



Environmental, Social and Governance Report 2022

Blue Moon Group Holdings Limited

(Limited company incorporated in the Cayman Islands)

Stock code:6993

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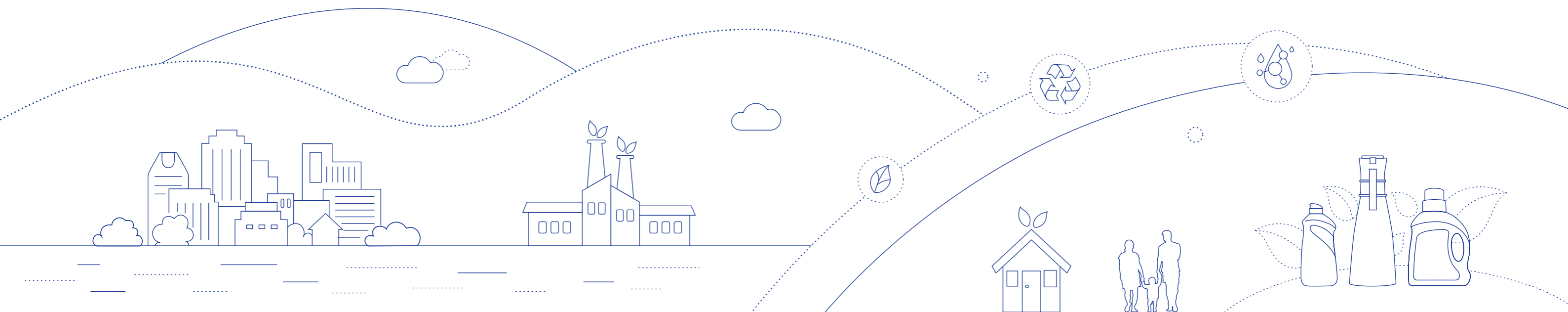
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ESG Statements of the Board

The board (the "Board") of directors of the Company highly values the Environmental, Social and Governance (hereinafter referred to as "ESG") practices. In accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* issued by the Stock Exchange of Hong Kong Limited (the "HKEX"), Blue Moon Holdings Limited ("Blue Moon" or the "Company") has gradually improved its ESG governance mechanism and continuously enhanced its ESG governance framework. The Board has strengthened its supervision and participation in the Company's ESG matters, faithfully fulfilling its corporate social responsibility and striving for long-term and sustainable development.



ESG Governance

As the highest governance body of the Company, the Board assumes full responsibility for ESG-related matters of Blue Moon and authorizes the ESG Committee to assist the Board in managing and making decisions on ESG-related issues. The ESG committee assumes the responsibility of supervising the direction and strategy of ESG development within the Company, ascertaining and defining ESG risks and opportunities, examining and assessing ESG-related objectives and achievements, receiving specialized training pertaining to ESG matters, as well as submitting reports to the Board. With a view to ensuring effective implementation, the Company has established an ESG management office that assumes the responsibility of coordinating and overseeing all ESG-related matters. This office operates under the supervision and guidance of the ESG committee and is responsible for providing periodic reports to the committee on its activities. The implementation and reporting of ESG-related work and information are entrusted to the ESG implementation team, which comprises management departments from various professional fields and regional/functional execution departments. For detailed information regarding the ESG committee, ESG management office, and ESG implementation team, please refer to "ESG Management" in this Report.

ESG Risk Management

Blue Moon has consistently been concerned about the potential significant impact that ESG risks could have on the Company. With the aid of ESG risk assessments and stakeholder surveys, the Company has identified and evaluated the importance of relevant ESG issues, and established clear ESG work priorities for the year. In 2022, Blue Moon has also performed a climate change risk/opportunity assessment, following the recommendations put forth by the Task Force on Climate-related Financial Disclosures (TCFD). The ESG Committee has reassessed the importance of ESG issues, approved and confirmed the results of the importance analysis, as well as participated in the discussion and confirmation of the assessment results of climate change risks/opportunities. For detailed information regarding climate risk and opportunity management, please refer to "Addressing Climate Change" in this Report.

ESG Goal Management

Blue Moon has established key ESG goals covering greenhouse gas emissions, pollutant emissions, energy use, and water use efficiency in accordance with the requirements of the *Environmental, Social, and Governance Reporting Guide* issued by HKEX. In 2022, the ESG committee has reviewed and discussed the established goals, regularly reported to the Board on the progress and reviewed the achievement of relevant goals. It has also taken measures to promote the implementation of goals. For detailed information on ESG goal management, please refer to the "Embrace Sustainability Ideas" in this Report.

Message from the Management

In 2022, the Company faced complicated and severe challenges amid a global slowdown, fluctuations in prices of energy and crude oil brought by regional geopolitical conflicts, and public health incidents. Focusing on the consumers, we insisted on providing outstanding products and superior services and included carbon emission management into our long-term corporate plans. With concerted efforts of every employee, we ensured production and services in the face of various uncertainties while actively participating in the disaster relief efforts in the communities. By working with our partners in the supply chain, we addressed challenges and ensured supply. In 2022, we secured stable development on all fronts.

Lead a Clean and Beautiful Life

We launched a new sportswear liquid laundry detergent series to support fashionable, healthy and clean lifestyle. We pay continuous attention to safety performance of products and clarify principles for product safety management, aiming to provide consumers with safe and reliable products through technological innovation and standardized evaluation standards and procedures for product safety. We have passed the accreditation of Guangzhou Postdoctoral Innovation and Practice Base, which can boost and enhance our capacity in research and innovation. We have received the China Patent Excellence Award, the First Prize of Science and Technology Awards of the Guangdong High-tech Enterprise Association, and other honors, with fruits in research development and innovation highly recognized by the government and the industry.

Embrace Sustainability Ideas

With the advancement of carbon peaking and carbon neutrality goals, we have paid additional attention to the green, environmental-friendly and low-carbon development by society as a whole. We adhere to green development ideas and vigorously promote carbon emission management. In 2022, we finished the preliminary assessment on carbon inventory of the entire value chain, consolidating the foundation

for carbon management. We research and promote lightweight and recyclable packaging and initiate reuse plans for packaging materials, commit to reducing the consumption of packaging materials. Following green and low-carbon concepts for production and operations, we relentlessly pursue clean production, reduce energy consumption in production and transportation, enhance water efficiency of all manufacturing factories, and reduce wastewater discharge. In 2022, we earned the honors including the "Chongqing Water Efficiency Fore-runner Enterprise" "Excellence Enterprise of National Cleaner Production Audit in Guangzhou" and "Hong Kong - Guangdong Cleaner Production Excellent Partner (Manufacturing)".

Shape a Better Future with Employees

At all times, we adhere to the belief in joint growth with our employees and firmly believe that talent is the cornerstone of Blue Moon's sustainable development. We give priority to building the diverse, fair and inclusive corporate culture. We have established a comprehensive training system which provides career development paths from multiple sequences, with the aim of creating broad career development platforms for our employees. We encourage employees to fulfill their duties on their positions, and realize their value. In 2022, Blue Moon was honored with several awards from human resources organizations, including the "China Top 100 Best Employer Award".



Build a Harmonious Society Together

Investing in philanthropy and contributing to society underpin our beliefs. Over the years, we have remained steadfast in commitments to a variety of social welfare initiatives. Each year, we invest an average of more than RMB 15 million towards clean and healthy concept promotion, helping rural construction, support for cultural and educational development, the promotion of women's and children's well-being, environmental conservation, and other causes. In the year 2022, we have established Blue Moon Charity Foundation with an unwavering commitment to the ideals of "gratitude and social responsibility". Guided by our belief in "a world of warmth and compassion", we endeavor to promote "harmony within our natural environment", and "a clean and sustainable way of life", as parts of our commitments and actions to building a harmonious and beautiful society.

