standardised Service

The Group has established a comprehensive set of standards and rules, forming a complete customer service system that ensures consistency in service quality and customer experience across all stores nationwide. This involves key aspects of store operations, with strict controls implemented across six dimensions to deliver craftsmanship service.

### Craftsmanship Service

Beauty Farm is committed to continuously enhancing service quality while adhering to relevant laws and regulations, providing customers with warm, high-end beauty and health services. In 2024, we launched the "Craftsmanship Service" initiative, along with a year-round service quality improvement plan. This system integrates characteristics from various dimensions, including customer rights, employee development, and industry governance, to create a service experience that embodies both aesthetic value and emotional resonance, continuously improving service efficiency and sustainable value output.



2025 "Craftsmanship Service" Quality Improvement Plan





## Regulations and Product Responsibility

During the Reporting Period, the Group strictly adhered to relevant product liability laws and regulations, with no violations reported and no product recall incidents occurring.

## Mystery Shopper Mechanism

The Group has implemented a proactive quality control mechanism through mystery shoppers in beauty services for many years, and it has introduced this system to the aesthetic medical industry for the first time, now covering all brand stores under its umbrella. This system conducts undercover visits by third-party guests to assess whether the actual customer service experience aligns with the "Craftsmanship Service Process".

## Quality of Beauty and Wellness Services

To ensure service quality, we require our beauty and wellness business to provide each customer with a high-quality and consistent service experience. We have established detailed service procedures and operational standards that cover every aspect from customer reception, consultation, and service to after-sales support. Through strict standardised processes, we ensure that each service is executed accurately and efficiently while maintaining a high degree of consistency in service quality.

## Standardisation of Beauty and Wellness Services

### Comprehensive Training



- All beauty therapists must undergo 2 to 3 months of intensive training before commencing their roles and pass a graduation assessment.
- For newly launched treatment programmes, all employees must receive training on the principles and techniques of care and pass assessments.

### Service Standards



- Develop the "Beauty Therapist Training Manual" and the "Beauty Farm Craftsmanship Service Process" and other regulations.
- New stores must strictly adhere to internal standards, efficiently replicating operational experiences to provide standardised services.

### Quality Control Supervision Mechanism



- Establish a three-tiered technical supervision mechanism to oversee standardisation, coherence, and stability of services from top to bottom.
- The company's quality inspection department has issued the "Beauty Farm Quality Control Inspection Guidelines Manual" to standardise internal inspection of store management and customer experiences.
- Regularly arrange for quality inspection officers and beauty instructors to tour all stores nationwide to assess operational conditions.

## Beauty and Wellness Services Quality Control Inspections

Beauty Farm has developed the "Beauty Farm Quality Control Inspection Guidelines Manual", which contains over 200 hardware indicators covering requirements for the use and placement of hardware in stores, as well as certain sanitation supervision, fire safety, and market regulation requirements. This manual serves not only as the execution standard for the daily hardware quality of beauty stores but also as the standard for internal personnel conducting inspections.

During the Reporting Period, the Group's beauty and wellness stores conducted a total of **1,173** self-inspections by the quality control team, effectively contributing to the consistency of customer experience.



Tranquil Space



200+ Quality Control



180-Degree Silent Adjustment



900 Seconds Disinfection

## Equipment Assurance

To ensure the safety of medical equipment and protect customer rights, we have established an Instrument Service Centre to achieve full life cycle management of devices, covering selection and procurement, installation and acceptance, asset management, maintenance and repair, standardised use, transfer and transportation, and disposal. Additionally, we strictly enforce an instrument inspection and maintenance system, developing annual maintenance plans for each store and conducting proactive maintenance at least twice a year in key cities.

## Space Upgrade - Birth of the First Health Concept Store

In 2024, Beauty Farm opened its first concept store, breaking traditional perceptions by incorporating a technological image throughout the space and conveying the brand's health concepts focused on ecology, environmental protection, and advanced technology. This store communicates the brand's health philosophy through a combination of customised resin glass and green plant elements, while a high-tech built-in air purification system creates a natural sensory experience that allows customers to enter a healing phase upon entering. By employing eco-friendly materials with natural textures and soft, relaxing lighting, it seamlessly integrates technology with nature, offering a gentle and therapeutic experience. Through "visual +," the concept store enhances comfort for high-quality consumers and provides a new interpretation of services related to "beauty and health".



## Aesthetic Medical Service Quality

### Aesthetic Medical Quality Control Management

The Group strictly adheres to relevant medical and health regulations, including the Practicing Physicians Law of the People's Republic of China, the Physicians Law of the People's Republic of China, and the Nursing Regulations, placing a high priority on medical quality and safety. In addition to being subject to external supervision by government departments such as the Market Supervision Administration and the Health Commission, we ensure that all medical staff possess compliant qualifications and complete mandatory registration in applicable regions. All doctors must undergo standardised operational training through the Corporate University and pass internal evaluations before officially starting their roles.

The Group has developed and enforced a comprehensive set of management documents to ensure the standardisation of pharmacy management systems. Drug management is strictly regulated throughout all stages, from procurement and storage to dispensing, with established monitoring and recall systems for adverse drug reactions. We focus on the management of drugs approaching their expiration date to ensure timely detection and resolution of issues. Additionally, a supervision and penalty mechanism is in place to ensure employees comply with operational regulations.



### Medical-Related Quality Control Standards and Systems

Compilation of Aesthetic Medical Management Regulations, 2024 Annual Three-Tier Quality Control Plan, National Medical Quality Control Inspection Checklist.

Quality Control for Dermatology Composite Micro-Aesthetic Medical Records, Medical Record Management System, Case Quality Control Standards, Prescription Quality Control Standards, Pharmaceutical Management Regulations, Drug Procurement Regulations, Equipment and Instrument Management Regulations, Medical Device Approval, Acquisition, and Acceptance System.

In our daily operations, we have established a bi-weekly meeting system for medical managers. During these meetings, participants are required to regularly review compliance issues identified during operations and inspections, and to conduct targeted training based on key inspection content.



## Medical Quality and Safety

### High-Standard Medical Quality Control - Three-Tier Medical Quality Control Management System

We have established an exclusive three-tier medical quality control management system, implementing a comprehensive quality control cross-inspection framework for medical institutions nationwide. This system incorporates over 130 medical quality control inspection standards that exceed industry standards, with a quality control flight team and mystery shopper responsible for conducting cross-inspections across all stores nationwide. From headquarters to individual stores and specific departments within those stores, we strictly adhere to uniform management systems to ensure that "everything is under control". The three-tier quality control system is interconnected, ensuring that aesthetic medical services are safe and compliant.

### Exclusive Doctor Training System - Two Categories and Five Levels of Doctor Training System

Our medical institutions have developed a unique talent development system, the "Two Categories and Five Levels of Doctor Training System", based on brand characteristics and delivery standards. This structured and rigorous training and assessment system creates a multi-level curriculum that integrates professional and specialised competencies. To date, we have trained and built a team of over 90 highly skilled doctors, along with more than 100 nurses and technical professionals, standardising diagnostic and treatment practices, striving for robust risk control and compliance assurance, and ensuring medical safety and quality.

### During the Reporting Period

The Group's aesthetic medical stores (excluding Naturade) conducted a total of

132

external inspections

internal quality control assessments

75

## Medical Training System

### Medical Nursing Training

The training content for 2024 encompasses multiple key areas, addressing various requirements related to policies, quality control, operational protocols, and laws and regulations, with the aim of enhancing the quality and safety of medical services. The specialised training covers topics including medical safety and operational procedures, new technologies and projects, health and infection control, and equipment and supplies management, comprehensively improving the professional capabilities and operational standards of the medical team. The medical department conducted the 2024 annual medical nursing training, holding a total of 20 specialised training sessions during the Reporting Period, with a total of 637 participants completing the training. In the coming years, we will continue to conduct comprehensive training, timely updating training content and proactively deploying training plans.

#### During the Reporting Period

holding a total of

20

specialised training sessions

a total of participants completing the training

637

### Professional Doctor Training

In July 2024, the aesthetic medical industry hosted a physician conference themed "Together in Medicine, Showcasing a Thousand Miles", aimed at sharing, discussing, and refining cutting-edge ideas and technologies in the field. The CellCare physician conference implemented a graded management and development system for doctors, promoting tiered development and enhancing doctors' overall capabilities. The conference featured two major academic venues: the Dermatology sub-conference focused on lectures covering the treatment of chloasma, analysing the pathogenesis, diagnosis, and typification of chloasma alongside the latest literature and clinical case studies; the Composite Micro-Aesthetics sub-conference centred on TimeSo fractal aesthetics, which upgraded the evaluation based on two major and four minor divisions, emphasising the adjustment of facial visual area and three-dimensionality through the reshaping of light and shadow contrasts. The contributions from three directors not only covered the latest technologies in micro-aesthetics but also provided valuable insights into translating aesthetic concepts into practical applications.



Founder of the Freckle Removal and Anti-Aging Alliance,  
President Tao Wei, Shares Experience in Treating Chloasma



TimeSo Fractal Aesthetics Composite Micro-Aesthetics Sub-Conference

## Hospital Infection Management

To ensure the safety of medical services, we have established tiered protection standards, strictly implemented occupational exposure protection processes, and conducted infection knowledge training to comprehensively safeguard the occupational safety and health of medical personnel. Additionally, we have established a systematic and standardised management framework in areas such as environmental management, instrument procurement, inventory management, medical waste disposal, and epidemic reporting, ensuring the safe and efficient operation of the medical environment. We have developed the "Naturade Group Hospital Infection Regulations Compilation", which serves as a comprehensive reference for our management systems.

### Occupational Exposure Protection

- Develop tiered protection standards for medical personnel based on different work scenarios.
- Strictly implement occupational exposure protection and reporting processes.
- Conduct hospital infection knowledge training tailored to different positions.

### Environmental Management

- Conduct comprehensive monitoring of hospital infections, ensuring strict adherence to disinfection and isolation protocols in all departments.
- Implement corresponding environmental sanitation and cleaning standards based on regional risk levels to maintain a clean environment.

### Procurement of Instruments and Supplies

- The Group centrally procures disposable medical instruments, standardising the review, evaluation, procurement, acceptance, storage, and post-use handling processes.
- New products undergo a selection process and quality testing lasting several months before launch.
- Carefully select medical fabric laundering service providers, standardising fabric handling procedures and conducting monitoring.

### Inventory Management

- Utilize an enterprise resource planning system to implement overall inventory management, recording inventory levels and past purchasing data in detail.
- Closely monitor the shelf life of all products and medical instruments, ensuring safe disposal per applicable laws and regulations once products expire or instruments reach the end of their usable life.

### Medical Waste Disposal

- Clearly define medical waste management responsibilities, standardising operations at all stages to prevent contamination and disease transmission.

### Epidemic Reporting Management

- Designate responsible reporters and strictly adhere to reporting regulations for infectious diseases, ensuring proper documentation.
- Implement infectious disease prevention measures, isolating and disinfecting patients and their surrounding environments to prevent the spread of infectious diseases.



## CellCare Partners with Allergan Aesthetics to Establish a Quality Alliance in Aesthetic Medical

On March 20, 2024, CellCare held a launch event focused on the China High-End Aesthetic Medical Quality Alliance in partnership with Allergan Aesthetics at the Yifeng Bund Source in Shanghai. The event centred around the themes of "Recognising Change, Upholding Integrity, and Pursuing Innovation" within the aesthetic medical industry. The two parties aim to set a benchmark within the industry and build a global brand coalition for quality standards. Focusing on providing personalised quality services to aesthetic medical consumers, the alliance plan to accelerate the compliant introduction of cutting-edge innovative products globally, increase investments in professional talent cultivation, digital empowerment, and consumer education. Together, they aim to stimulate new momentum in the aesthetic medical consumer market, fostering a healthier and more vibrant industry ecosystem and supporting the Chinese aesthetic medical sector in reaching a new stage of quality.



## Service Satisfaction Assurance

To ensure the implementation of product and service quality, the Group adheres to the "Beauty Farm Satisfaction Evaluation System". This system gathers feedback on product and service quality through three dimensions: customer feedback, third-party inspections, and internal audits. Based on this feedback, we make adjustments and improvements to the corresponding service processes and standards.



## Various Customer Feedback Channels

To protect customer interests, we gather customer feedback through various channels, track satisfaction levels, and collect service-related issues.



In 2024, the Group's service quality assurance system achieved outstanding results:

The coverage rate of service evaluation questionnaires pushed through the mini program reached

100%

The Net Promoter Score (NPS) for beauty and wellness

90.74%

For questionnaires scoring 8 or below (out of a full score of 10), the closure rate of manual responses from customers reached

100%

The overall customer satisfaction for the Group reached

97%





## Comply with medical related laws and regulations

The Group consistently adheres to the principle of reasonable marketing, formulating practical marketing strategies to ensure that the promotional content for products and services is accurate and truthful, prohibiting any exaggerated or false information. The Group places a strong emphasis on communicating with consumers through multiple channels, respecting their right to choose and their right to be informed, and always guaranteeing services based on demand.

Beauty Farm treats every customer equally. Specifically in the field of aesthetic medical, we refuse to promote high-cost, high-dosage, or invasive procedures in pursuit of short-term profits. From the initial project design, we adopt the customer's perspective, aiming to plan solutions that ensure effectiveness while minimising dosage and invasiveness, thereby ensuring customer comfort during the procedure and smooth recovery afterwards. We maintain strict control to align with customer needs, protect their interests, and avoid irreversible consequences from impulsive spending.



Internal Regulations on Reasonable Marketing at Beauty Farm

Category	Document Name	Main Content
Standard Regulations	• Content Compliance Execution Manual	• Standardises the content of printed materials and market promotions.
	• Promotional Material Compliance Management Measures	• Standardises the production and management of promotional materials.
Notices and Announcements	• Notice on Correctly Guiding Customers to Check-In, Save, Evaluate, and Regulate Prize Sales During Marketing Activities	• Standardises customer guidance behaviour and prize sales in marketing activities.
	• Notice on Matters Related to Font Usage in External Promotion	• Regulates the use of fonts in external promotions.
Educational Awareness	• Store Promotion Notice Points	• Provides positive and negative case studies, language norms, and educational awareness regarding negative impacts.
Review Processes	• Content Compliance Review Process	• Conducts content compliance reviews for promotional materials.
	• Internal Three-Review Process for Promotional Materials	• Implements a three-step review process for promotional materials.

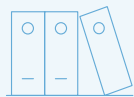
### Standard for Special Promotional Activities

To ensure the standardisation and consistency of marketing activities, the headquarters will distribute promotional materials uniformly before events, clearly specifying the content and format of the promotions to ensure that all stores strictly adhere to the standards. During the event period, the headquarters will assign special personnel to conduct inspections, checking the arrangement of promotional materials and the execution of activities at each store. Additionally, each store is required to take photos and upload the arrangement of promotional materials for unified inspection by the Group, ensuring compliance across all stores. Any identified non-compliance will be promptly reported by the headquarters, and corrective actions will be requested to ensure the overall effectiveness of the marketing activities and the brand image.