Adherence to Compliant Operation in Good Faith

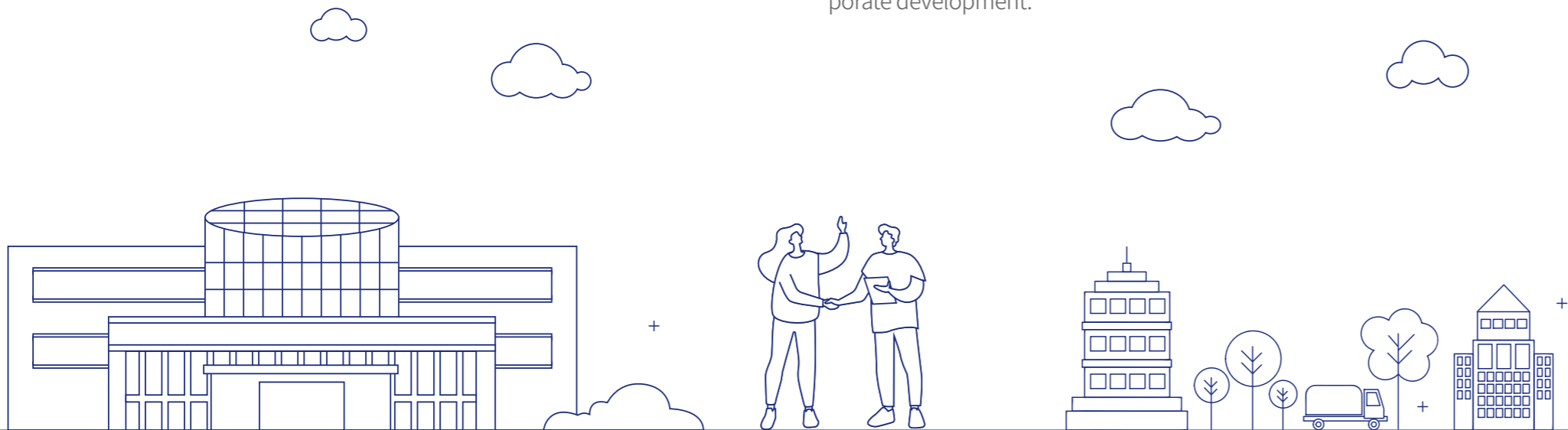
We firmly believe that conducting business operations with integrity is fundamental to a company's success in a competitive market. We are dedicated to upholding sound business practices, implementing a comprehensive and scientific corporate governance framework, continuously enhancing corporate governance standards, building an environment for compliant and honest operations and promoting sustained and sound business development. We are committed to building and maintaining a compliant and trustworthy operating environment. In 2022, we established and improved business ethics management systems policies, and regulations to promote standardized covering all levels of the Company and our partners. We promote the integrity culture while strengthening integrity review. We further improved protection measures for intellectual property rights and regulated commercial behavior, thus ensuring the sound and robust corporate development.

As a professional provider of home cleaning solutions, we will continuously carry out research and develop on high-quality and eco-friendly products while striving for excellence in our efforts to create ultimate clean experiences. With these endeavors, we seek to promote high-quality development of the industry. At the same time, we will continue to pursue the path of green development, integrating corporate development with ESG. Together with all employees, we will continue to make important contributions to promoting economic and social development, as well as to creating a better future!

Chairman
PAN Dong

Chief Executive Officer
LUO Qiuping

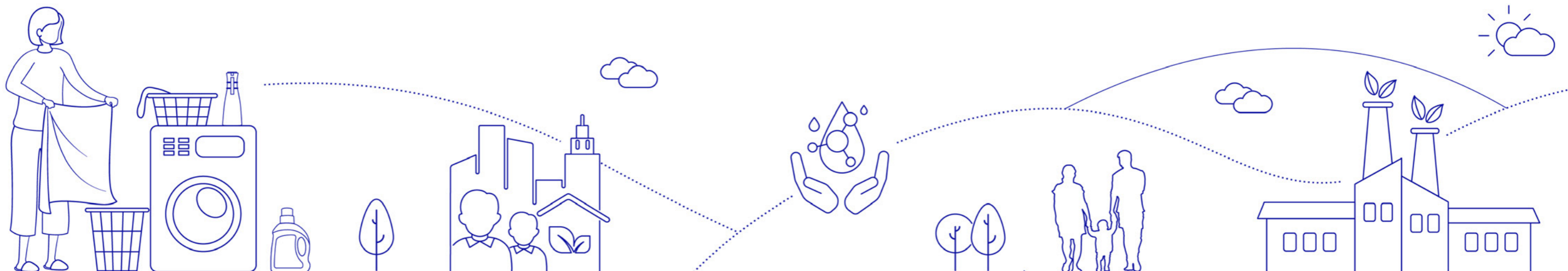
Hong Kong,
April, 2023





01

About Blue Moon





Company Profile

Since the establishment of the Blue Moon brand in 1992, the Group has developed into a professional provider of home cleaning solutions in China. In 2020, Blue Moon Group Holdings Limited was successfully listed on the Main Board of the Stock Exchange of Hong Kong under the stock code 6993.HK.

Statistics of the China General Chamber of Commerce and China National Commercial Information Center reveal that Blue Moon Laundry Detergent and Liquid Soap have occupied the largest market share in their respective industry segments for 13 consecutive years (2009-2021) and for 10 consecutive years (2012-2021), respectively; In addition, Blue Moon Laundry Detergent and Liquid Soap also has ranked first in the China Brand Power Index of Liquid Laundry Detergent and Liquid Soap for 12 consecutive years (2011-2022) according to Chnbrand's ranking and analysis report.

While committed to "providing cleaning solutions with heart and soul" and insisting on technological innovation, Blue Moon has contributed to the laundry industry of China by leading two significant product upgrades, specifically "from washing powder to liquid laundry detergent" and "from ordinary liquid laundry detergent to concentrated liquid laundry detergent". In 2008, Blue Moon took the lead in promoting liquid laundry detergents across the country, changing the old laundry habits of more than a billion Chinese people and creating a new era of "liquid" laundry detergents in China. Moreover, in 2015, Blue Moon overcame technical difficulties and launched the first product with a measurable dispensing pump in China – "Blue Moon Machine Wash Zhizun Concentrated Plus Laundry Detergent", once again setting off a revolution in China's laundry market.

Blue Moon resolutely continues to optimize the product mix and enrich its product range based on consumer demand. At present, Blue Moon has a diversified product portfolio covering three major product categories: fabric care products, personal hygiene products and home care products, which have provided consumers with full-suite cleaning solutions, helped consumers to quickly and easily solve cleaning problems and enjoy clean and healthy living.

In the future, Blue Moon will continue to provide consumers with high-quality products, superior services and professional consultation, so that every family can attain a clean, healthy, comfortable, respectable and happy lifestyle.

Highlights

Environmental Management



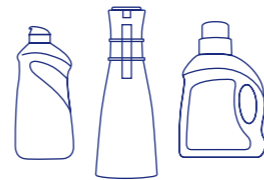
Carbon Emission Management

In 2022, Blue Moon conducted a greenhouse gas inventory on its

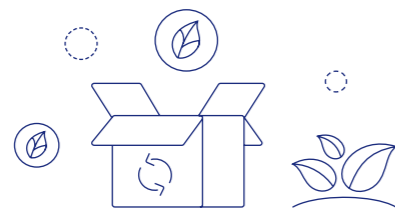
5 major factories and conducted a full life cycle evaluation of

8 core products, including carbon footprint,

to solidify the foundation for carbon management.