## Comply with medical related laws and regulations

Document Name	Publishing Department
Advertising Law of the People's Republic of China	The Standing Committee of the National People's Congress
Anti-Unfair Competition Law of the People's Republic of China	The Standing Committee of the National People's Congress
Measures for the Administration of Internet Advertising	State Administration for Industry and Commerce (former)
Measures for the Administration of Live Streaming Marketing	China Advertising Association
Measures for the Management of Medical Cosmetic Services	Ministry of Health (former)
The Guidelines for Law Enforcement of Absolute Terms in Advertising	The State Administration for Market Regulation
Administrative Measures for the Broadcasting of Radio and TV Advertisements	The State Administration of Radio (former)
Guidelines for the Enforcement of Aesthetic Medical Advertising	The State Administration for Market Regulation
Guiding Opinions on Further Strengthening the Supervision of the Aesthetic Medical Industry	The State Administration for Market Regulation and Ten Other Departments

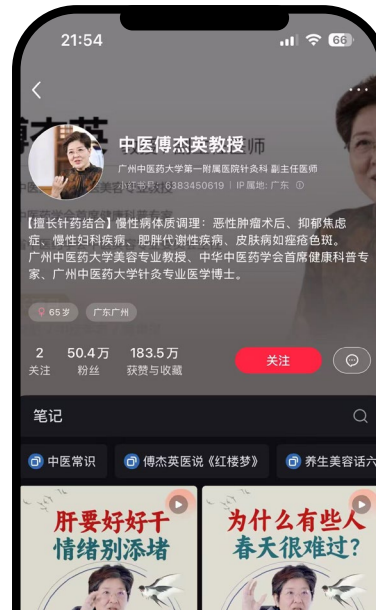


## Public Welfare Traditional Chinese Medicine Online Courses

Naturade is actively promoting traditional Chinese medicine (TCM) culture through its online TCM courses, facilitating the widespread dissemination of TCM knowledge and providing the public with convenient access to professional TCM information. Among these courses, "Fu Jieying's Beautifying TCM Lessons" and "Liu Xinxiao's Tuina Classroom" have garnered 52,000 and 26,000 followers respectively on the Bilibili platform. On RedNote, "Professor Fu Jieying of Traditional Chinese Medicine" and "Liu Xinxiao Loves Tuina" have attracted 500,000 and 44,000 followers respectively. On Douyin, "Professor Fu Jieying of Traditional Chinese Medicine" boasts 602,000 followers. The total number of likes across all platforms exceeds 4 million, showcasing the strong appeal and wide influence of TCM culture, as well as the corporate responsibility of the listed company in cultural dissemination.

total number of Likes

4,000 thousand



## "Representative Fung" Science Popularization Video Channel

The aesthetic medical video module under Beauty Farm has launched the "Representative Fung" series of popular science videos, aimed at beauty enthusiasts, potential customers interested in aesthetic medical but with concerns, and existing clients. This series consists of 30 episodes providing in-depth explanations of aesthetic medical and professional medical knowledge.

Hosted by "Representative Fung", a dermatology attending physician, the series focuses on public education from a professional and non-profit perspective, helping a wide audience of beauty enthusiasts avoid misconceptions, answer their questions, and scientifically and effectively meet their beauty needs while conveying safe and professional aesthetic medical concepts.

Total Views:

69 thousand



## Digital Empowerment for Efficient and Accurate Services

To precisely understand customer needs, enhance core competitiveness, and drive innovation and transformation in the industry, we have integrated digital transformation into the Group's key strategy. The Group has established an Information Security Committee leadership team and issued the "Beauty Farm Information Security Management Framework", along with supporting policies such as the "Personnel Security Management Regulations", "Software Development Security Management Standards", "End User Security Usage Specifications", "Network Security Management Regulations", and "System Security Management Regulations", to ensure the safeguarding of digital information security.



## Digital Comprehensive Service Platform

The Group is actively investing in digital transformation, focusing on aligning digital strategies with business strategies to ensure technological advancement while building digital management systems based on business needs. We have established a digital comprehensive service platform that integrates multiple functions, including store management, information management, finance and inventory, employee training, and the OA system. This platform enables cross-channel information integration, consumer preference analysis, customer communication, and end-to-end management, creating a refined digital management system to drive rapid and sustainable business growth.



### Traditional Chinese Medicine Intelligent Beautification System

Since its establishment, Naturade has consistently focused on the field of subhealth conditioning for women. Since 2019, Naturade has extensively linked with authoritative TCM research institutions, smart equipment manufacturing organisations, and the TCM digital industry. By basing its approach on TCM theories and integrating modern technological means, it has promoted the modernisation and stylisation of subhealth conditioning, enhancing customer experience while reducing employee training costs. With the rapid development of AI technology, Naturade took the opportunity to develop the Intelligent Beautification System, which has evolved over four years to version 2.0. This system integrates intelligent diagnosis, conditioning, and follow-up checks, effectively addressing challenges in the subhealth conditioning field.

#### Features:

- Analyzes questionnaire data through intelligent algorithms to accurately assess body constitution.
- Utilises image recognition technology to interpret tongue diagnostics.
- Employs bioelectrical impedance technology to evaluate meridians and provide conditioning recommendations.

#### As of November 30, 2024

the number of registered users reached

31,213

with over

70,000

online tests conducted



## Ensuring Information Security

The Group places high importance on information risk management during the digital transformation, thoroughly mapping out the information security landscape to ensure that network security, data security, and customer privacy are fully protected.



In terms of specific measures, we adopt a strategy of "deep configuration and layered defense" to optimise and upgrade existing measures. This approach aims to achieve effective protection, precise control, secure storage, and complete documentation, while also supplementing any yet-to-be implemented measures based on the security map.

### Effective Protection Illegal Entry Denied

BF Boundary Security  
Web Browsing and Email  
Workplace and IDC Room  
Outsourced Third-Party Management  
.....

### Precision Control Unauthorized Access Shielded

Physical Environment Tagging  
Asset Identification and Management  
Terminal Compliance and Health Access  
Information System Access Control  
Security Responsibility and Awareness  
.....

### Safe Storage Core Info Secured

Encryption of Sensitive Data  
Management of Mobile Storage Devices  
Data Transmission Channels  
Asset Placement  
Encrypted Data Backup  
Management of Scrap Asset Destruction  
.....

### Complete Recording Troublemakers Recorded

Physical Environment Monitoring  
Access Behavior Auditing  
Log Preservation and Management  
Event Log Auditing  
Rewards and Punishments, Legal Litigation  
.....

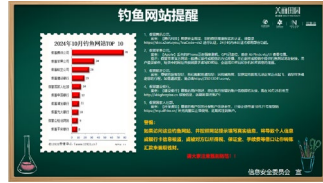




## Information Security Training

The Group has conducted information security training multiple times, utilising online lectures and videos to educate employees on how to identify and prevent phishing websites. The aim is to strengthen employees' awareness of information security, enhance their recognition capabilities, and prevent data breaches and malicious attacks.

In 2024, the information security training includes onboarding training for new employees at the digital centre, as well as specialised online training sessions for all new employees (via the Beauty Farm Online School), with nearly 1,800 participants arranged. The training incorporates a safety awareness assessment with a pass rate of over 80%. Additionally, there have been five sessions of information security awareness training during Information Security Week and more than five specific training sessions focused on security scenarios. The training content covers topics such as phishing email prevention, the dangers of weak passwords, personal information protection, and the security of end-user devices.



## Network Offensive and Defensive Drills

In 2024, the company received guidance from the Hongkou Cybersecurity Department and collaborated with the Hongkou Cybersecurity Team to conduct network offensive and defensive drills. A penetration analysis report on the network offensive and defensive exercises was produced, and a review of the drills was conducted with the Hongkou Cybersecurity Department, further reducing information security risks.



## Empowering Accurate Customer Acquisition

In the current year, thanks to the enhancement of brand influence, increased digital marketing capabilities, and the integration of membership assets from peer beauty stores, we have adopted diversified strategies such as digital tiered marketing, referrals from existing members, and live streaming on video accounts. As a result, the number of newly active members increased by 27% year-on-year. This year, while strictly adhering to customer privacy and information security, we reached out to appropriate customers with 2,000 tiered marketing activities, effectively promoting the conversion of long-tail customers and the activation of existing clients. In 2024, the proportion of new private domain members reached 34%, representing an increase of 18 percentage points year-on-year. The growth in the proportion of private domain customers effectively reduced customer acquisition costs, leading to a 9% decrease in the cost of acquiring new members for the entire year. In the public domain, based on our strategic cooperation with Meituan-Dianping, we plan to further expand collaborations with influencers for live streaming in 2025 on platforms such as Douyin's "Make Friends", Jiaqi's live broadcast on Taobao, and RedNote.

the number of newly active members increased by

27 %

In 2024, the proportion of new private domain members reached

34 %

decrease in the cost of acquiring new members for the entire year.

9 %



## Highlights of Digital System Performance

> 99.97 %

Core system online rate

> 98 %

Timely response rate for service requests

38

Number of business-related digital systems

> 70 %

Self-developed business system rate

100 %

System monitoring coverage

30 %

Improvement in research and production efficiency

0

digital platform achieved a record of security incidents

## 2.2/ Innovation and R&D Drive Market Competitiveness

To maintain market competitiveness, the Group places great emphasis on innovation and research and development. Following the "BU R&D Department Work Management System", we actively conduct multi-channel research and development in beauty, wellness, and aesthetic medicine. Each year, the Group implements a multi-category R&D innovation plan, tracking project progress on a monthly basis, regularly organizing discussion meetings, and collaborating with external experts and institutions to continuously enhance technological capabilities.

### Organizational Innovation Incentives

The Group has established a series of initiatives and incentive measures. To encourage frontline innovation in processes, a bottom-up reporting mechanism for core specialized technologies has been developed at the regional clinic level, providing a practical foundation for technology research and development. In terms of incentives, the Group has introduced the title "Aesthetic Medical Technology Development Officer", awarded to experts and doctors who successfully apply technological innovations in practice and generate commercial value.



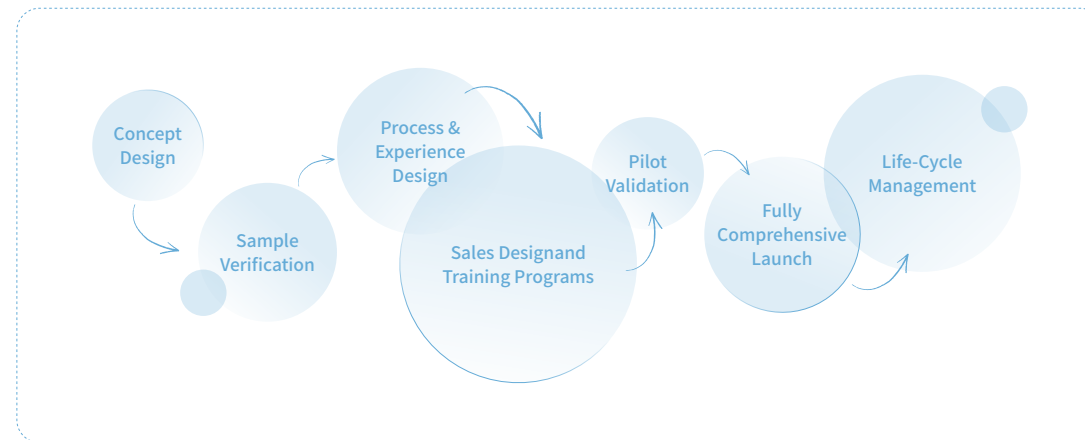
## Multi-Channel Collaboration to Strengthen R&D Capabilities

### R&D Investment and Innovation Achievements

The Group invests significant resources in product research and development each year, continuously strengthening its R&D capabilities through multi-channel joint development while actively fostering and promoting an innovative culture within the company. In the current year, the Group successfully launched 17 new products and actively participated in multiple interdisciplinary research projects.

### R&D Innovation Management System

The Group follows a rigorous R&D innovation process for beauty and wellness, as well as aesthetic medical projects, starting from concept design, progressing through sample verification validation, and ultimately launching the products to the market. The Group has established a comprehensive R&D innovation system through systems such as the "New Product BU Review Process and Mechanism", "New Product Sourcing Process and Mechanism", "Product Testing Feedback Process and Mechanism", and the "Product Research IPD Process", ensuring complete lifecycle management of projects.



R&D Innovation Process Control



## Beauty and Wellness Project Collaboration and In-House R&D

In the development of beauty projects, Beauty Farm, based on in-house R&D, collaborates with suppliers and academia to jointly develop beauty projects that are tailored to Beauty Farm's existing project system and customer needs. This year, the Group's beauty R&D work primarily includes:

- Improving standardized testing SOPs, utilizing product appearance blueprint tools, and developing product/project launch SOPs;
- Strengthening store prototyping and feedback collection, adding a certification process in project improvements to enhance project recognition; and
- Establishing product appearance blueprint tools and item observation BI reports, using digitalization to provide a foundation for item strategy.

## Co-research in Aesthetic Medicine and Technology with Zhongke Laboratory

This year, Beauty Farm's CellCare Product Research and Development Department, in collaboration with Zhongke Laboratory, established the Skin Tone Composition Materials Co-research and Application Center. The laboratory holds independent intellectual property rights across the entire industry chain and has a comprehensive quality management. Since the end of 2023, Zhongke Laboratory has allocated a dedicated core R&D team, collaborating with the CellCare Product R&D Department to select the optimal ingredient ratio for whitening. Within four months of the product launch, sales reached 4.2 million RMB, receiving high recognition from frontline clinicians and customers.

### Collaboration with France's LPG to Co-develop Body Care Projects for Asian Women

After a year of product selection, research and development, and training, Beauty Farm reached a strategic partnership with France's LPG. The LPG French R&D department, in collaboration with the Hong Kong Physiotherapists Association, specially developed three customized soothing care treatments for Beauty Farm. Additionally, the exclusive LPG treatment tailored for Beauty Farm was created. The LPG BF+ care plan was launched, offering Beauty Farm customers a personalized "effortless success plan", with sales exceeding 100 million RMB in the first year of launch.

with sales exceeding in the first year of launch

**100** million RMB



Within four months of the product launch, sales reached

**4.2** million RMB



### Subhealth Medical - Collaborative Research on the "Energy Drop" Project

With the improvement of economic levels and educational attainment, women are increasingly focusing on comprehensive health indicators, shifting from a singular physiological perspective on health to pursuing a multidimensional approach that includes physical, mental, emotional, behavioural, and relational well-being. The Group, in collaboration with multiple suppliers, has innovatively launched the "Energy Drop" project under its Neology brand. This project categorises 31 formulas into 6+1 series, providing clients with exclusive formulas based on six series: general wellness, women's internal adjustment, image management, metabolism and detoxification, organ care, and immune enhancement. Detailed data assessment is conducted to dynamically adjust the dosage for each injection, aiming to achieve optimal absorption levels for the body with every supplement.

甄选彩虹套系6+1 (共31款配方)  
更多选择, 守护多彩生活



## Intellectual Property Protection

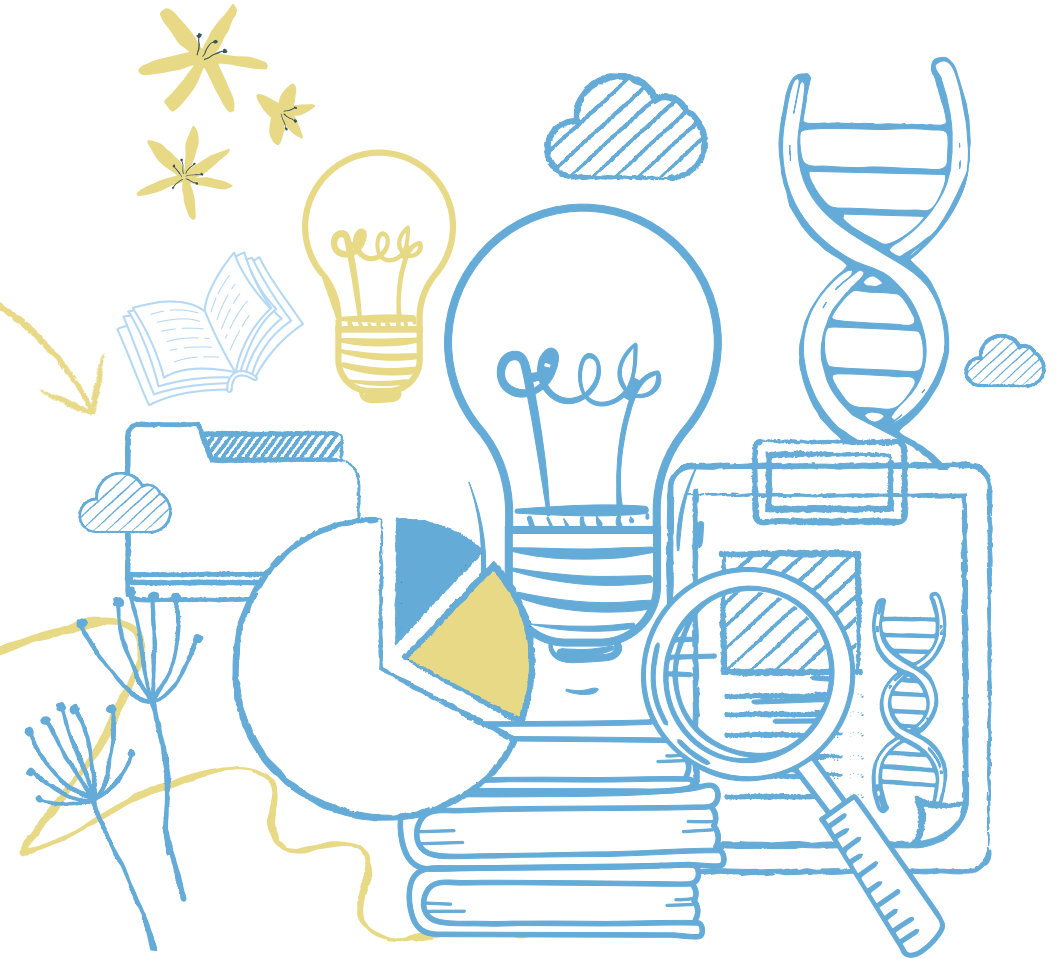
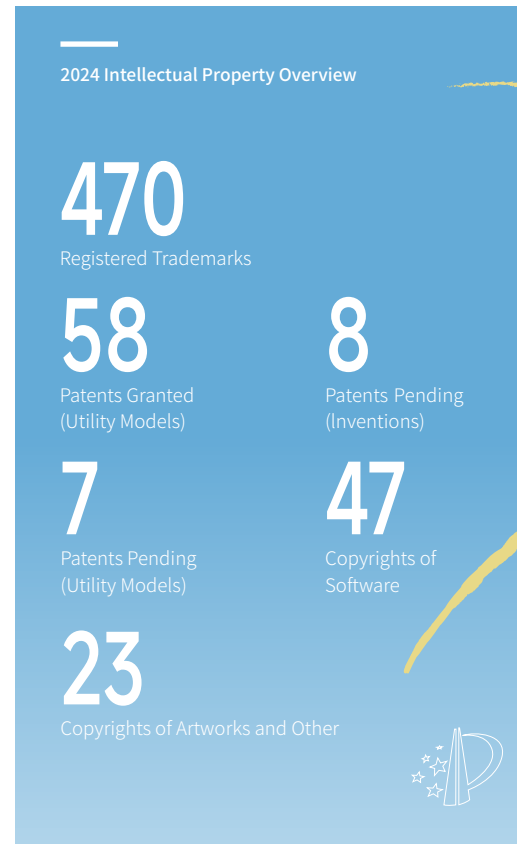
The Group places great importance on intellectual property management, viewing it as a core element of innovation capability and market competitiveness. We strictly comply with laws and regulations such as the "Trademark Law of the People's Republic of China", "Patent Law of the People's Republic of China", and "Measures for the Administration of Internet Domain Names". The measures we implement include:

- **Comprehensive Monitoring:** Utilise information technology tools such as databases to monitor intellectual property in real-time;
- **Risk Response:** Developing preemptive response plans for trademark and patent rights protection;
- **Legal Protection and Utilisation:** Ensure that technological innovations and creative outcomes receive legal protection and are fully utilised.

We implement standardised management of various intellectual properties such as trademarks, patents, and domain names:

- Develop the "Intellectual Property Application Regulations" to clarify the application process and principles;
- Conduct intellectual property training for research and development personnel;
- Ensure that innovation outcomes are promptly applied for patents, trademarks, and other intellectual properties; and
- Regularly review and maintain intellectual properties to prevent the risk of infringement.

During the Reporting Period, the Group did not encounter any significant violations of third-party intellectual property rights, nor did it receive any notifications regarding major intellectual property infringements or disputes.





## 2.3/ Consumer Rights Protection

### Customer Complaint Handling

#### Multi-Channel Complaint Collection and Tiered Response Mechanism

The Group collects customer complaints through multiple channels including a 400 hotline, mini programs, and third-party platforms. The ticket handling backend system is managed by the Group's CRM department, which automatically pushes complaints to the store manager and store supervisor in real-time. If the complaints are not addressed within the specified time, they are escalated to the headquarters customer service to ensure timely feedback on customer issues. We mandate that all service-related complaints must be responded to within 24 hours and resolved within 3 business days. After resolution, the headquarters customer service will conduct a follow-up visit. Based on the results, they will determine whether to close the case; if the customer is not satisfied, the complaint will re-enter the processing workflow.

#### Standardised Customer Complaint Classification and Handling System

The Group strictly adheres to the "Customer Complaint Handling Operations Manual" and "Customer Service After-Sales Complaint Handling POS" for the classification and management of customer complaints. This covers categories such as non-crisis beauty complaints, beauty crisis complaints, non-crisis medical beauty complaints, and medical beauty crisis complaints, ensuring that complaints are resolved efficiently.

#### During the Reporting Period

The Group received a total of

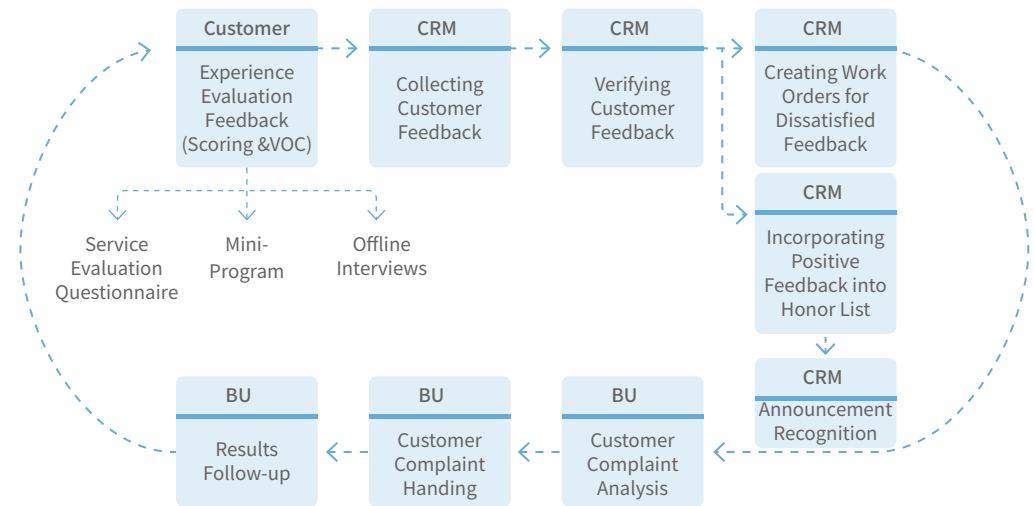
# 2,739

valid customer complaints

All complaints **have been** resolved

### Employee Empowerment and Continuous Improvement Mechanism

To reduce complaints caused by poor communication, we have hired experts to provide guidance and training to store staff, incorporating case studies to enhance their ability to handle customer complaints. Based on the data and outcomes collected during the operation of the BeautyStar system, the CRM department regularly focuses on problem rectification and summarises cases. They update processing systems and manuals, distributing them to various business departments and sharing them both online and offline during regional and group meetings, thereby creating a closed-loop customer satisfaction management process.

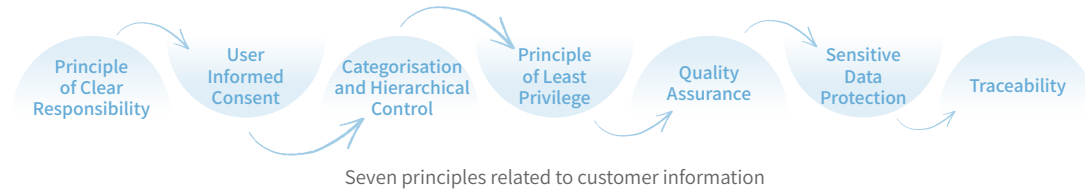


CRM Customer Feedback Handling Process

## Consumer Privacy Protection

Our group places a high priority on the protection of customer privacy. We adhere to the Information Security Protection Management Regulations and implement an information classification management system. In conjunction with medical-related quality control standards and procedures (see the "Aesthetic Medical Service Quality" section for details), we standardise employee codes of conduct while using digital platforms for data storage and protection. This approach aims to minimise unnecessary human contact with information and maximises control over potential information leaks from various angles. Top of Form

Our group adheres to seven key principles of customer information management, implementing various safeguarding measures such as regular system checks, enforcing password policies, logging server access, conducting network access verification, checking user authorisations, and performing data backup and recovery testing. These measures are designed to protect data assets and prevent unauthorised network access.



Note: For more information on the seven principles related to customer information, please refer to the Group's 2023 ESG report.



## Information Classification Management

In accordance with laws, regulations, and customer information usage requirements, we classify customer information into categories such as basic information, transaction and asset information, identity information, and personalised information for tiered management. Apart from basic information, other categories are isolated through internal firewalls and can only be accessed by customer-facing advisors and necessary senior staff.

## Employee Management

New employees are required to undergo data security induction training, while existing employees participate in regular training to reinforce their understanding and adherence to data security policies. Prior to leaving the company, employees must clear any customer information in their possession, and after departure, they are obligated to comply with confidentiality requirements for a specified period.

## Customer Information Access Permissions

We strictly adhere to the principle of least privilege, controlling the collection, storage, and usage of information to minimise internal circulation. The management scope includes current employees and outsourced service providers, alongside the development of the "Information Security Outsourcing Operations Management Regulations" to reduce outsourcing risks. Before third parties can access sensitive information, they must sign contracts and confidentiality agreements, and during outsourcing activities, information usage is approved based on "minimum authorisation".



During the Reporting Period, the Group

0

Customer data leakage incidents that have a significant adverse impact on business, financial condition, and operating performance



## Franchise Management

The Group strictly selects franchisees to ensure that their brand positioning is highly aligned with the Group's, their geographic location creates synergies with the target market, and they adopt the same operational systems as directly-operated stores. In regions with multiple franchisees, a "New Franchisee Commitment" must be signed to ensure franchisees adhere to the Group's terms regarding operations and business ethics.



### Strict Management to Ensure Service Quality

#### Selection of Franchisees

- Conduct background checks and hold discussions with potential franchisees.
- Carefully select franchisees based on several criteria:
  - Financial status;
  - Commitment to the Group's philosophy and brand concept;
  - Personal involvement in the operation of the franchise store; and
  - Relevant experience, local knowledge, and resources.

#### Platform System

- Franchisees should use a unified membership platform system to maintain a consistent brand image and concept.
- The system provides real-time monitoring of franchise stores' business performance, inventory levels, and customer feedback.

#### Training and Integration

- Employees working in franchise stores must undergo technical training.
- Training standards are the same as those for directly-operated stores.
- We reserve the right to retrain employees who do not qualify.

#### Review of Operational Performance

- Set several reference factors for franchisees' sales targets or incentive measures:
  - Monthly average product orders and turnover; and
  - Regularly review relevant operational data of franchise stores through the platform system.
- Use digital systems to monitor the rationality of business data.

#### Franchise Store Operations

- Franchisees should adhere to the Group's uniform decoration standards and select contractors from the Group's approved supplier list.
- Franchisees must follow the operational, service safety, and quality control standards.
- Provide guidance prices that are consistent with those of directly-operated stores.

#### Procurement

- Franchisees must purchase products, equipment, and consumables from us or designated suppliers.

#### Continuous Quality Control and Supervision

- Regularly conduct on-site visits to franchise stores and require franchisees to submit reports periodically.
- Ensure that franchise store operations comply with our standards.

## Franchisee Support and Empowerment



### As of the end of the Reporting Period

the Group had a total of

279

franchise stores

Throughout the year,

337

third-party franchise inspections were conducted

completion rate for quality control reviews

100%



## Empowering Management Talent in the Beauty Industry

### Enhancing Franchisees' Management Capabilities

Benchmarking against the world's top academic institutions, the Group has partnered with Shanghai Jiao Tong University to launch Beauty Farm's first "EMBA Executive Manager Study Programme". The programme covers various areas, including strategic management, capital management, human resources management, and brand management, aiming to comprehensively enhance participants' business and management capabilities.

The curriculum is divided into three modules: Comprehensive Management Module: Develops the cognitive framework of business operators; Specialised Focus Module: Cultivates leadership foresight, insight, and execution capabilities; and Graduation and Certification Module: Requires the completion of a thesis for certification.



EMBA Programme

### Franchisees' European Heritage Tour

In September 2024, Beauty Farm launched a brand heritage tour, leading franchisees to visit two European countries for in-depth communication, exchange, and collaboration with globally renowned brands, continuously exploring the development of beauty and wellness. The delegation first visited the LPG factory and laboratory in France, followed by a tour of the KLAPP factory and the Danne Montague-King (DMK) brand in Germany. This heritage tour not only deepened the understanding of the technology and value behind partner brands but also provided valuable insights for the future optimisation of Beauty Farm's products and services.



Franchisees' European Supplier Heritage Tour



### Study Tour Exchanges: Empowering a New Ecosystem in the Industry

In 2024, we organised and participated in over seven study tour exchange activities, sharing experiences and insights with industry peers at venues such as the Mevos and Beauty Industry Growth Conference. We also invited partners from the industry to visit our company. Through these interactions, we not only connected with more partners in the industry but also met franchise partners eager to delve into the beauty industry, achieving resource sharing, experience exchange, and co-creation of value.