Eco-friendly Packaging



In 2022, the usage of corrugated paper materials was decreased by a total of

1,464 tons, **reducing the environmental impact.**

Corporate Governance



Intellectual Property Rights

In 2022, Blue Moon got **1,481** intellectual property rights, including

261 patents

229 copyrights

991 trademarks

actively promoting technological innovation and intellectual property protection.

Integrity Management

In 2022, the Company has conducted **78** sessions of anti-corruption training for employees,

the participation rate of the Board in training is **100%**,

so as to strengthen the development of a culture of integrity.



Highlights



Social Responsibilities

High-Quality Services

The call system of Blue Moon has achieved a satisfaction rate of

96.3%

And the average satisfaction rate of customer complaint callbacks is

95.7%

This indicates that we are committed to providing high-quality service to our users.



Equality of Rights



The total number of employees is

8,731



With female employees accounting for

52.6%

Demonstrating an equal working environment.

Responsible Supply Chain

In 2022, Blue Moon has completed social responsibility compliance audits for

125 suppliers and all of the cooperative suppliers have passed, which strengthen sustainable supply chain development.



Charity Programs

In 2022, Blue Moon continues to participate in clean health concept promotion, rural construction and other public welfare activities.



With a total investment of RMB **15.18** million

These initiatives demonstrate our commitment to promoting social well-being and transmitting positive energy to the community.



Standard Development

Blue Moon has contributed to the development of

3

international standards

20

national standards

9

industry standards

11

group standards

Facilitating the industry's sound growth.

Employee Empowerment

We support our employees' self-growth by providing a total of

183,031

hours of training.



Company Honours

Brand honours



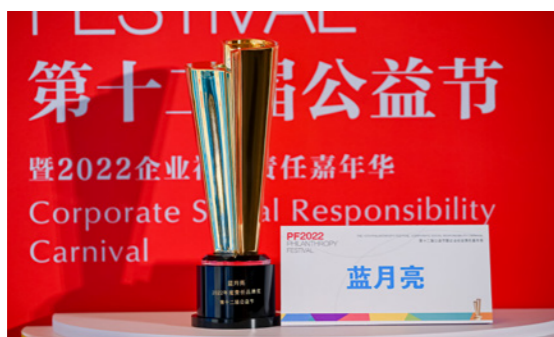
Blue Moon Laundry Detergent and Liquid Soap ranked first in market share of same category for 13 consecutive years and 10 consecutive years respectively.

China General Chamber of Commerce and China National Commercial Information Center



Blue Moon Liquid Laundry Detergent and Liquid Soap ranked first in China Brand Power Index (C-BPI) list for 12 consecutive years.

Chnbrand (Beijing) Brand Consulting Co., Ltd.



Blue Moon has been awarded the Annual Responsible Brand Award for 8 consecutive years.

Organizing Committee of the China Charity Festival

Social recognition

Blue Moon (Chongqing) Co., Ltd. has been recognized as a "Water Efficiency Frontrunner".

Chongqing Economic and Information Technology Commission

Blue Moon (Chongqing) Co., Ltd. has been awarded the title of "Chongqing Healthy Enterprise".

Chongqing Municipal Health Commission

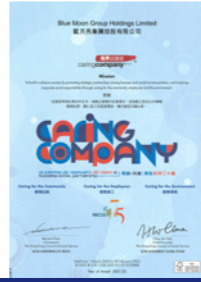
Blue Moon (Guangzhou) Co., Ltd. has been recognized as an "Excellence Enterprise of National Cleaner Production Audit in Guangzhou".

Guangzhou Municipal Industry and Information Technology Bureau

Guangzhou Blue Moon Industrial Co., Ltd. was awarded the "Hong Kong - Guangdong Cleaner Production Excellent Partner (Manufacturing)".

Department of Industry and Information Technology of Guangdong Province & Environment Bureau of Hong Kong

Social recognition



Caring Company 2021/22

Hong Kong Council of Social Service (HKCSS)



"Hong Kong Outstanding Listed Enterprise 2022 - Outstanding Consumer Brand" Award

Economic Digest



Listed Company Annual Awards of Governance 2022

Cailianpress

Product honours

A total of 26 products obtained the "Green Product" certification.

China Environmental United (Beijing) Certification Center Co., Ltd.

A total of 4 products obtained the "Product Carbon Footprint" certification.

CEPREI Certification Body

A total of 3 products were selected as 2022 Famous High-quality High-tech Products of Guangdong Province.

Guangdong Hi-tech Enterprise Association

A total of 1 products were awarded the Excellent Prize in the Final of the "Governor Cup" Industrial Design Competition of Guangdong Province.

The 11th GOVERNOR CUP Industrial Design Competition Organizing Committee (Department of Industry and Information Technology of Guangdong Province)

A total of 2 products were included in the list of *Guide for Excellent and Innovative Consumer Goods (Light Industrial Products No. 9 Batch)*.

Department of Consumer Goods Industry of the Ministry of Industry and Information Technology of the People's Republic of China & China National Light Industry Council

The technical research project was awarded the first prize of the Science and Technology Award of Guangdong Hi-tech Enterprise Association.