## 2.4/ Supply Chain Management

### Management System and Regulations

Beauty Farm places great importance on collaboration with its suppliers, and both parties work hand in hand to promote the concepts of beauty and health. The Group has established a Procurement Committee, chaired by the Director of Strategic Support, with members including Board members and relevant leaders from the Procurement, Finance, and Legal departments. The Committee is responsible for formulating and executing procurement strategies, ensuring that the procurement process is efficient and transparent, that products comply with regulations, and for developing strategies related to green procurement. Under the Committee, a Tender Working Group is set up to carry out tendering, evaluation, and oversee the completion of the process.

The Group has established a series of management regulations, including the "Procurement Management System", the "Supplier Admission System", and the "Tendering Management System", thereby building a full-cycle management process covering various suppliers, from procurement, acceptance, and payment to exit.

### Supplier Review

Before selecting suppliers or service providers, we require suppliers to complete the "Supplier Basic Information Form", which is initially reviewed by the Supply Chain Department. The form covers aspects such as environmental, labour, and fraud conditions, with sustainability performance also included in the assessment. Departments across the company may recommend suppliers in accordance with a fair, impartial, and transparent admission procedure, diligently fulfilling their review and recommendation functions, and submitting the "Qualified Supplier Recommendation Form" to the company's Supply Chain Department to ensure the quality of newly introduced suppliers.

To ensure the authenticity and accuracy of data, we conduct on-site visits to suppliers as needed. In accordance with the "Supplier Evaluation and Assessment Management System", we complete the evaluation and assessment process across various aspects, including the system's objectives, scope of application, division of responsibilities, assessment and evaluation, implementation of evaluation results, and work requirements. Only suppliers that pass the assessment will be included in the "List of Qualified Suppliers". All qualified suppliers are required to sign the "Integrity Cooperation Agreement", which strictly prohibits any form of bribery, as well as high-cost banquets and various entertainment activities that could potentially affect the impartial performance of duties.

### Supplier Procurement Management System

The Group leverages the ERP system to conduct procurement management across six key areas: procurement data, procurement management, outsourcing management, warehouse management, financial management, and others, in accordance with the "Imported Non-Specialised Cosmetics Quality Management System", "Procurement SOP", "Supply Chain Product Sampling System", "Funds Approval Authority", and other process standards. Internal audits of procurement performance are conducted semi-annually and annually according to the system. The Supply Chain Department continuously monitors suppliers, overseeing product quality, delivery times, daily cooperation, and other significant issues (such as fraudulent behaviour during cooperation or negative media exposure). If any problems are detected, the supplier's qualification will be immediately revoked with the approval of the Procurement Committee, and the supplier will be included in the "List of Unqualified Suppliers", with no further evaluations conducted, thus optimising the supplier structure.

#### Supplier Admission

Conduct qualification audits of suppliers to ensure they are free from environmental and labor non-compliance and fraud.

#### Quality Assessment

Various departments of Group test the samples provided by suppliers to ensure that the products comply with national standards and requirements and conduct on-site inspections to ensure the authenticity of the data.

#### Continuous Monitoring

Conducting continuous monitoring of suppliers and random inspections, and monitoring of product quality, deliveries, day-to-day cooperation, and other serious anomalies.

#### Annual Assessment

Conduct multi-dimensional annual quality assessment, including supply quality, delivery punctuality, after-sales service, etc., to achieve the survival of the fittest suppliers, and continue to optimize the supplier list.

Supplier Evaluation System



## Medical Device and Pharmaceutical Procurement

For suppliers cooperating in the healthcare services sector, we strictly verify their medical device manufacturing licenses, medical device operation permits, and other compliance qualifications to ensure that all qualifications are complete and accurate. At the same time, for the medical devices and pharmaceuticals procured, we confirm individually that they possess the corresponding legal qualifications, preventing any qualification flaws, and ensuring the safety and compliance of the healthcare service supply chain.

### Engineering Procurement Management

The Group has developed the "Engineering Project Process Management System" to ensure the compliance of project operations and effectively safeguard the quality, safety, and investment returns of engineering projects. The system covers the processes and management requirements for project initiation, design, tendering and cost estimation, construction, completion acceptance, and additional items. The processes for project initiation and additional items are regulated as follows:

**Project Initiation Process:** The Strategic Development Department gathers information to create the "Store Project Initiation Review Basic Information Confirmation Form". The investment group then reviews the project feasibility study results and makes decisions; and

**Additional Item Process:** The process involves a review of the clarified requirements and post-completion acceptance of the overall project, ensuring that additional items are reasonable and costs are compliant.

### Management System Verification

The Group focuses on the management system development of its partners, incorporating certification status into the evaluation of professionalism and reliability, to ensure the provision of high-quality medical services to our clients. Our partner, Beatech Healthcare, a service provider for stem cell and immune cell-related technology research and storage, has achieved triple ISO certification, meeting international top-tier standards:



- ISO 14001: Environmental Management System Certification



- ISO 9001: Quality Management System Certification



- ISO 45001: Occupational Health and Safety Management System Certification

## Responsible Procurement

Responsible procurement is a key component of our sustainability strategy. We are committed to ensuring that procurement activities meet high ESG standards and promote the implementation of social and environmental responsibilities through rigorous supply chain management. We establish long-term partnerships with suppliers and maintain close communication, setting ESG improvement requirements and jointly advancing progress across the entire industry chain.

### Supplier Selection and Management



#### Selection Criteria

Starting this year, we require suppliers to complete the "Supplier ESG Survey Questionnaire". We prioritise selecting suppliers with a strong record of social responsibility and those who meet sustainability standards, with a focus on their compliance in areas such as environmental protection, labour conditions, and ethical standards.



#### Supplier Requirements

Suppliers are required to adhere to the principles of fair trade, respect employee rights, and avoid the use of child labour, forced labour, and other unethical practices. They are also encouraged to implement environmental protection measures, reduce resource waste and carbon emissions, and promote green procurement and the use of renewable materials.



#### Collaboration and Evaluation

By establishing long-term partnerships and regular evaluation mechanisms, we maintain close communication with suppliers, assist them in improving their environmental and social responsibility management practices, and jointly drive progress across the entire industry chain.

## Green Supply Chain Practices



#### Logistics Optimisation

The shuttle bus system has been implemented in Beijing and Shanghai, with delivery frequency adjusted to once a week. Additionally, a returnable packaging model is used to reduce the consumption of cardboard boxes.

During the Reporting Period, the Group has not violated any laws or regulations related to product liability. We have had no incidents requiring the recall of sold products.



#### UN SDGs



# Living Towards Beauty, Pursuing the Light

- Focus on work-life balance, create a warm workplace
- Multi-channel promotion system and career development support to create personal development opportunities
- Invest in public welfare initiatives to support rural revitalisation

## 3.1/ Employment Overview

### We strictly comply with the following employment laws and regulations:

- Labour Law of the People's Republic of China;
- Labour Contract Law of the People's Republic of China; and
- Social Insurance Law of the People's Republic of China.

To standardise recruitment criteria and regulate recruitment management, the Group has implemented the "Recruitment Management Policy". To prevent the illegal employment of child labour, underage workers, and forced labour, job applicants are required to provide valid identification to the Group's Human Resources Department. The Group conducts background checks before and after employment to ensure that applicants meet the legal employment qualifications of the local jurisdiction. In the event of any violation of labour laws and regulations, the Group will immediately terminate the relevant employment contract and handle the matter in accordance with the law.

- **Equal Opportunities:** The Group is committed to equal opportunities, diversity, and anti-discrimination, fostering a fair, respectful, and inclusive working environment. The Group focuses on gender equality and assigns positions and corresponding benefits based on employees' job levels, work experience, and performance.
- **Non-Discrimination Policy:** In policies related to employment, training, promotion, dismissal, and retirement, no bias will be shown based on factors unrelated to the job, such as age, gender, marital status, pregnancy, family status, disability, race, colour, ancestry, ethnicity, nationality, or religion.

### During the Reporting Period

the Group's labour contract signing rate and social insurance coverage rate both reached

100%

### Did not occur

significant violations or legal infringements that had a material impact on the Group

### As of the end of the Reporting Period

the Group employed a total of

5,609 employees

including

5,307 female employees and 302 male employees

We value diverse employment and offer reemployment opportunities to employees reaching retirement age,

with 65 retired employees being rehired

with

199 part-time employees

- **Support for Vulnerable Groups:** We are committed to supporting individuals with disabilities. In the current year, the Group has employed 32 persons with disabilities, providing stable job positions and equal employment opportunities, while ensuring they receive employee benefits such as social insurance. This demonstrates the Group's care and support for vulnerable social groups. Going forward, we will continue to promote employment for persons with disabilities, helping vulnerable groups realise their self-worth.

## Occupational Safety and Violation Handling Mechanism

The Group adopts a zero-tolerance policy towards discrimination, harassment, bullying, or abusive behaviour, and is committed to fostering a safe, respectful, and fair working environment. We encourage employees to report related issues actively, assuring confidentiality and a thorough investigation of all reports. Disciplinary actions will be taken for any violation of the equal opportunities policy, ensuring that the responsible parties are appropriately penalised. Complaints involving criminal offences will be handled seriously and in cooperation with legal procedures.





## 3.2/ Compensation System and Rights Protection

The Group's performance management system is implemented in accordance with the "Beauty Farm Performance Management Policy", providing a scientific basis for decisions related to salary setting, promotion, demotion, and employee termination. This system adheres to five key principles: alignment of responsibility and authority, fairness, effective communication, full employee participation, and continuous improvement. The Group's compensation system and wage standards are based on the principles of internal equity and external competitiveness. Salaries are determined based on performance, considering factors such as job position changes, regularisation, role transitions, company performance, and individual performance and capabilities. The compensation package is divided into three components: base salary, performance-related pay, and allowances, fully reflecting the principle of "more for the capable".

### Employee Feedback System

The Group has established an employee interview system to systematically understand employee situations and safeguard their right to lodge complaints. In addition to regular interviews with new hires and departing employees, each HR manager is required to conduct interviews with six employees each quarter, resulting in approximately 960 employee interviews annually. Through this system, the Group collects a wide range of feedback from employees regarding work content, management systems, and other aspects, continuously improving employee satisfaction and fostering a positive workplace atmosphere. To ensure that the outcomes of the interviews are implemented, the Group holds specialised HR discussion meetings to provide feedback and resolve concentrated and representative issues identified during the interviews, effectively addressing employees' real concerns.

### Establishment of the Beauty Farm Group Employee Union

The Group has established a general employee union aimed at strengthening organisational development, safeguarding employee rights, promoting harmonious relationships between the Group and its employees, and facilitating the long-term development of the Group.

The general employee union is designed to provide a formal communication platform for employees, ensuring their concerns are addressed and handled. It protects employee rights regarding remuneration, work environment, occupational safety, and benefits, while also organising cultural and sporting activities, collective training, and community service initiatives to promote internal cultural development. Each unit will establish branch unions or union groups based on the number of employees and specific circumstances.



### Establishment of the Beauty Farm Women's Federation

To fulfil our social responsibility and safeguard women's rights, we established the Beauty Farm Women's Federation this year, with 11 executive committee members, including one chairperson and one vice chairperson. The Federation aims to provide protection and development opportunities for female employees, enhancing their satisfaction and sense of belonging.

Since its establishment, the Women's Federation has focused on managing work funds, integrating resources, and organising various cultural and sports activities. It has created a platform for diverse communication among female employees, helping them manage work and life pressures, and supporting their personal growth and skills development. Through training and guidance, the Federation assists female employees in overcoming challenges and achieving holistic development.

Additionally, the Federation organises female employees' participation in public welfare activities, promoting their social integration. The goal is to break gender barriers, foster an equal and inclusive working environment, and ensure that male and female employees are treated fairly at work, thus upholding the principle of gender equality in compliant employment practices.



## 3.3/ Work-Life Balance

The Group respects the physical and mental well-being of its employees. The Human Resources Department has issued the "Employee Handbook", which regulates employee rights and offers excellent benefits, while advocating for a healthy work-life balance.

- Team-Building Activities
- New Year "Prosperous Start" Gift
- Mid-Autumn Festival Gift Box
- Dragon Boat Festival Gift Box
- Anniversary Celebration Events
- Annual Director's Gala
- Annual Outstanding Employee Awards
- China Medical Doctor's Day
- New Employee Welcome Event
- Parent-Child Activities
- Social Networking Events
- One-on-One Psychological Counselling Services
- Meal Allowance
- Complimentary Skincare or Beauty Products
- Chinese New Year Gift Package
- International Women's Day Celebration
- Employee Care and Support
- Leadership Summit Corporate Culture and Values Recognition
- Medical Practitioners' Day and Nurses' Day Activities
- Meal and Communication Allowances



Community Care



Mountain Climbing Activities



Spring Outings



Spring Outdoor Fun



Party Building Activities



Public Welfare Activities



Team-Building Activities



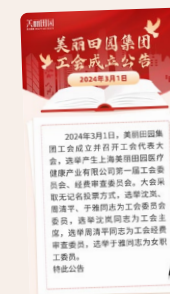
Afternoon Tea



Employee Birthday Celebrations



Union Elections



Mid-Autumn Festival Gift Box





## Holiday Benefits

In terms of holidays, the Group provides statutory and additional paid leave, including annual leave, marriage leave, prenatal examination leave, maternity leave, paternity leave, breastfeeding leave, bereavement leave, family visit leave, and birthday leave. Each year, the Group purchases supplementary medical insurance for key employees, covering 95% of the cost. Additionally, a free medical check-up is provided for selected employees every two years. For employees facing major accidents or health issues, the Group offers additional support and care.



### Support for Employee in Need

In 2022, an employee from the Group's Shenzhen region was diagnosed with malignant melanoma and underwent multiple hospital treatments. The illness has now progressed to the late stage, with high chemotherapy costs. Upon learning of the situation, the Group provided a medical assistance fund of RMB 50,000 and a serious illness relief grant, while also committing to continuous support throughout the employee's lifetime to help alleviate financial pressure. In 2024, the Wang Li Care Fund established by the Group provided support amounting to RMB 15,000 to employees in difficult circumstances in need of assistance.

the Group provided a medical assistance fund of

RMB **50,000**

and a serious illness relief grant



Furthermore, we prioritise employee well-being and are committed to providing a comfortable working environment:

- The office areas are equipped with pantries, mother-and-baby rooms, an employee canteen, changing rooms, phone booths, and water dispensers;
- Store locations feature dedicated employee changing areas and dining spaces, along with designated cleaning rooms for housekeeping staff; and
- Close attention to air quality are paid in both office and store locations, along with quarterly air purification and pest control measures.



### Employee Mental Health Platform

To prioritise employees' mental well-being, we launched the online "Soulmate" platform this year, offering psychological counselling services for those in need. The platform also features modules such as psychological courses, mental health education, and psychological assessments, helping employees understand their mental health status, address psychological concerns, and enhance their overall well-being while building a supportive network.



## 3.4/ Diverse Training and Growth Opportunities

We recognise that the professional competence of service personnel is the cornerstone of service consistency. The Group has established a comprehensive training system centred around its corporate university, ensuring a robust talent pipeline for both the management team and frontline employees to support the Group's future development plans.

The Group implements the "Employee Education and Training Policy", the "Training Department Regulations", and the "Class Supervisor Handbook" tailored for technical and sales positions. These documents outline learning tasks and course content in detail, helping employees systematically complete onboarding training and meet learning requirements.

This year, Naturade was awarded the qualification for enterprise vocational skill level certification by the Guangzhou Vocational Ability Construction Guidance Centre. The scope of certification covers roles such as health managers, wellness massage therapists, beauticians, and chain management professionals, providing greater convenience for employees to obtain vocational qualifications.



### Industry Textbook Development

Beauty Farm actively contributes to the development of industry education resources. The Group participated in the compilation of the "National Occupational Standards: Occupational Code 4-10-03-01 Beautician" textbook, published by the China Labour and Social Security Publishing House under the Ministry of Human Resources and Social Security's Education Office. The textbook is based on national occupational standards and provides a structured knowledge and skill framework for beautician vocational education and training, supporting the professionalisation and standardisation of the beauty industry.



### Customised Training Programs

For different functional positions, we offer customised training programs, implementing key learning projects to help employees at various levels and in different functions enhance their skills and achieve their career goals. Given that each position has its own unique professional and skill requirements, we also provide specialised training in areas such as product knowledge, equipment usage, and operational techniques. Additionally, to strengthen quality control management in stores, we introduce multiple new courses each year. Relevant training is also organised for various activities and programmes to ensure their smooth execution.

### Beauty Farm Corporate University

The Beauty Farm Corporate University is under the Human Resources Department of the Group. With the mission of "aligning with strategy, integrating with business, and creating value", it adheres to the philosophy of empowering creators of beauty and health. Through talent development and talent pipeline building, it continuously provides the Group's three main business departments and functional support teams with competent professionals who possess sustainable development potential.

Since 2018, Beauty Farm University has launched the OMO (Online-Merge-Offline) learning project, actively exploring digital learning technologies. We have now established a comprehensive training system that includes offline intensive empowerment, online learning (Beauty Farm Online School), Beauty Farm Air Courses (live streaming), and Beauty Farm Micro-Lessons. This initiative has reduced organisational training costs by approximately 20%. The mid-term goal of the OMO project is to achieve a 90% coverage rate for online courses

#### As of the end of the Reporting Period

Beauty Farm Corporate University had launched a total of

**1,541** online courses

covering general courses, business and professional development, and micro-courses.

This initiative has reduced organisational training costs by approximately

**20**%

The mid-term goal of the OMO project is to achieve a

**90**%

coverage rate for online courses





The training system for Naturade, a brand under Beauty Farm, is comprehensive and includes practical skills, theoretical knowledge, and sales training. It encompasses professional technical training in techniques, instrument usage, and product knowledge, as well as advanced training aimed at management. Additionally, the system ensures the continuous improvement of employees' professional skills and service quality through regular re-training and assessments.

Practical training courses:	a total of	overall pass rate:	overall satisfaction <sup>1</sup> rating:
<b>51</b> courses offered	<b>823</b> beauticians trained and assessed	<b>84.9</b> %	<b>9.62</b>

Theory and sales training courses:	covering	The examination rate for theory courses is
<b>18</b> courses offered	<b>5</b> major projects	<b>89.65</b> %

with a pass rate of	the examination rate for sales courses is	with a pass rate of
<b>94.67</b> %	<b>83.65</b> %	<b>96.82</b> %



### Adoption of Beauty Category Occupational Standards by WorldSkills Competition

Upon recommendation by WorldSkills Competition experts and approval by the Ministry of Human Resources and Social Security, Beauty Farm, as an outstanding domestic industry representative, participated in research and interviews on world skill standards for beauticians organised by the WorldSkills Competition Committee. We formed an expert group consisting of operations, technical, and training personnel, who conducted in-depth research and analysis on the technical details, operational standards, and development trends in beauty and wellness services. They put forward numerous constructive suggestions during the revision of occupational standards, covering areas like optimisation of operational procedures, refinement of assessment key points, and application of emerging technologies, which have been integrated and refined into the WorldSkills Competition's beauty occupational standards.

### Awards and Recognitions

In 2024, the Human Resources Department of the Group was recognised for its outstanding performance and significant contributions, receiving two prestigious honours: the title of "2024 Advanced Collective of Tianjin Medical College" awarded by Tianjin Medical College, and the "High-Quality Specialised Course" award granted by Hubei Vocational and Technical College. These accolades commend the Group's innovation and high standards in the design and implementation of vocational education courses.

<sup>1</sup> Overall satisfaction is scored out of a maximum of 10 points.

## 3.5/ Beauty Workplace Creating Space for Personal Development

### Internal Multi-Channel Promotion System

#### Dual-Channel Career Development System

The Group's dual-channel career development system consists of two tracks: management and professional. Employees in different positions such as functional, sales, and technical can obtain corresponding promotion opportunities based on their own experience and abilities, the system follows multiple career development paths.

### Comprehensive and Transparent Incentive Mechanism

We have designed differentiated incentive mechanisms for employees at various levels to fully stimulate their motivation and creativity.

- **Frontline employees:** A performance-based comprehensive evaluation system has been established, with assessment dimensions including work performance, customer satisfaction, etc. Employees who perform exceptionally will receive bonus incentives as recognition of their contributions and to inspire their enthusiasm for work.

- **Middle management:** A regional employee stock ownership platform has been specifically set up, offering equity incentives to deeply align employees' personal interests with the long-term development of the company. This mechanism not only serves as a recognition for outstanding employees but also aims to enhance their sense of belonging and responsibility, promoting the sustained growth of regional operations.
- **Senior management team:** In 2022, a share incentive plan was implemented, with certain adjustments made in 2024 (refer to the relevant chapters in the annual report). The revised evaluation criteria now include revenue and profit targets for the next three years. The purpose of these long-term incentives is to encourage the management team to contribute to the sustainable operation and development of the Group, while also establishing a sustainable development mechanism for the management team and shareholders to grow together in value.

#### Beauty Farm Promotion System

- Technical Supervision & Regional Technical Committee Promotion Management System
- Beauty Farm Management Development Path and Senior Management Promotion System
- Beauty Farm basic level, Middle-Level Management Promotion System
- Beauty Farm Functional Professional Rank Promotion System
- Doctor Rank System Promotion Management System
- Beauty Therapist Promotion and Demotion Management System



### "Treasure Hunt Guide" Project

The Group has launched the "Treasure Hunt Guide" project with the aim of enhancing employees' skill levels, provided clear learning paths for employees at all stages. On the employee level, the program adopts a gamified approach, allowing employees to level up by completing tasks at each stage and mastering the essential knowledge and skills required at each level, thereby supporting their continuous growth and development within the Group. At the same time, the group has also achieved talent replication in various positions of the chain organization, ensuring consistent operational service standards for different regions and stores.



#### Treasure Hunt Guide

	Set Sail	Brave the Rapids	Ride the Wind and Break the Waves
Beauty Therapist	<ul style="list-style-type: none"> <li>• 42-Day Beauty Therapy Course</li> <li>• 10-Day Accelerated Onboarding Training</li> <li>• 0-1 Month Mentoring Handbook</li> <li>• 3-Day Cultural Journey</li> </ul>	<ul style="list-style-type: none"> <li>• Offline Short Training Course</li> <li>• 2-6 Month Mentoring Handbook</li> <li>• Skills in Practice and Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Technical Supervision Store Mentoring</li> </ul>
Technical Supervision	<ul style="list-style-type: none"> <li>• Technical Supervision Onboarding Training</li> </ul>	<ul style="list-style-type: none"> <li>• Technical Supervision Further Training</li> <li>• Technical Supervision Skill Intensive Training</li> </ul>	
Director	<ul style="list-style-type: none"> <li>• Reserve Director Jade Refining Program</li> </ul>	<ul style="list-style-type: none"> <li>• Target Management</li> <li>• Coaching Subordinates</li> </ul>	
Client Manager	<ul style="list-style-type: none"> <li>• Onboarding Training</li> <li>• Mentoring Handbook</li> <li>• The Mysterious Her Arrives at the Store</li> </ul>	<ul style="list-style-type: none"> <li>• Heartfelt Plan (Facial Version)</li> <li>• New Path Shining</li> <li>• Effective Communication</li> <li>• SI53</li> </ul>	<ul style="list-style-type: none"> <li>• C2 Magic Journey</li> <li>• Heartfelt Plan (Body Version)</li> <li>• Hi Customer Cultivation</li> <li>• TimeSo Fractal Story Collection</li> <li>• Joyful Eyes Treasure Box</li> </ul>

## Support for personal career development

Beauty Farm's numerous frontline employees come from economically underdeveloped regions. Based on the Group's long-term development strategy and the people-oriented philosophy, we not only provide them with employment opportunities but also strive to improve the lives of this large group, enhancing their sense of self-identity and value.

### Systematic Talent Development to Enhance Industry Competitiveness / Smooth External Flow Channels

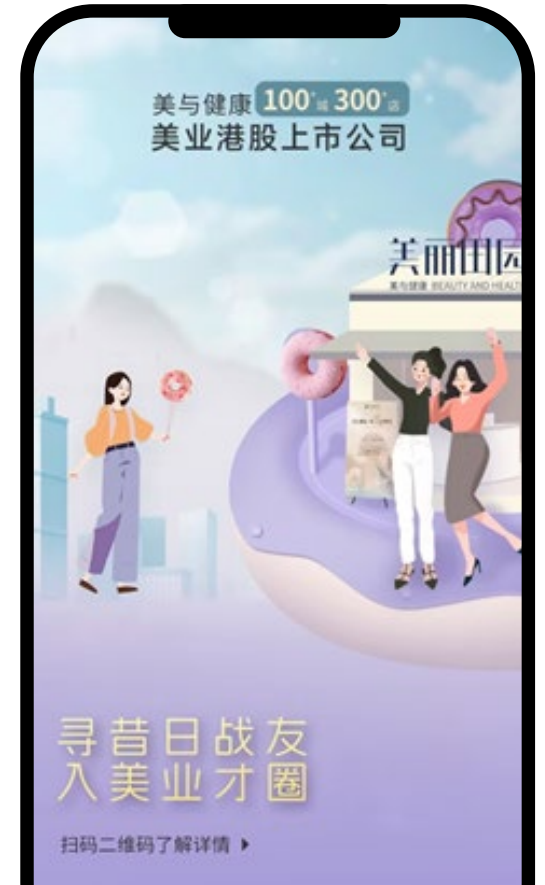
Beauty Farm has developed a systematic training system that covers the entire career lifecycle of its employees. The Group leverages the advantages of Beauty Farm University in areas such as professionalism, experience, and knowledge to create a mature and healthy learning and development platform for the beauty industry. This platform helps employees broaden their horizons, plan more proactive and clear career development goals, and provides them with an opportunity for further improvement and education beyond formal schooling. Employees who have undergone systematic training possess a significant advantage in terms of industry talent competitiveness.

### Cherishing Talent Accumulation

We always adhere to the principle of legal compliance when handling employee resignation matters. Through conducting exit interviews, we gain a deeper understanding of the reasons for their departure, using this feedback to continuously optimise and enhance our human resources management. At the same time, we actively promote the "Fresh Water Plan", offering internal job transfer opportunities to employees who wish to explore new directions and developments. This helps them find a suitable new position that aligns with the company's strategy, ensuring a smooth transition in their career development.

### Employee Reflow Plan

We place great importance on maintaining contact with former employees and have established a mechanism for employee reflow. Through a series of activities, we welcome and encourage employees to recommend outstanding former colleagues to return to Beauty Farm, offering corresponding rewards for successful referrals. This initiative not only helps attract top talent back but also contributes to building a more open and inclusive talent ecosystem for the Group.





## Education Advancement Plan

Beauty Farm has partnered with Shanghai Second Polytechnic University to launch the Education Advancement Plan, providing employees with a platform to enhance their academic qualifications. The aim of this collaboration is to help employees improve their educational level and strengthen their capabilities, enabling them to better meet workplace demands and achieve personal career development and growth. This initiative offers comprehensive support and guidance to employees, assisting them in achieving greater success in their professional careers.

**学历提升计划**  
美丽田园·上海二工大合作项目

**STEP 1 入学条件**

学历等级	报名条件	可选专业
高起专	高中或相当学历 (中专、技校等)	人物形象设计 (艺术类)
专升本	专科学历, 学信网可查	公共关系学

**STEP 2 学制学费**  
学制: 3年;  
学费: 专科--4800元/年 (艺术类); 本科--3200元/年;  
学费在开学前一网通办缴费, 书杂费由学校收取 (500元左右)

**STEP 3 学习、毕业要求**  
学习要求: 学生本人上课, 1-2次面授/月 (理论、实训);  
线上微课程 (占比80%), 完成课后习题。  
每学期5-6门课程及考试 (多数为学校自出题)。  
毕业要求: 修满课程并通过考试拿学历证 (毕业证);  
本科学位证--统考课、论文答辩70分以上, 通过英语学位考。

**STEP 4 报名指导**

宣讲、学校答疑及报名指导时间: 预计8月末;  
成人高考报名时间: 预计2024年9月3日至9月9日;  
考试时间: 预计10月底; 录取时间: 预计12月左右;  
开学时间: 预计2025年2月。

如果你想参加宣讲会或有意愿报考,  
欢迎扫码左侧二维码填写信息。  
如有其他疑问, 可联系你所在区域的HRBP



## Share the Struggle, Share the Success - Zhu Li

Zhu Li, an employee from Chongqing, has been with Beauty Farm since 2012. With solid professional skills and relentless effort, she started as a beauty therapist after undergoing rigorous pre-job training and gradually grew into a client manager capable of handling her own responsibilities. Over the years, she has deeply engaged with the grassroots level, continuously refining her skills, and demonstrating exceptional professionalism and leadership potential. In 2024, Zhu Li was successfully promoted to the position of Store Manager at Chongqing IFS and was consecutively awarded the "Pioneer Award for Practicing Corporate Culture Values" and the "Millionaire Honorary Title", marking a remarkable transformation from grassroots to management. Under her leadership, the Chongqing IFS store has achieved impressive performance, consistently exceeding targets each month, with an average target completion rate of over 120%. Zhu Li's growth journey not only highlights the value of personal endeavour but also sets an example for the team, fully reflecting Beauty Farm's support and nurturing of employees' career development.



## Women in Leadership: Zhou Min Awarded "Outstanding Listed Company CFO"

On December 19, 2024, the 14th China Securities "Golden Bauhinia Award" ceremony was held in Hong Kong, where Ms. Zhou Min, the Chief Financial Officer and Company Secretary of Beauty Farm Medical Health (02373.HK), was honoured as the "Outstanding Listed Company CFO". This award was selected by the Hong Kong Ta Kung Wen Wei Media Group in collaboration with authoritative organisations such as the Hong Kong China Financial Association. Other recipients of the award included benchmark enterprises like China Petroleum and Ping An Bank.