Guangdong Hi-tech Enterprise Association



China Patent Excellence Award

China National Intellectual Property Administration



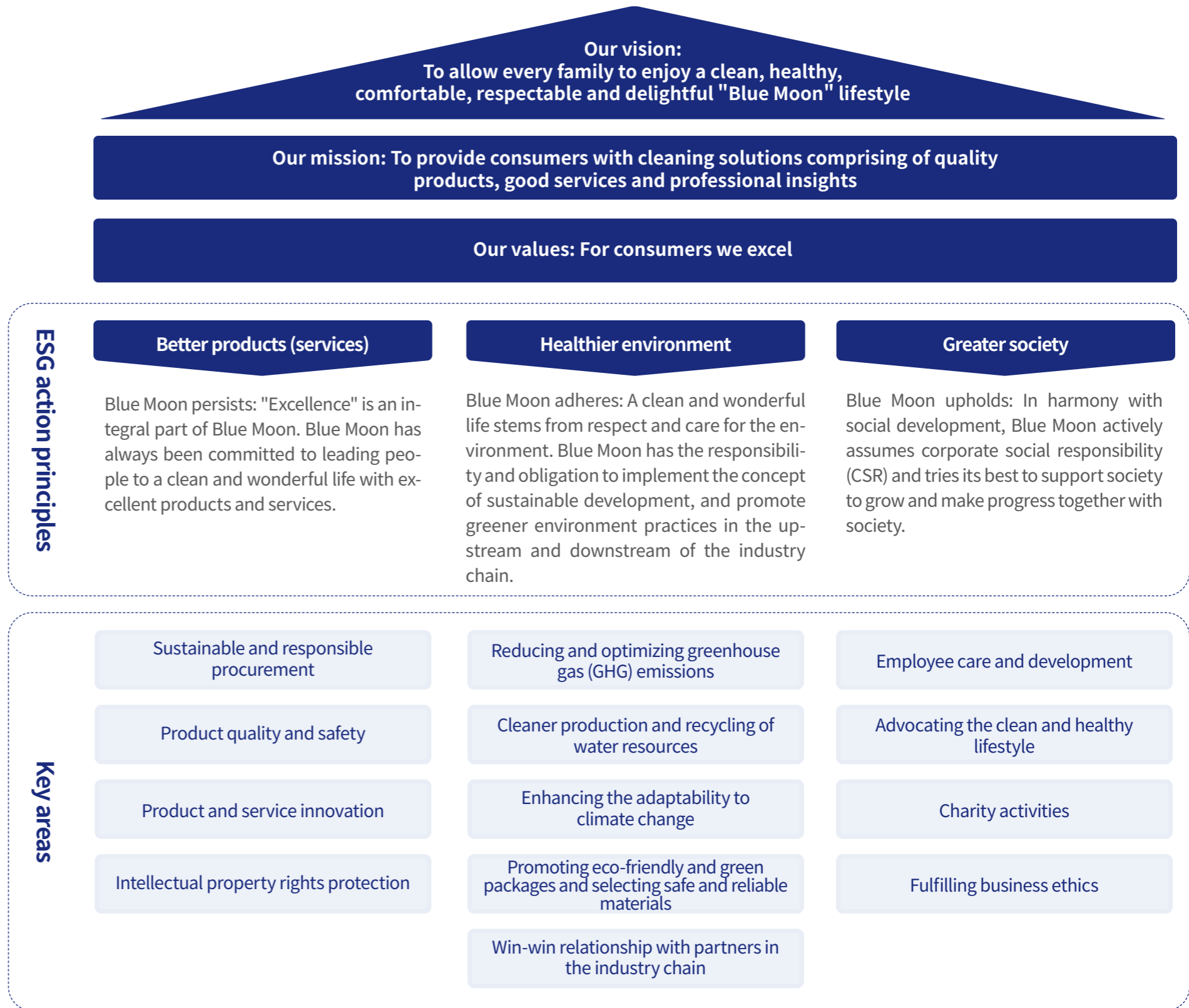
02 | ESG Management

Blue Moon adheres to the philosophy that a clean and wonderful life stems from respect and care for the environment and has the responsibility and obligation to promote the sustainable development of society. Focusing on the ESG action principles of "Better products (services), Healthier environment and Greater society", we continue to strengthen ESG governance, pursue the ESG philosophy and improve the ESG performance, helping the high-quality development of the Company.



ESG Action Principles

Blue Moon has embedded the sustainable development concept into the corporate culture, adhered to the development concept of innovation, environmental protection and care, and been committed to building a clean and comfortable living environment. Guided by the mission of "providing consumers with cleaning solutions comprising quality products, good services and professional insights" and the value of "For consumers we excel", we persist in the spirit of craftsmanship and continue to take a leading position in the field of products and services, meet the diverse needs of consumers and take environmental protection and promotion of social cooperation and progress as our important mission, with the aim to offer more possibilities for the beautiful life of consumers and realize the vision of "To allow every family to enjoy a clean, healthy, comfortable, respectable and delightful 'Blue Moon' lifestyle".



ESG Management Structure

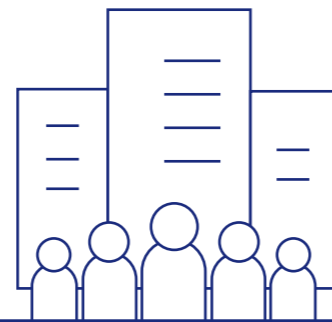
We highly value corporate sustainability by constantly improving ESG management structure, clarifying the division of responsibilities of the ESG management at three levels of governance, management to execution, and integrating ESG work into daily operations and management, in order to advance the ESG work in an orderly manner. For details of the Board's participation in the supervision of ESG matters, please refer to the section "ESG Statements of the Board" in this Report.

Our management structure and hierarchical division of labour are as follows:



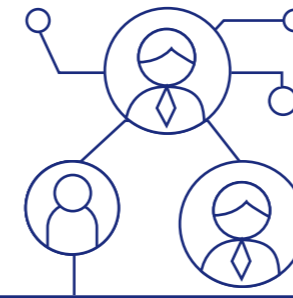
The Board

The highest level of ESG governance, taking full accountability for ESG-related matters of daily communication and discussions, and delegating the authority of managing and making decisions on ESG-related matters to the ESG Committee.



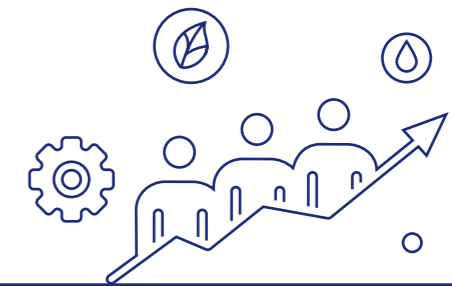
ESG Committee

Established under the Board's approval, the ESG Committee comprises three executive directors. It is responsible for identifying and assessing ESG-related risks and opportunities, embedding ESG concepts and approaches in daily operation and management, reviewing and making decision on ESG-related issues as well as reporting to the Board.



ESG Management Office

It is responsible for overall coordination of ESG work, daily management of ESG-related matters, and communication and coordination between the ESG Committee and management departments. It also organizes relevant departments to carry out specialized ESG work and report ESG-related matters to the ESG Committee in the form of monthly meeting and special meeting.



ESG Working Group

Comprising of management departments of various professional fields and regional functional implementation departments, it is responsible for leading or promoting and implementing special ESG-related work by projects.

Stakeholder Engagement and ESG Materiality Assessment

Stakeholder Engagement

Stakeholder engagement is a critical channel for us to obtain constructive opinions and suggestions. We keep close communication with internal and external stakeholders in various forms to fully understand their expectation, requirements and feedback, so that we can identify priorities for future sustainable development together.

Stakeholders							
Demands and Expectations	<ul style="list-style-type: none"> Better products and services Customer privacy protection Product diversification Protection of customers' rights and interests 	<ul style="list-style-type: none"> Consistent and steady returns Well-established governance structure Open and transparent information 	<ul style="list-style-type: none"> Protection of employees' legitimate rights and interests Safe and healthy working environment Training and talent development Work-life balance 	<ul style="list-style-type: none"> Fair trade Integrity and mutual benefit Collaborative improvement Driving management and technology advancement 	<ul style="list-style-type: none"> Lawful operation Work safety Energy conservation and emission reduction & environmental protection Paying taxes in accordance with the law Fostering healthy development in the industry 	<ul style="list-style-type: none"> Industrial cooperation and development Assumption of environmental responsibilities 	<ul style="list-style-type: none"> Assumption of environmental responsibility Participation in community building and development Employment opportunities
Means of Communication	<ul style="list-style-type: none"> Periodic reporting Company official website Press release Customer service hotline Customer satisfaction survey 	<ul style="list-style-type: none"> Shareholders' general meeting Investors' and analysts' briefings Roadshows Company's official website Corporate communications Corporate publications Press release 	<ul style="list-style-type: none"> Employee training Employee activities Labour union management Employee satisfaction survey 	<ul style="list-style-type: none"> Daily communication Regular performance feedback Supplier satisfaction survey Supplier complaint channels Project cooperation 	<ul style="list-style-type: none"> Periodic reporting Regulatory review Daily communication 	<ul style="list-style-type: none"> Periodic reporting Daily communication Collaborative activities 	<ul style="list-style-type: none"> Community activities Charity services Coordination within the community

Materiality Assessment

We place emphasis on the identification and management of sustainable issues, conduct regular communication with stakeholders, comprehensively learn and collect opinions of governments, shareholders, employees, customers and other relevant parties, as well as their feedback on Blue Moon in a bid to identify material ESG issues and disclose these issues in the report, thus continually improving corporate sustainability management.