## 3.6/ Occupational Health and Safety

We are committed to creating a safe and harmless working environment for our employees, strictly adhering to the "Regulations on Work-Related Injury Insurance", "Procedures for Determining Work-Related Injuries", "Management Measures for Occupational Disease Diagnosis and Identification", and relevant laws and regulations of the operational locations. We aim to raise employees' awareness of occupational safety, ensure that workplaces meet safety standards, and be well-prepared for emergencies.

To properly handle work injury incidents, the Group has developed a comprehensive work injury handling process, ensuring that employees receive immediate medical treatment in the event of a work-related injury. The social insurance purchased by the Group for employees covers treatment costs resulting from work injuries. As of the end of the Reporting Period, the Group has not experienced any work-related fatalities in the past three years.

### Workplace Safety Regulations

We have established the "Fire Safety Management System", which standardises the fire safety practices for each store and provides detailed guidelines on the use and maintenance of fire safety facilities. Before commencing operations, each store must obtain fire inspection approval. After opening, fire safety inspections are conducted every two months, covering aspects such as obstruction of fire escape routes, proper placement and sufficient quantity of fire safety equipment, and records of fire safety training. We regularly assess the fire safety performance of stores, closely monitor potential incidents, and conduct basic fire safety knowledge training across the Group.



### Store Self-Inspection and Self-Check

To strengthen store compliance management and implement relevant regulations on hygiene, health, fire safety, and other areas, ensuring stable store operations, we regularly conduct self-inspections and self-checks. This includes identifying and rectifying potential risk points in store management, and promptly making the results public, ensuring that store operations comply with relevant laws and regulations.



### Store Training

In order to implement the spirit of the State Council's Work Safety Committee meeting and promote the implementation of the "Three-Year Action Plan for Tackling Root Causes of Work Safety (2024-2026)", Beauty Farm has partnered with the Chongqing Limin Fire Prevention Publicity and Training Centre to conduct fire safety training for the second half of 2024. The training aims to enhance employees' safety awareness and protective skills, covering policy and regulation briefings, safety knowledge training, and traffic safety, as well as providing safety inspection and guidance for each store. On October 23, 2024, Instructor Qiu Zhicheng from the Chongqing Limin Fire Prevention Publicity and Training Centre conducted comprehensive safety knowledge training at the Jinsha Paradise Walk store. Through this fire safety training, the instructor thoroughly inspected potential safety hazards, provided detailed explanations of fire safety knowledge, emergency response, and traffic safety.



Store Fire Drill

### Group Promotion and Safety Drills

In 2024, the Group's construction department conducted a presentation on "Fire Safety Training" and "Basic Knowledge of Fire Safety 2024" for all employees. The training covered essential topics such as basic fire safety knowledge, emergency response measures, and fire hazard inspections. Through practical case analysis and interactive Q&A sessions, the training helped employees gain a deeper understanding of the importance of fire safety. To ensure the long-term effectiveness and accessibility of the training, the presentation content was made available on the Beauty Farm Corporate University online platform, allowing employees to learn and review fire safety knowledge anytime and anywhere. This initiative has created a positive atmosphere of "safety is everyone's responsibility, and safety is emphasized everywhere", further ensuring a safe production environment for the Group.

This year, the Group's headquarters office participated in emergency evacuation and fire drills. During the drill, property professionals provided explanations and guidance on fire-fighting equipment, and employees conducted hands-on practice using fire extinguishers to reinforce their fire-fighting skills.



## 3.7/ Social Contribution

Beauty Farm views the promotion of shared prosperity in society as part of its responsibility. While driving the steady development of the enterprise, we actively engage in giving back to the community. We maintain regular communication with government departments, community organisations, and street offices in all our operational locations to gain a deep understanding of local community needs and the impact of the Group's operations on those communities.

### Supporting Rural Revitalisation

#### Lighting the Way Home to the Countryside

In response to the national rural revitalisation strategy, the Group has continued to deepen the "Village-Enterprise Pairing Precise Poverty Alleviation" plan in Shanghai's Hongkou District in 2024, precisely aligning with the support and development efforts in Guichao Town to actively contribute to the comprehensive revitalisation of rural areas. This year, Beauty Farm, provided a donation of 80,000 yuan through village-enterprise partnership donations, installed 15 solar power street lamps in the Baiyou Village Committee, benefiting 855 households and 3,515 people. Additionally, 15 solar power street lamps were installed in the Jiajie Village Committee, benefiting 40 households and 167 people. These initiatives not only significantly improved local infrastructure and enhanced the quality of life for villagers, but also highlighted the Group's responsibility and commitment to promoting sustainable rural development.



#### Supporting the Construction of Village and Town Primary Schools

Over the past five years, Beauty Farm has continuously invested in the construction of rural primary schools and signed a targeted donation agreement with Zunyi City, contributing a total of 150,000 yuan to improve school infrastructure and teaching conditions. These funding have been primarily used for repairing leaks in the teaching building, replacing student desks and chairs, renovating the school gate, replacing classroom windows, and purchasing teaching and office computers, significantly enhancing the school's teaching environment and the students' learning experience. Beauty Farm has always adhered to the philosophy that "a strong nation comes from a strong education" and continues to pay attention to the practical needs of the schools it supports. The Group ensures the effective use of donated funds, maximising improvements to the educational conditions of rural primary schools and fulfilling its corporate social responsibility to promote rural revitalisation.



Hope Primary School in Panshui Town

## Community Support



#### Condolence Families in need

On the eve of the Mid-Autumn Festival, in order to better care for disadvantaged children, Beauty Farm, in accordance with the requirements of the Municipal Women's Federation's care services, collaborated with Hongkou District to identify children in difficult circumstances. We then partnered with the North Bund Women's Federation to launch the "Sunshine Baby" care initiative. Representatives from the Group delivered care packages to families of children suffering from illnesses. This event aimed to support disadvantaged families, alleviate their living pressures, while also spreading festive warmth and enhancing community cohesion.





## Investing in Public Welfare Causes

### Art Education Parent-Child Public Welfare Activities

CellCare has partnered with the Changming Education Foundation's Zhen'ai Tongyan Special Public Welfare Fund to launch a public welfare aesthetic education salon activity. The event features esteemed speakers from the field of aesthetic education, including Wang Gengfei, Director of the New Education Research Institute at Suzhou University, and Jiang Yan, Associate Professor at the Central Academy of Fine Arts. Thirty families of Beauty Farm members participated in the aesthetic education courses and engaged in creative projects, culminating in a public exhibition to help children in underdeveloped areas access aesthetic education. At the end of the event, the children donated the copyright of their works, which will be designed into public welfare derivatives for charity sales in the future, completing a goodwill cycle and conveying the power of love and beauty.



### Offering Support to New Industry Practitioners

In November 2024, the Group's union actively participated in a care and support event meticulously organised by the local community. This event focused on new industry practitioners such as couriers and delivery riders. In order to improve their working and living conditions, the union not only provided free meals and practical daily necessities but also set up a wish collection board to give these workers an opportunity to voice their concerns and express their expectations. This initiative exemplifies our commitment to and practice of corporate social responsibility through tangible actions.



Care and Support Event in Hongkou District





## Red Cross Charity Blood Donation

The Group actively participates in charity blood donation events, coordinating with the Guangzhou Red Cross Association and local blood centres to prepare the venue, equipment, and personnel. To ensure the smooth operation of the event, a volunteer service station was set up at the site to assist donors in filling out registration forms and provide them with necessary supplies, ensuring they receive ample care and support during the activity. Furthermore, we strive to normalise the charity blood donation initiative, actively encouraging employee participation and promoting the humanitarian spirit of the Red Cross, which encompasses "humanity, generosity, and devotion".



Guangzhou

## Free Skills Training for Employment: Illuminating the "Path to Reintegration" for Drug Rehabilitation Individuals

This year, the Jiang'an District Human Resources Bureau collaborated with Wuhan Beauty Farm Vocational Training School to conduct a beauty therapist vocational skills training course at the Women's Mandatory Drug Rehabilitation Centre of Wuhan Municipal Justice Bureau. This training programme targeted 30 individuals undergoing drug rehabilitation, providing "one-stop" free skills training along with job placement follow-up services. Through this initiative, participants were able to acquire valuable skills, broaden their employment options, and create favourable conditions for reintegrating into society. This effort not only demonstrates care and respect for special groups but also lights the way for their return to society, showcasing a deep integration of social responsibility and humanistic care.



Guidance and Practice







UN SDGs



# 04

## Beauty in Nature, Coexistence and Mutual Prosperity

- Invest in the identification and response to climate change-related risks to enhance corporate resilience
- Reduce packaging usage and improve green logistics practices
- Respond to dual carbon goals and optimise the utilisation of energy resources

## 4.1/ Climate Change Risks and Opportunities



### Governance

The Group places high importance on the potential impact of climate change on its operations and long-term development. To ensure effective management of risks and opportunities related to climate change, we have established a Climate and ESG Management Committee within our ESG governance structure to oversee matters pertaining to climate change, integrating them into the overall management and supervision of ESG-related issues. We regularly assess the potential impact of climate change on business operations and arrange discussions on climate change-related topics affecting the company at Board meetings every two years, reviewing the progress towards related goals.

The Group understands that a robust governance framework is crucial for effectively managing climate-related risks. We will continue to collaborate with third-party ESG consultants to incorporate climate risks into the Group's enterprise risk management framework. Each year, we will set climate change-related targets at the management level, and disclose quantitative indicators under each designated key performance indicator through the annual ESG report to the Board and stakeholders to monitor progress.

To ensure that the Board is informed of the latest information related to climate matters for effective oversight of climate-related risk and opportunity management, we provide climate-related training to the Board and management every two years. We plan to incorporate ESG and climate-related performance indicators into the Board's remuneration policy and develop specific plans by 2030.



### Strategies and Risk Management

Considering our business attributes and the "Hong Kong Climate Action Blueprint 2050" alongside China's dual carbon goals, the Group has identified climate-related risks and opportunities according to short-term (up to 2025), medium-term (up to 2030), and long-term (up to 2050) timeframes, implementing corresponding responses based on these timelines. These climate-related risks and opportunities primarily focus on the impacts of policy changes on the Group's compliance and energy transition strategies.



	Category	Risk Type	Climate-Related Risks	Impact on Business, Financials, and Value Chain	Impact Period	Risk Rating			Response Strategies and Decisions
						Likelihood	Impact	Rating	
Physical Risks		Acute	Increase in frequency and severity of extreme weather events such as typhoons, storms, and heavy rainfall	Damage to power grids, communication infrastructure, or flooding, hindering and harming the work of our employees, leading to reduced capacity and productivity.	🟡	Medium	Low	Low	The Group has implemented flexible work arrangements and preventive measures under severe or extreme weather conditions, and participates in emergency environmental accident drills for office locations and store buildings.
		Chronic	Prolonged high temperatures	Rising production costs and decreased efficiency for upstream products in the value chain; logistics delays or interruptions due to high temperatures; consumers reducing outings due to heat, impacting the Group's revenue; employee health and work efficiency affected, resulting in business interruptions, financial losses, employee injuries, or increased capital investment.	🟡	Medium	Low	Medium	Select suppliers that align more closely with low-carbon and green attributes to establish long-term stable partnerships; optimise store site selection; and provide health insurance and annual check-ups for employees.
			Rising sea levels	Damage to buildings and equipment in coastal store areas, resulting in decreased customer flow and revenue due to consumer relocation.	🟢	Low	Low	Low	Store site selection will consider relevant factors, with a focus on flood prevention measures.
Transition Risks		Policy and Regulation	Increasingly strict regulatory disclosure related to climate change	Increased risk of the Group failing to comply with relevant laws and regulations (such as the ESG Reporting Code), leading to potential legal or regulatory actions, business disruptions, reputational and/or financial losses, as well as possible increases in capital investment and compliance costs; non-compliance by upstream companies in the value chain may affect the Group's procurement and subsequently impact service delivery.	🟡	High	Medium	Medium-High	Regularly monitor existing and emerging trends, policies, and regulations related to climate to avoid increased costs, fines for non-compliance, or reputational risks due to delayed responses. Engage third-party ESG professionals to provide ESG reporting services, ensuring the quality and accuracy of the Group's ESG reporting and compliance with applicable regulations. Meet regularly with ESG professionals to stay updated on the latest ESG news and regulatory updates to take timely and appropriate actions.
			Requirements for clean energy	Increased energy costs for the Group and greater difficulty in obtaining compliant energy sources.	🟡	Medium	Medium	Medium	Incorporate renewable energy sources into store site selection.
		Technology	Replacement of existing equipment with lower-energy consuming devices	Premature retirement of existing equipment.	🟢	Low	Low	Low	Take energy consumption levels into account when procuring equipment.
		Market	Rising costs of purchased products	Increased procurement costs, leading to higher operational costs for the Group.	🟡	Medium	Medium	Medium	Establish long-term stable partnerships with suppliers, considering the risk of rising procurement costs in the Group's financial budget.
			Consumers becoming more inclined towards low-carbon products and services	Shifts in consumer preferences may impact revenue.	🟢	Low	Low	Low	Source low-carbon and environmentally friendly products, integrating sustainability concepts into brand strategies.
		Reputation	Rising expectations from stakeholders	Increasing scrutiny from stakeholders on the Group's ESG performance, which may lead to reputational and/or financial losses, or increased capital investment and marketing costs.	🟡	Medium	Medium	Medium	Promote the Group's sustainability investments both online and offline, engage with stakeholders to understand their evolving demands and viewpoints, and disclose relevant content in the annual ESG report.

We primarily conduct our business in first-tier and new first-tier cities, which are relatively resilient to the impacts of extreme weather (such as typhoons, storms, and heavy rainfall) on stormwater drainage, building structures, communication infrastructure, and power grid facilities. Therefore, we believe that the direct impact of climate change on the Group's operations is limited.

In the face of opportunities presented by climate change, we actively identify and respond to them to promote the company's sustainable development and enhance business competitiveness. We also strengthen collaboration with suppliers and partners to jointly drive green upgrades in our supply chain, promote the procurement of environmentally-friendly products, and ensure that all business operations comply with sustainable development standards.

Opportunity Type	Climate-Related Opportunities	Impact on Business Model	Impact on Value Chain
Resource Efficiency	Environmentally friendly products and recycling	Procurement of non-harmful cosmetics and selection of reusable materials and packaging.	Enhances product reputation and market competitiveness.
	Reduction in water usage	Reduces operating costs and improves production efficiency.	Increases product competitiveness.
Market	Effective use of public sector incentive mechanisms	Invest in energy-saving technologies and green equipment, facilitating the green transformation of the business and meeting government or relevant department incentive mechanisms.	Establishes new supply channels.

As of the end of the Reporting Period, our business operations and financial performance have not been significantly affected by climate change or extreme weather conditions. To uphold the principles of sustainable development, the Group plans to implement energy-saving lighting and water-saving faucets in all new stores over the next three years and aims to replace existing store lighting systems with energy-efficient fixtures within the next five years. To facilitate this, we have requested the construction department to allocate a budget for this project.