In 2022, we assessed material ESG issues through identification of issues, screening and evaluation, as well as review and approval. We sorted out the following thirteen ESG issues after confirmation by the Board while updating the material issue priority and matrix, in which issues with higher materiality are in the upper right corner of the matrix, while those with lower materiality are in the lower left corner. We focused on the performance of relevant issues as important reference to improve ESG management.

Identification of issues

Based on the *Environmental, Social and Governance Reporting Guide* as set out in Appendix 27 to the Listing Rules and taking into account the business development of the Group and the requirements of stakeholders, we identified thirteen issues related to Blue Moon's ESG management.

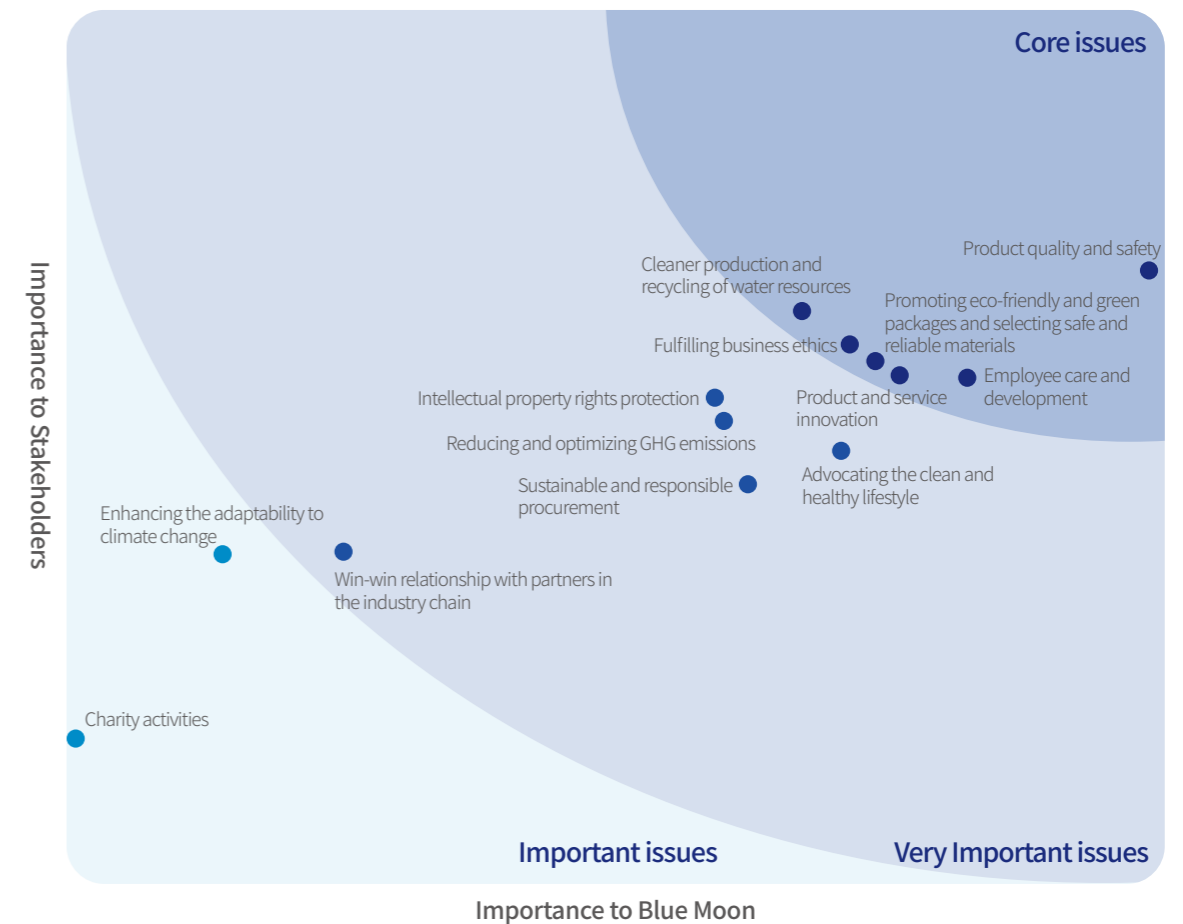
Screening and evaluation

We obtained opinions of stakeholders through questionnaire survey, interview, communication and other means. Our survey covered the Company's directors, management, employees, shareholders and investors, consumers, suppliers and other stakeholders, and a total of 439 valid questionnaires were collected. Based on the survey results, we assessed the issues from two dimensions, namely the importance to the business and the importance to stakeholders and prioritized the issues by importance to identify material issues.

Review and approval

The ESG Committee reviewed and approved the material ESG issues identified through the above evaluation process and focus on monitoring and managing material issues, and targeted information disclosure was strengthened.

Blue Moon ESG Report Materiality Assessment



- | Core issues | Very Important issues | Important issues |
|---|---|--|
| <ul style="list-style-type: none"> Product quality and safety Employee care and development Product and service innovation Promoting eco-friendly and green packages and selecting safe and reliable materials Fulfilling business ethics Cleaner production and recycling of water resources | <ul style="list-style-type: none"> Advocating the clean and healthy lifestyle Intellectual property rights protection Reducing and optimizing GHG emissions Sustainable and responsible procurement Win-win relationship with partners in the industry chain | <ul style="list-style-type: none"> Enhancing the adaptability to climate change Charity activities |



03

Lead a Clean and Beautiful Life

Adhering to the values of "For consumers we excel", Blue Moon keeps working on the cleaning field by recognising research, development, and innovation as driving forces and upgrading our products and services by virtue of our insights into life scenarios and the needs of consumers. We pursue innovation-driven high-quality development and promote win-win cooperation among upstream and downstream partners to help consumers create clean, healthy, comfortable, respectable, and happy lives.



Focusing on Innovation, Research, and Development

Innovation, research, and development are sources of strength for enterprises. Blue Moon always adheres to the research and development concept of "integrating world-class advanced technologies into consumers' lives". To respond to diversified and full-scenario changes of consumer demands, we fully leverage the advantages of a cleaning expert, focus on researching the cutting-edge technology in the washing field, and actively promote the application of advanced research achievements to upgrade the cleaning, safety, and environmental protection functions of our products, in a bid to wholeheartedly provide consumers with a complete set of high-quality home cleaning solutions.

Focusing on the Cleaning Field

Adhering to the "customer-centric and innovation-driven" development concept, Blue Moon conforms to the development trends of social life, and makes every effort to gain insight into consumers' needs. Through research on forward-looking technologies, we constantly promote innovation and iterative upgrading of products and services, improve the brand matrix, and enrich the three major products series, namely fabric care products, personal hygiene products and home care products. We bring forth the new through the old, leading the development of concentration technology, and promoting the diversity and professionalism in the three major product categories.



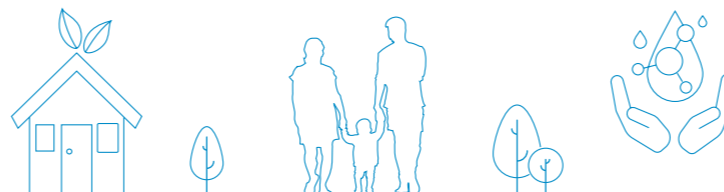
Fabric care

We keep working in the field of fabric cleaning, maintaining our strengths in the field of fabric cleaning, and advocating the concept of "special products for special purpose". Over the years, we have established a product mix covering different people and scenarios to meet the diverse and fine needs of fabric cleaning. Guided by the Healthy China Strategy, there has been a nationwide fitness trend in China. Blue Moon knows very well the pain points of cleaning exercising clothing and in 2022, we launched a new sportswear liquid laundry detergent series targeted at sports scenario and sweaty odors from the exercising clothing, in a bid to meet the differentiated needs of consumers.



Personal hygiene

With the upgrading of clean lifestyle and differentiation of use scenarios, we accelerated the upgrade of personal hygiene products and launched such personal care products as bacteriostatic foaming hand wash, improving consumers' cleaning experience with professional cleaning and protecting efficacy.




Home care

We are devoted to meeting all home cleaning needs, from basic cleaning to the maintenance of cleaning tools, providing consumers with integrated cleaning solutions. We keep upgrading home care products and creating an efficient, convenient, safe, and comfortable cleaning experience in an innovative way. We also actively promote scientific home cleaning methods to help customers solve household cleaning problems easily and enable them to enjoy a high-quality clean life.


Case Sportsweat Liquid Laundry Detergent Series

In the upsurge of national fitness, Blue Moon has met the needs of sports people to "remove and suppress sweaty odors", and has developed and launched a new sportswear liquid laundry detergent series dedicated to daily clothing and quick drying fabrics.



Efficient removal of sweaty odor

Advanced odor-removal technologies are used to deeply remove sweaty odors from clothing while eliminating the sources of odor generation, thus fundamentally solving the common problem for sportswear.



Long-acting odour and bacteria suppression

Effectively inhibit the growth of bacteria, reduce the sweaty odors generated during exercise, and deodorize the clothes, thus ensuring healthy and clean living for our customers.



Protecting the quick-drying performance of clothing

we add fabric finishing factors to special products for quick drying fabrics to protect the sweat absorption and quick drying performance of clothing, helping consumers enjoy a dry and comfortable wearing experience.



»» Sportswear Liquid Laundry Detergent


Case Sportsweat Liquid Laundry Detergent Series

Blue Moon continues to lead new technologies in the field of concentration. Based on the Zhizun Liquid Laundry Detergent Concentrate Plus, Blue Moon launched a Zhizun Sportsweat Liquid Laundry Detergnet (For Quick-dry Fabrics), which has the effects of malodor removal and suppression, efficient bacteria removal, and protection of sweat absorption and quick drying performance. The new product enables customers to enjoy a new cleaning experience of concentration laundry detergent with "just one pump and being enough to wash 8 pieces", which can help consumers achieve low-carbon washing, reducing packaging waste, and safeguarding our common planet.



Protecting the clothing

It uses anti-stain re-deposition technology to prevent clothing from aging and maintain bright colors.



Low-carbon washing

It uses a "Concentration+" formula, which can maintain excellent cleaning performance in fast washing with less water. The body of the bottle adopts recyclable PET materials and recyclable pump heads, achieving greener washing.



» Zhizun Sportsweat Liquid Laundry Detergnet (For Quick-dry Fabrics)



Case **Bacteriostatic Foaming Hand Wash (Aloe Vera Scent)**

In 2022, we launched Bacteriostatic Foaming Hand Wash (Aloe Vera Scent) to provide consumers with a cleaning experience of long-acting bacteria control, efficient cleaning, moisturizing hand care, green and environmental protection.

Long-acting bacteria control



With food-grade bacteriostatic ingredients that are safe and gentle, it can inhibit common bacteria on the hands and effectively keep the hands clean.

Mild formula



Contains moisturizing ingredients, the pH of the product is weakly acidic. The overall gentle formula can take good care of hands.

Efficient cleaning



With amino acid-based surfactant and three kinds of cleaning factors, the foam can be easily rinsed off from the hands, which is highly efficient and water-saving.



» Bacteriostatic Foaming Hand Wash (Aloe Vera Scent)

Leading in Innovation and R&D

Over the years, Blue Moon makes continuous contributions in research and development ("R&D"), constantly improves innovation capabilities in R&D and technical strength, and gives full play to the Company's R&D capabilities, in a bid to provide strong technical support for product innovation and services. We have an independent R&D and design center and professional R&D teams, equipped with hundreds of core technicians, and among whom over 70% hold PhD and master degrees. With leading innovation and R&D capabilities, we have passed the accreditation of Guangzhou Postdoctoral Innovation and Practice Base, serving as a provider for high-level talent cultivation and commercialization of innovations, as well as a platform for the Company to recruit and cultivate postdoctoral talent, which will further strengthen our R&D capabilities.



By virtue of rich research experience in the home care industry, excellent R&D capabilities, and pioneering spirit, we keep pursuing technological breakthroughs, and have been obtaining outstanding research achievements in product formulation system, product application system, and other aspects. As of 2022, we have achieved a total of 261 authorized patents, among which there are 39 invention patents. In 2022, we won the "China Patent Excellence Award" and the "First Prize of Science and Technology Awards of the Guangdong High-tech Enterprise Association" and other honors. Meanwhile, several products, including laundry detergent, were included in the list of "Guide for Excellent and Innovative Consumer Goods (the Ninth Batch of Light Industry)". The innovative R&D achievements of Blue Moon have been highly recognized by the government and the industry.

We insist on open innovation and extensively pool the strength of various parties for industry-university-research cooperation. We cooperate with Shandong University, Shanghai University of Engineering and Technology, and other academic institutions to carry out thematic researches. We have joined 18 industry associations such as the China Cleaning Industry Association to closely follow cutting-edge information, and actively participate in cooperation and exchanges, advancing technological innovation and promoting the coordinated development of the industry.

As a leading enterprise in the cleaning industry, Blue Moon is a committee member of seven standardization technical committees including the National Standardization Technical Committee for Surfactants and Detergents (SAC/TC 272), and the National Technical Committee 395 on Detergent & Disinfectant for Food (SAC/TC395), and actively participates in the formulation of various standards. While contributing to continuous improvement of technical standards, we actively advocate incorporating environmental protection, health and safety into various standards, and contribute our efforts to promote the technological progress, safety and sustainability of products across the cleaning industry.

As of December 31, 2022, Blue Moon contributed to the formulation of:

3 international standards

20 national standards

9 industry standards

11 group standards



Blue Moon won:

China Patent Excellence Award

First Prize of Science and Technology Awards of the Guangdong High-tech Enterprise Association

Model Enterprise for Green Design of Industrial Product

Advanced Collective of Science and Technology Innovation in Light Industry in the 13th Five-Year Plan Period

China Industrial Design Center of Light Industry

Case

Blue Moon served as one of the main drafting units of national standards, contributing to high-quality development of the industry

As China attaches increasing importance to products that come into contact with food and tableware, such as detergents, which are related to "the life and health of all the people", relevant technical standards for such products are urgently to be improved. As one of the main drafting units, Blue Moon participated in the entire process from the revision to the release of the national standards *GB/T 9985-2022 Detergents for Hand Dishwashing* and *GB/T 24691-2022 Detergent for fruit and vegetable*. Through research and analysis, data verification, and experimental verification, we further regulated the technical requirements for raw material standards, inspection rules, packaging, and storage of the two types of products, ensuring scientific and reasonable indicators as well as product quality and safety.



Bacteria and Odor Removal Liquid Laundry Detergent included in the Upgraded Consumer Good List of the "Guide for Upgrading and Innovating Consumer Goods for Light Industry (the Ninth Batch)"

Maintaining Outstanding Quality

"Excellence" is an integral part of Blue Moon's DNA. We integrate the spirit of craftsmanship into the entire process of product manufacturing, striving to provide customers with products of outstanding quality to further meet their pursuit of high quality. We strictly abide by the provisions of applicable national laws and regulations as well as technical standards and have formulated the *Management System Manual* and procedure documents at all levels in accordance with ISO 9001 quality management system, to build a strict, sound, and appropriate product quality management system, gradually promote the digital construction of quality management and continuously improve the maturity of the quality management system.