In assessing the risks and opportunities associated with climate change, we have adopted scenarios that align with the latest international agreements on climate change, including various scenario data from the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS) of central banks and regulators. These scenarios encompass a range of possible climate change pathways, including different warming scenarios and greenhouse gas (GHG) emission scenarios, providing a scientific basis for us to identify and assess physical risks and transition risks.

The timeframe we use aligns with the classification methods for identifying risks and opportunities to ensure comprehensive coverage of climate-related risks and opportunities at different time points, in line with the "Hong Kong's Climate Action Blueprint 2050". The assessment encompasses all directly operated stores under the Group, ensuring that all business segments are included in the evaluation and management processes. This approach provides a thorough understanding of the resilience of the company's business model and strategies in responding to climate change.

Category	Climate-Related Risks	Relevance and Assumptions	IPCC AR6 SSP2-4.5 Scenario			IPCC AR6 SSP5-8.5 Scenario		
			Risk Value			Risk Value		
			2025	2030	2050	2025	2030	2050
Physical Risks	Increase in frequency and severity of extreme weather events such as typhoons, storms, and heavy rainfall	The scope and severity of the impact of extreme weather on the Group and the locations of its stores.	Low	Low	Low	Low	Low	Low-Medium
	Prolonged high temperatures		Low	Low	Low	Low	Low	Low
	Rising sea levels		Low	Low	Low	Low	Low	Low

Category	Climate-Related Risks	Relevance and Assumptions	NGFS Net Zero 2050			NGFS Current Policy		
			Risk Value			Risk Value		
			2025	2030	2050	2025	2030	2050
Transition Risks	Increased Investment in Clean Energy	Assess the impact of policy requirements on the supply of clean energy on the Group's energy expenses.	Low	Medium	High	Low	Low	Medium
	Replacement of Existing Equipment with Low-Energy Devices	Consider the necessity of replacing energy-efficient equipment due to policy requirements and decarbonisation strategies.	Low	Low	Medium	Low	Low	Low
	Rising Costs of Purchased Products	Anticipate that carbon emission requirements will lead to increased costs of purchased cosmetic products, resulting in higher selling prices and rising operational costs for the Group.	Low	Low	Medium	Low	Low	Low



## Metrics and Targets

As of the end of the Reporting Period, the Group has not yet brought carbon pricing in decision-making. The details of the Group's carbon emissions<sup>1</sup> are as follows.

	Unit	2023	2024
Scope 1	tCO <sub>2</sub> e	31.29	33.96
Scope 2	tCO <sub>2</sub> e	5,901.28	7,707.20
Scope 3	tCO <sub>2</sub> e	N/A	655.77

<sup>1</sup> For the calculation and statistical basis of the above indicators, please refer to the annotations on pages 64, notes 6-9 of this Report.

In terms of greenhouse gas emissions and climate change targets, we are committed to taking proactive measures to reduce the environmental impact of our operations and contribute to global climate change mitigation. To further address climate change, our long-term goal is to achieve net-zero carbon emissions, responding to policy calls to complete this transition by 2050. Additionally, we will actively support the green transformation of our supply chain, requiring suppliers and partners to adopt sustainable production and transportation methods, ensuring that the entire value chain contributes to reducing greenhouse gas emissions. We regularly monitor and assess progress toward our targets, and through internal reporting and external disclosures, we ensure transparency and demonstrate our commitment and tangible actions in addressing climate change to our stakeholders.



## 4.2/ Resource and Energy Management

Beauty Farm strictly adheres to laws and regulations such as the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Soil Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution and Regulations on the Administration of Pollutant Discharge Permits. We have developed a series of environmental management and energy-saving measures to reduce emissions. Based on actual business situations, we continuously revise and improve our internal systems to ensure that pollutant emissions comply with national and local standards.

The Group has implemented the following measures in the management of offices and stores:

- Advocate for paperless office practices, promoting the use of electronic documents to replace traditional paper files;
- Encourage the reuse of courier parcels and adopt sustainable packaging materials to reduce packaging waste;
- Use smart remote sockets in office spaces, allowing for remote control of power switches via a mobile application, and monitor energy consumption in real-time;
- Advocate for turning off power when leaving, with the administrative department sending notifications via enterprise WeChat to remind staff of light-switching times in office areas, advising the last employee to leave to turn off the lights; and
- Conduct night inspections of office properties to check light-switching status to reduce energy wastage.



During this Reporting Period, we strictly complied with relevant regulations and did not encounter any environmental protection-related violations.

Category	Content
Scope 1 and Scope 2 GHG Emissions	Reduce the greenhouse gas emission intensity of Scope 1 and Scope 2 by 10% by 2030 compared to the 2024 baseline.
Total GHG Emissions	Achieve carbon neutrality by 2050.
Energy Consumption	Reduce the Group's electricity intensity by 10% by 2030 compared to the 2024 baseline.
Resource Consumption	Reduce the Group's water intensity by 10% by 2030 compared to the 2024 baseline.
Emissions Management	All newly purchased company vehicles in the future will be new energy vehicles. Continue to maintain 100% compliant treatment of medical waste. Reduce the total paper usage of the Group by 10% by 2030 compared to the 2024 baseline.
Board Compensation	Incorporate the Group's ESG and climate-related performance indicators into the senior management remuneration policy by 2030.

## Energy Management

The Group's energy consumption is primarily focused on electricity used in stores and office spaces. To enhance energy efficiency and reduce carbon emissions, the Group has currently implemented a series of energy-saving and emission reduction measures.

During this Reporting Period, the Group used approximately 14,363,024.20 kilowatt-hours of electricity.



### Travel "Benefit Beans" Encourage Green Travel

In line with our commitment to low-carbon and environmentally friendly principles, the Group advocates for choosing high-speed rail over flights for business travel to reduce energy consumption and carbon emissions. Employees in the Group's office have accessed the "Benefit Beans" system launched on the Fliggy platform, which quantifies low-carbon travel indicators and encourages staff to embrace the concept of green travel through reward redemption and other incentives.



## Water Resource Management

The Group's offices and stores source their water from municipal supplies, and there are no wastewater discharges resulting from production processes. Wastewater related to medical services is treated professionally and harmlessly in strict accordance with the requirements set forth in the "Infection Management Regulations Compilation" before discharge.

During this Reporting Period, the Group did not encounter any issues in obtaining water resources.

To achieve efficient utilisation of water resources, the Group actively promotes water-saving measures in daily operations. By providing guidance and posting water conservation slogans, we enhance employees' awareness of water-saving practices. Automatic sensor faucets are installed in restrooms in the office area and some stores to control water flow. Additionally, we regularly coordinate with property management to inspect and maintain water facilities, reducing water consumption and achieving water-saving and environmental protection goals.

During this Reporting Period, the Group used approximately 238,108.37 cubic meters of water.

### During this Reporting Period

the Group used approximately

**238,108.37** cubic meters  
of water



the Group used

**46,135** kilograms  
of packaging materials<sup>1</sup>



<sup>1</sup> The packaging material data only includes directly purchased packaging materials and does not temporarily account for supplier-provided packaging.

## Packaging Material Management

The Group recognises the importance of packaging material management for the environment and sustainable development. We are committed to reducing resource consumption and waste generation by optimising packaging strategies and implementing eco-friendly measures. Our goal is to gradually increase the proportion of recycled materials in our packaging to provide customers with more environmentally friendly options.

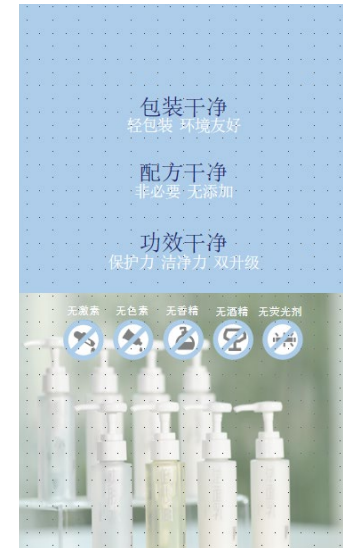
Beauty product packaging is a major component of the Group's packaging materials. We collaborate with suppliers to explore innovative packaging solutions that minimise resource waste. In our packaging design, we prioritise eco-friendly designs and the principle of minimisation, implementing a "Large Bottle Plan" to reduce unnecessary packaging material usage.

During this Reporting Period, the Group used 46,135 kilograms of packaging materials.<sup>1</sup>



### Eco-Friendly Packaging

The Group actively practices ESG principles and strives to uphold environmental sustainability in the selection of packaging materials. On one hand, we use biodegradable plastic packaging that incorporates starch extracted from corn straw during the production process. This material can easily decompose in the natural environment, playing a positive role in reducing environmental pollution, particularly white pollution. On the other hand, the cosmetics under the Group adhere to a design philosophy of "light packaging and environmental friendliness". By utilising lightweight packaging designs, we significantly reduce the amount of materials used, effectively lowering resource consumption and minimising environmental impact, which aligns closely with our commitment to sustainable development.



## 4.3/ Emissions Management

The core business of the Group is to provide a variety of beauty, wellness, and aesthetic medical services and products; therefore, the primary types of emissions originate from the following aspects:



### Greenhouse Gases:

Resulting from store operations



### Medical Waste:

Mainly from aesthetic medical services



### Construction Waste:

Arising from the opening of new stores, renovations, and closures



### Non-Hazardous Waste:

Primarily from office waste paper



### Domestic Wastewater:

Generated from daily office and store operations

The Group has consistently handled emissions in accordance with relevant regulations and is committed to reducing the waste and emissions generated from its business operations to lower environmental pollution and achieve joint development with the ecosystem.

Given the nature of the Group's business, which is primarily not involved in production activities, we do not generate significant pollutants (such as production wastewater, ammonia nitrogen compounds, chemical oxygen demand, etc.) beyond greenhouse gas emissions. As such, we have not established specific discharge targets at this time. However, the Group will continue to monitor discharge conditions and assess the implementation of emissions management policies, and will set discharge targets if necessary (for instance, if wastewater treatment fees constitute a significant proportion of the Group's operational expenditures). Additionally, when selecting suppliers, the Group will prioritise partners that implement clean production practices.

### During this Reporting Period

the Group generated approximately	including	sulfur oxides	suspended particles
<b>17.08</b> kilograms	<b>15.72</b> kilograms	<b>0.21</b> kilograms	<b>1.16</b> kilograms
of exhaust emissions <sup>1</sup> from vehicle usage	of nitrogen oxides		

Throughout this Reporting Period, the Group has strictly complied with environmental laws and regulations set by local governments, with no confirmed violations related to emissions that have significantly impacted the Group.

<sup>1</sup> The calculation methods for vehicle exhaust emissions are mainly based on the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.



## Medical Waste Management

The Group does not involve the use of harmful or hazardous materials in its business operations, nor does it generate toxic, harmful, or hazardous waste. However, during the provision of services, we do handle medical waste<sup>1</sup> generated from aesthetic medical practices, such as used disposable medical supplies and instruments, including injection needles, cosmetic cotton, and other wound dressings.

We strictly adhere to relevant laws and regulations, such as the "Regulations on Medical Waste Management" and "Measures for the Management of Medical Waste in Medical and Health Institutions", and we engage third-party waste management companies that hold a "Medical Waste Operating License" issued by the local ecological environment bureau to regularly collect, classify, transport, and dispose of medical waste. Additionally, we have developed corresponding emergency response plans to address potential unexpected incidents.

To effectively prevent and control the potential hazards of medical waste to the environment, the Group has established a standardised management system focused on three key areas: compliant handling, safe storage, and employee education.



### >> Compliance Handling

- All medical waste generated by the Group is entrusted to a qualified third party for compliant treatment, and a hazardous waste disposal agreement has been signed for regular collection, separate transportation, and disposal.



### >> Safe Storage

- Medical waste is generally stored in stores for no more than 48 hours. Stores are equipped with leak-proof, sharps-penetration-proof special packaging and closed containers in accordance with regulations, with clear warning labels and regular disinfection and cleaning of the temporary storage facilities.



### >> Employee Education

- Staff are educated on the proper handling of medical waste, the management skills and knowledge of relevant operational staff are enhanced, and staff are constantly reminded to avoid excessive use of materials in daily operations and treatment processes.



The Group regularly assigns personnel from the legal function department to monitor the implementation of guidelines related to the disposal of medical waste, ensuring that the measures mentioned above are effectively enforced.

During this Reporting Period, the Group generated a total of 25,709.6 kilograms of medical waste<sup>1</sup>, all of which were disposed of by qualified third-party waste management companies.



the Group generated a total of medical waste

**25,709.6** kilograms

<sup>1</sup> The medical waste is sourced from stores providing medical services under the Neology, CellCare, and Naturade.



## Waste and Wastewater Management

Most of the Group's stores are located in shopping centres, where daily operations generate waste such as paper, beauty product packaging, fluorescent tubes, used toner cartridges, and domestic wastewater. These wastes are centrally managed and disposed of by the property management company, while construction waste from new stores is handled by the construction contractors. Although the Group does not directly participate in waste disposal, we recognise the importance of waste management. We implement measures such as reduction, sorting for recycling, and reuse to decrease waste at the source, promote recycling, enhance employee awareness of environmental protection, and reduce environmental impact.

For example, when signing contracts with construction contractors, we include clauses for civil construction to control noise, dust, and construction waste during works. The strategy development department conducts regular inspections of project progress to ensure that waste disposal measures are effectively implemented. Additionally, in accordance with property management requirements, we classify and collect waste in stores, depositing it into designated recycling bins.



### Turning Waste into Treasure

Naturade stores are committed to resource conservation by repurposing discarded towels into towels specifically for hot rolling. This practice avoids the need to purchase new towels, thereby reducing resource consumption and pollution associated with the procurement and production of new raw materials, lowering negative environmental impacts, extending the lifespan of products, and decreasing the frequency of replacements. Towels are only discarded when they are extensively damaged, further reducing waste and enhancing resource utilisation efficiency.

During this Reporting Period, the Group generated a total of 7,981.62 kilograms of non-hazardous waste<sup>1</sup>, with an emission density of 0.03 kilograms per 10,000 RMB in revenue, all of which were disposed of by qualified third-party waste management companies.

<sup>1</sup> The currently reported amount of non-hazardous waste primarily consists of waste paper generated in offices and stores. The Group has not yet accounted for other types of non-hazardous waste (such as used cosmetic product packaging, cardboard boxes, shopping bags, etc.). The Group will discuss various effective and feasible data collection methods with third parties to ensure more comprehensive non-hazardous waste data can be provided in future reports.



## 4.4/

## Ensuring a Green and Healthy Indoor Environment

To ensure the health and safety of customers and employees, the Group endeavours to choose green and environmentally friendly building materials for store renovations and office refurbishments whenever possible. Some stores feature real-time monitoring of environmental infection-related data, which is displayed in real-time on large screens within the stores.

Before the opening of each store, the Group requires an air quality test. For CellCare aesthetic medical stores, we impose higher standards by engaging professional external agencies to carry out medical-grade indoor environmental purification. Stores are only permitted to commence operations after passing the air quality test.