Strengthening Quality Management

We adhere to the concept of "prevention-based process control and continuous improvement" for quality management, and follow the quality management mode of "whole process, whole staff, all elements, and all data" to strictly control the quality of products. We have set up a whole process management system encompassing product development, production, storage, logistics, sales, and after-sales, to supervise and measure key control points in each link and control quality risks throughout the process.

Preventing quality risks

We continue to conduct audits of the quality assurance system for all the manufacturing factories of the Group, examining the actual working situation of the quality system in each factory from nine modules, including system management, the entire production process, and laboratory management. We try to find and identify explicit and potential risks, and actively improve the system to prevent quality risks and improve product quality assurance.

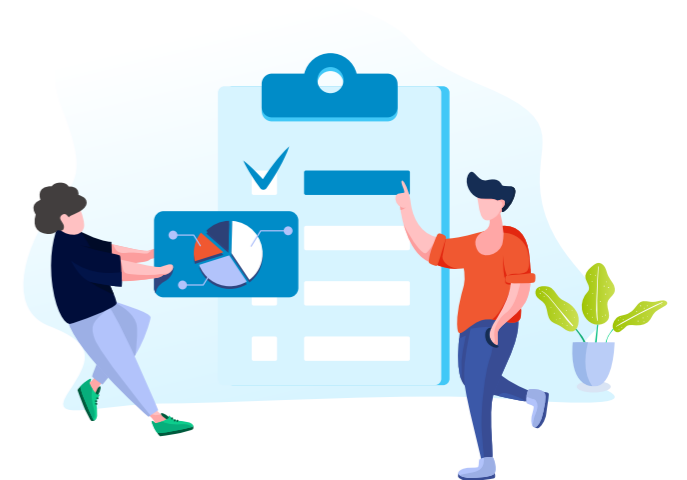
Improving digital control

We promote the digital transformation of quality management. While carrying out laboratory information system projects, we complete the statistics and summary of key quality management data with the business intelligence system (BI) reports, achieving automatic real-time analysis and improving the efficiency of data analysis, thus providing timely and accurate data support for the decision-making of quality management.

Based on the *Product Recall Procedure*, each manufacturing factory has improved the *Factory Product Recall Procedure* in 2022 to provide more detailed guidance for the product recall. Meanwhile, we have organized product recall simulation drills to ensure the effectiveness and feasibility of the product recall procedure.

**During the Reporting Period
no recalls related to product quality
occurred in relation to Blue Moon
products**

**All manufacturing factories of Blue Moon have
passed the certification of
ISO 9001
quality management system**



Controlling Product Safety Strictly

Blue Moon keeps a check on safety performance of products and strives to protect the health of consumers on all fronts. We adopt the product lifecycle management, including selection of raw materials, supplier admission, procurement and acceptance of raw materials, manufacturing, storage and transportation of products, and product use, as well as the final disposal. We promote the responsible "product safety management" through technological innovation and ongoing regulation of product safety evaluation standards and processes. We have established the following principles for product safety management:



Blue Moon follows higher standards and strictly controls the performance and safety of products. We have proactively made dynamic adjustments to the *List of Prohibited and Restricted Raw Materials* with reference to stricter requirements such as the laws and regulations of the European Union and other developed countries, and voluntary certification standards, professional research reports, and authoritative expert opinions from authorities in China and abroad. We review and reduce the adverse impact of raw materials on the environment and consumers within the entire product range. We have adopted the standard methods for health risk assessment in the cosmetics field and the cleaning field respectively, and gradually conducted pre-marketing product safety assessment and post-marketing product reassessment across all product lines based on the potential risks of the products, to ensure that safer products are provided to consumers.

Enforcing strict admittance conditions for raw materials

We control product safety from the source by enforcing strict admittance conditions for raw materials. We have formulated the *Safety Research Guidelines for Raw Materials*, and require suppliers to submit the quality inspection reports, product reports, and other qualification documents at the admission stage. We conduct a comprehensive analysis of raw material registration, ecological risks, safety risks, and other aspects, after which the risk level of the raw materials is determined and instructions on how to use them are worked out. We keep phasing out substances of high concerns and reformulating with safer and more stable ingredients to ensure product safety from the source. In 2022, in order to reduce the adverse impact of essence degradation on the environment, we replaced the Karanal and Lily aldehyde in some products in accordance with the latest European Union regulations, and promoted the use of more environment-friendly and safer ingredients.

Comprehensive assessment

We ensure the safety of our products through comprehensive and in-depth assessments. Before the products are launched onto the market, we conduct assessments of potential safety risks in packaging compatibility, biosafety, toxicology, and other aspects, complying with strict safety assessment procedures and assessment standards established in accordance with relevant laws, regulations, and specifications. After the products are launched onto the market, we keep monitoring the safety performance of our products closely by monitoring the safety risks, and implementing a reassessment mechanism for new toxicological findings and adverse effects to further ensure the safety performance of our products.

Transparent ingredients

We disclose the full formulation for products including hand sanitizers and detergents for food. In 2022, we updated the labelling specifications for nine categories of products, including ordinary hand sanitizers, bacteriostatic hand sanitizers, and liquid disinfectants. We list all ingredients of the hand sanitizers, further improving the transparency of information on ingredients, and protecting consumers' right to know about product ingredients.



» Full-ingredient Labelling of Handwash Products

Case Deeply participate in the preparation of standards and actively promote the construction of a health risk assessment system for washing products

The safety performance of washing products, a necessity for people's lives, has always been one of the concerns of society. The United States, the European Union and other countries boast a strong technical guidance base for the health risk assessment of washing products and their main ingredients. Blue Moon actively promotes the construction of China's health risk assessment systems for washing products based on rich industry experience. As one of the main drafting parties, we have participated in the preparation of *GB/T 41828-2022 Guidelines for human health risk assessment of ingredients of washing products*, providing scientific methods for the health risk identification and impact assessment of washing products and their ingredients, ensuring that the safety performance of washing products meets the demands of consumers for healthy life, enhancing market trust in washing products, and promoting the safe and healthy development of the industry.

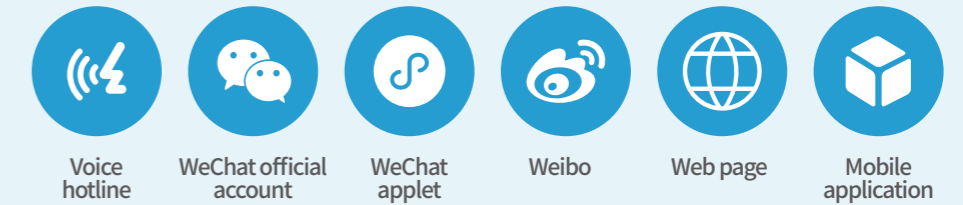
Scientific guidance

We actively promote a healthy and clean lifestyle to consumers by providing extensive information through "Scientific Washing" column on our official website, and posting science-popularized articles about professional cleaning on the WeChat official account, answering consumers' common problems in product using, and providing consumers with product safety information. Meanwhile, we have set up channel such as a hotline to answer consumers' inquiries regarding the chemical safety and functionality of the product ingredients to remove their doubts.

Providing High-Quality Services

Blue Moon has been providing professional, high-quality, and timely services to consumers over the years. With a consumer-centered approach, we keep innovating and wholeheartedly provide high-quality services to consumers. We hope to keep customers free of worries in cleaning through excellent products, wonderful services, and professional consultation, and make them become the referee of Blue Moon while enjoying a pure, fresh, warm, romantic and clean environment.