CellCare Aesthetic Medical Indoor Air Treatment

### Carpet

- » All carpets have been tested by the National Carpet Quality Inspection and Testing Centre, meeting the Class A requirements for total volatile organic compounds, formaldehyde, styrene, and 4-Phenylcyclohexene emissions according to GB 18587-2001.

### Wall Panels

- » The formaldehyde emission from the wall panels meets at least the new national standard E<sub>0</sub> grade, with some wall panels exhibiting environmental performance exceeding the E<sub>NEF</sub> grade standard, and formaldehyde emissions being undetectable (detection limit: 0.005 mg/m<sup>3</sup>).

### Lobby Walls

- » Qualified diatom mud is used for the lobby walls, which do not release formaldehyde and other harmful substances while also regulating indoor humidity.

### Restrooms

- » JS waterproof coatings are used, which do not contain harmful substances during production and use.

### Green Leasing

- » The office building at the Shanghai headquarters has obtained ISO 14001 environmental management system certification and the LEED Platinum certification for green buildings. When opening new stores, preference is given to properties with LEED certification for green buildings.

# About This Report

This report is published by Beauty Farm Medical and Health Industry Inc. (referred to as "Beauty Farm", the "Group", or "we"), with stock code 2373.HK. It presents the Environmental, Social and Governance (ESG) Report for the year 2024, aiming to share the Group's management philosophy, highlights of practices, and annual performance related to environmental, social, and governance efforts.



## Reporting Scope

The report covers Beauty Farm Medical and Health Industry Inc. and its subsidiaries for the year 2024, including the Group's offices, brand stores, and two training schools, as well as information and data from Naturade beginning July 1, 2024. Since the daily operations of franchise stores are not managed by us, they are not included within the scope of this report.



## Reporting Standards

This report is primarily prepared in accordance with Appendix C2 of the Hong Kong Stock Exchange's Listing Rules, titled "Environmental, Social, and Governance Reporting Code", as well as the IFRS S2 - Climate-related Disclosures.



## Data Sources and Reliability Guarantee

Data and cases in this report are primarily extracted from the statistical reports and internal documents of the Group. The Group undertakes that the report contains no false representations or misleading statements, and assumes responsibility for the truthfulness, accuracy and completeness of its contents.



## Reporting Period

The report covers the period from January 1, 2024 to December 31, 2024 (the "current year" or the "Reporting Period").



## Reporting Principles

**Materiality:** We continuously communicate with our stakeholders, regularly review the materiality of each sustainable development area, and conduct materiality assessments to determine critical environmental, social and governance issues. The assessment result is being approved by The Board of Directors.

**Quantitative:** This report explains the criteria and methodology for calculating the relevant data, accompanied by associated assumptions. The ESG key performance indicators (KPIs) are supplemented by explanatory notes to establish benchmarks where feasible.

**Consistency:** Unless otherwise specified, this report applies consistent methodology in preparing and presenting ESG information.

**Balance:** We engage external sustainability consultants to prepare the report, ensuring fair disclosure of data and a description of ESG performance.



## Acknowledgement and Approval

Upon confirmation by the management, this report was approved by the Board on March 26, 2025.



## Contact Us

We attach great importance to the views of stakeholders and the public in this report. If you have any inquiries or suggestions, please feel free to contact us through email: [ir@beautyfarm.com.cn](mailto:ir@beautyfarm.com.cn).



## ESG KPIs List

### Summary of Key Environmental Performance<sup>1</sup>

	ESG Indicator	Unit	2024	2023
<b>A1</b>	Emissions			
	The types of emissions and respective emissions			
<b>A1.1</b>	Nitrogen Oxides (NO <sub>x</sub> )	kg	15.72	13.18
	Sulfur Oxides (SO <sub>x</sub> )	kg	0.21	0.17
	Particulate Matter (PM)	kg	1.16	0.97
<b>A1.3</b>	Total hazardous waste produced and intensity			
	Medical Waster <sup>2</sup>	kg	25,709.60	15,933.74
	Intensity	kg/RMB'0,000 revenue	0.10	0.07
<b>A1.4</b>	Total non-hazardous waste produced and intensity			
	Total non-hazardous waste <sup>3</sup>	kg	7,981.62	8,367.66
	Intensity	kg/RMB'0,000 revenue	0.03	0.04
<b>A2</b>	Use of resources			
	Direct and indirect energy consumption by type in total and intensity			
	Total energy consumption <sup>4</sup>	kWh	14,498,979.43	10,451,898.24
	Intensity	kWh/RMB'0,000 revenue	56.37	48.61
<b>A2.1</b>	Direct energy consumption	kWh	135,955.23	104,223.13
	Gasoline	Liter	14,028.49	11,763.96
	Intensity	Liter/RMB'0,000 revenue	0.05	0.05
	Indirect energy consumption	kWh	14,363,024.20	10,347,675.11
	Electricity	kWh	14,363,024.20	10,347,675.11
	Intensity	kWh/RMB'0,000 revenue	55.84	48.13
<b>A2.2</b>	Water consumption in total and intensity			
	Total water consumption	m <sup>3</sup>	238,108.37	185,708.39
	Intensity	m <sup>3</sup> /RMB'0,000 revenue	0.93	0.86

	ESG Indicator	Unit	2024	2023
	Total packaging material used for finished products and intensity			
<b>A2.5</b>	Total packaging material <sup>5</sup>	kg	46,135.00	74,516.44
	Intensity	kg/RMB'0,000 revenue	0.18	0.35
<b>Climate-related Disclosures<sup>6</sup></b>	Greenhouse gas emissions (Scope 1) <sup>7</sup>	tCO <sub>2</sub> e	33.96	31.29
	Greenhouse gas emissions (Scope 2) <sup>8</sup>	tCO <sub>2</sub> e	7,707.20	5,901.28
	Greenhouse gas emissions (Scope 3) <sup>9</sup>	tCO <sub>2</sub> e	655.77	N/A

<sup>1</sup> As the Group has yet to establish systematic procedure for collecting most environmental data, the environmental data currently disclosed (excluding medical waste and wastepaper) is calculated by dividing financial data with the average unit price;

<sup>2</sup> Medical waste is sourced from stores providing aesthetic medical services under Neology, CellCare, and Naturade brands, and the increase in the total amount and its density is related to the significant rise in subhealth medical services, which has led to an increase in medical waste, such as infusion bottles that contribute significantly to weight, as well as the increased single-use consumption and customer traffic in medical stores;

<sup>3</sup> The non-hazardous waste data currently reported mainly includes wastepaper generated from the offices and stores. The Group has not yet establish a system for collecting and compiling data on other non-hazardous waste (such as used beauty products packaging materials, cardboard boxes, shopping bags, etc.). The Group will discuss with third parties on various effective and feasible methods for data collection to ensure that more comprehensive non-hazardous waste data can be provided in future reports;

<sup>4</sup> The total energy consumption includes energy usage mainly from gasoline and purchased electricity, with the calculation method primarily referencing "GB/T 2589-2020 Comprehensive Energy Calculation Guide" issued by the National Standardization Management Committee and the State Administration for Market Regulation, and the increase in total energy consumption, total water usage, and their densities is associated with the rise in store instrument projects, increased single-use consumption, and higher customer traffic;

<sup>5</sup> The packaging data only includes packaging materials directly purchased by the Group and does not currently include packaging used by the product suppliers;

<sup>6</sup> The Group's greenhouse gas emissions accounting is primarily based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004);

<sup>7</sup> The Group's Scope 1 greenhouse gas emissions mainly originate from direct carbon dioxide emissions from the use of company vehicles;

<sup>8</sup> The Group's Scope 2 greenhouse gas emissions primarily come from indirect carbon dioxide emissions generated by the purchased electricity used in offices and stores, with carbon dioxide emission factors referenced from the Ministry of Ecology and Environment and the National Bureau of Statistics' announcement on the "2022 Power Carbon Dioxide Emission Factors"; and

<sup>9</sup> The Group's Scope 3 greenhouse gas emissions currently only include employee business travel, specifically carbon emissions from flights and land transportation related to business activities, with emission factors referenced from publicly available statistical data.

## Summary of Key Social Performance

ESG Indicator		Unit	2024	2023
<b>Employment and Labor Standard</b>				
<b>B1</b>	<b>Employment</b>			
	Total number of employees	Headcount	5,609	3,941
<b>B1.1</b>	<b>Total workforce by gender, employment type, age group and geographical region</b>			
<b>Gender</b>	Male	Headcount	302	219
	Female	Headcount	5,307	3,722
<b>Employment Type<sup>1</sup></b>	Full time	Headcount	5,345	3,910
	Part time	Headcount	199	0
	Retired and rehired employees	Headcount	65	31
<b>Age Group</b>	20 or below	Headcount	98	114
	20-35	Headcount	3,493	2,578
	35-50	Headcount	1,877	1,170
	50 or above	Headcount	141	79
<b>Geographical Region</b>	Mainland China	Headcount	5,607	3,938
	Hong Kong, Macau, and Taiwan	Headcount	1	0
	Others	Headcount	1	3

<sup>1</sup> In the 2023 statistics, interns were classified as full time employee and were not separately categorized;

<sup>2</sup> Employee turnover ratio = number of employees in that category/total number of employees in that category.

ESG Indicator		Unit	2024	2023
<b>B1.2</b>	<b>Employee turnover rate by gender, age group and geographical region<sup>2</sup></b>			
<b>Gender</b>	Male	%	22.19	27.43
	Female	%	15.90	35.71
<b>Age Group</b>	20 or below	%	54.08	55.08
	20-35	%	17.43	39.64
	35-50	%	11.29	22.31
	50 or above	%	26.24	54.88
<b>Geographical Region</b>	Mainland China	%	16.21	35.22
	Hong Kong, Macau, and Taiwan	%	100.00	-
	Others	%	100.00	66.67
<b>B2</b>	<b>Health and Safety</b>			
<b>B2.1</b>	Number of work-related fatalities	Headcount	0 during the three preceding years	0 during the three preceding years
	Rate of work-related fatalities	%	0 during the three preceding years	0 during the three preceding years
<b>B2.2</b>	Work-related injury	Case	11	8
	Lost days due to work injury	Day	511	576



	ESG Indicator	Unit	2024	2023
<b>B3</b>	<b>Training and Development</b>			
<b>B3.1</b>	The percentage of employees trained by gender and employee category <sup>1</sup>			
<b>Gender</b>	Male	%	79	11
	Female	%	84	45
<b>Employee Type</b>	Senior Management	%	100	11
	Middle Management	%	86	63
	Employee	%	83	35
	Trainee	%	100	85
<b>B3.2</b>	The average training hours completed per employee by gender and employee category <sup>2</sup>			
<b>Gender</b>	Male	Hour	25.23	46.23
	Female	Hour	38.50	106.89
<b>Employee Type</b>	Senior Management	Hour	9.44	33.14
	Middle Management	Hour	2.48	20.44
	Employee	Hour	33.06	88.16
	Trainee	Hour	202.62	223.39
<b>Operation Practices</b>				
<b>B5</b>	<b>Supply Chain Management</b>			

	ESG Indicator	Unit	2024	2023
	<b>Number of suppliers by geographical region</b>			
<b>B5.1</b>	China	Entity	243	155
	Asia (Except China)	Entity	3	4
	Europe	Entity	6	5
	America	Entity	0	2
<b>B6</b>	<b>Product Responsibility</b>			
<b>B6.1</b>	The percentage of products sold or shipped that need to be recalled due to safety and health reasons			
	Recalled due to safety reason	%	0	0
<b>B6.2</b>	Number of products and service-related complaints received <sup>3</sup>			
	Number of complaints/Valid complaints	Case	8404/2739	990/325
<b>B7</b>	<b>Anti-corruption</b>			
	Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the Reporting Period			
<b>B7.1</b>	Cases of corruption lawsuits filed and adjudicated against issuers	Case	0	0
	Cases of corruption lawsuits filed and adjudicated against employees	Case	0	0
<b>B8</b>	<b>Community Investment</b>			
<b>B8.2</b>	Resources contributed (e.g. money or time) to the focus area.			
	Donation Amount	Yuan	95,000	60,000

<sup>1</sup> Percentage of employees trained = number of trainees in that category/total number of employees in that category;

<sup>2</sup> The average training hours completed = the number of hours of training in that category/the total number of employees in that category;

<sup>3</sup> In 2024, the Group includes scoring of external channels and platforms in the monitoring of customer complaints, resulting in an expanded scope for the calculation and statistics of complaints.

## ESG Reporting Guide Index

KPIs	Corresponding Chapters
Environmental	
A1: Emissions	
General Disclosure	
A1.1 The types of emissions and respective emissions data.	
A1.2 [Repealed 1 January 2025]	
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Beauty in Nature, Coexistence and Mutual Prosperity
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Key Environmental Performance
A1.5 Description of emissions target(s) set and steps taken to achieve them.	
A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
A2: Use of Resources	
General Disclosure	
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Beauty in Nature, Coexistence and Mutual Prosperity
A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Summary of Key Environmental Performance
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	

KPIs	Corresponding Chapters
A3: The Environment and Natural Resources	
General Disclosure	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Beauty in Nature, Coexistence and Mutual Prosperity
Social	
B1: Employment	
General Disclosure	
B1.1 Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Living Towards Beauty, Pursuing the Light
B1.2 Employee turnover rate by gender, age group and geographical region	Summary of Key Social Performance
B2: Health and Safety	
General Disclosure	
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Living Towards Beauty, Pursuing the Light
B2.2 Lost days due to work injury.	
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Summary of Key Social Performance
B3: Development and Training	
General Disclosure	
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Living Towards Beauty, Pursuing the Light
B3.2 The average training hours completed per employee by gender and employee category.	Summary of Key Social Performance

KPIs	Corresponding Chapters
<b>B4: Labour Standards</b>	
General Disclosure	
B4.1 Description of measures to review employment practices to avoid child and forced labour.	Living Towards Beauty, Pursuing the Light
B4.2 Description of steps taken to eliminate such practices when discovered.	
<b>B5: Supply Chain Management</b>	
General Disclosure	
B5.1 Number of suppliers by geographical region.	Beauty Responsibility, Moving Forward Together
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Summary of Key Social Performance
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
<b>B6: Product Responsibility</b>	
General Disclosure	
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Beauty Responsibility, Moving Forward Together
B6.2 Number of products and service related complaints received and how they are dealt with.	Summary of Key Social Performance
B6.3 Description of practices relating to observing and protecting intellectual property rights.	Beauty Responsibility, Moving Forward Together
B6.4 Description of quality assurance process and recall procedures.	
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Summary of Key Social Performance
<b>B7: Anti-corruption</b>	

KPIs	Corresponding Chapters
General Disclosure	
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Beauty Responsibility, Moving Forward Together
B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
B7.3 Description of anti-corruption training provided to directors and staff.	
<b>B8: Community Investment</b>	
General Disclosure	
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Living Towards Beauty, Pursuing the Light
B8.2 Resources contributed (e.g. money or time) to the focus area.	Summary of Key Social Performance
Climate-related Disclosures	
	Beauty in Nature, Coexistence and Mutual Prosperity
Climate-related Disclosures	Summary of Key Environmental Performance