As of 2022, we had opened up a total of **41** consumer communication channels, including



and multiple social media platforms.

Enhancing Service Experience

We have established an independent service research and planning team to deeply explore consumer needs and improve service standards in the hope of providing consumers with the most accessible and warmest services at all times. To this end, we have revised the *Procedures for Handling Customer Inquiries and Complaints* to promote the standardization and continuous improvement of the consumer service process. Meanwhile, we continue to follow, expand, and optimize customer communication channels to ensure that customers' opinions are conveyed in a timely and effective manner.

We keep optimizing our service standards and content to reach every corner and every object in consumers' homes, and bring customers expert-level and high-standard cleaning experience with the help of our professional experts for customized services, clean technicians and customer service teams and backed by cleaning technologies of Blue Moon. We also create a clean calendar management for our customers, match their living habits and establish cleaning files to provide more comprehensive cleaning services.

Expand the scope of services

We have gradually broadened the content and scope of work for the Consumer Service Center, and some more work has been added to the end-consumer services, including teaching and analytical research. Meanwhile, we have shifted our service approach from passive service to proactive service by continuously improving and optimizing the business functions of the Consumer Service Center, providing consumers with comprehensive services such as consultation about product series and marketing campaigns, Q&A about cleaning, pre-sales and after-sales handling, and sharing scientific washing skills and tips, to assist consumers in identifying and solving potential problems more efficiently.

Provide smooth communication channels

We deliver 24/7 consumers support all over China by keeping up with the pace of the times, adapting to diversified and personalized interaction habits of consumers in the mobile social era, and constantly exploring new service channels to provide consumers with comprehensive high-quality services via multiple channels around the clock.

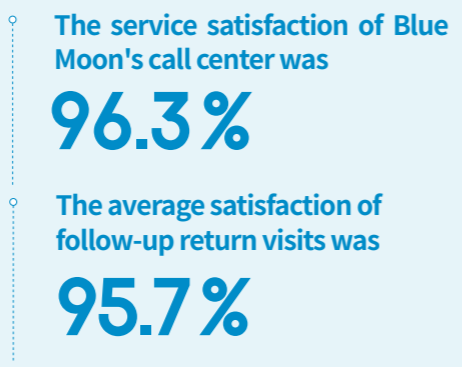


Optimize service process

The Consumer Service Center regularly submits customer opinions on products to relevant departments as a basis for product improvement and cooperates with functional departments to evaluate and optimize service process for customer experience improvements. In 2022, we provided 27 training sessions for customer service personnel on business knowledge and vocational skills. Meanwhile, we strengthened and improved their service awareness and service quality through monthly appraisal and star rating, aiming to fully guarantee customer service quality. We have launched an online service system with an intelligent robot to provide an intelligent online service channel, which has greatly improved service response efficiency, stability, and convenience of consumer service.

Improve consumer satisfaction

We greatly value every consumer's feedback on the service experience, and the service system automatically initiates a collection of satisfaction and service opinions for every service. Meanwhile, consumers are also invited to evaluate the customer service personnel in the dimensions of service attitude, solutions, and product usage through follow-up calls to the customers selected by work order sampling, and other methods. We collect consumers' opinions and suggestions through continuous and in-depth communication with them, and upgrade products based on the results.



Valuing the Protection of Rights and Interests

Blue Moon greatly values the protection of consumers' rights and interests, strictly abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Advertising Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China* and other relevant laws and regulations, and continues to improve compliant marketing, privacy protection, information security, and other work to provide better protection for consumers' rights and interests.

Responsible marketing

We have produced the *Compilation of Compliance Guidelines for Marketing Campaigns* related to marketing campaigns, including advertising compliance, price and marketing campaign compliance, and copyright compliance guidelines, to ensure effective compliance management of marketing campaigns. In addition, we have developed compliance guidelines for the background checks of brand ambassadors, the content of brand ambassador contracts, and the value orientation, as well as general guidelines for typical marketing issues in e-commerce campaigns.

For promotional materials and product labels, the Company's legal department and a number of functional departments jointly review the online and offline promotional materials, including product description, advertising copy, and image copyright, and more departments may join the review for professional information of products, business cooperation terms of brand ambassadors, and other content to ensure the compliance of marketing campaigns.

In order to strengthen the compliance awareness of marketing personnel, we promptly provide training on compliant marketing to the marketing team and communication center, covering publicity of laws and regulations, case sharing, reminders about common risks, among others, to ensure that accurate, authentic, and objective product information will be delivered to consumers to help them make right choices among diverse products.

In 2022, we regularly checked the compliance of the product pages and advertising businesses of products sold through e-commerce channels, and required business departments to rectify the identified problems within a specified time limit to ensure the compliance of marketing campaigns and strengthen risk management and control capabilities. We also supervised the implementation of corrective measures, and made preparations for risk prevention and control.

Privacy and information security

Blue Moon strictly complies with laws and regulations such as the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and formulated several internal policies and systems in 2022, including the *General Guidelines for Information Security* and the *Process for Assessing Impact on Personal Information Security* to safeguard consumer privacy and information security, ensure the compliance of the Company in collecting and processing consumers' personal information, and improve the Company's overall compliance in information security.

Strengthen information security



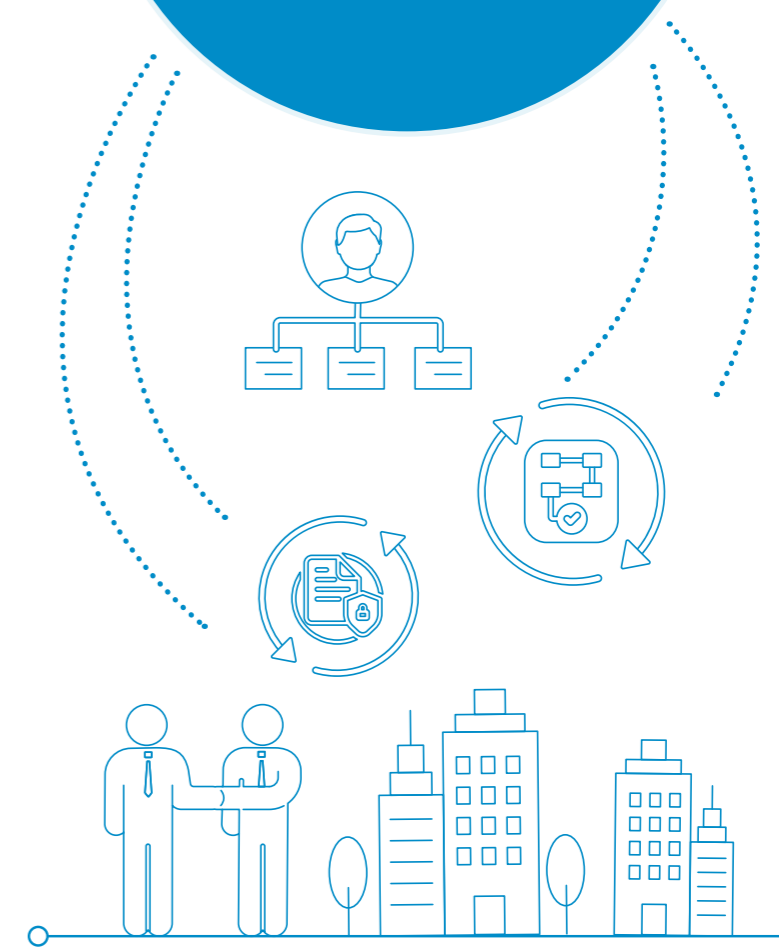
- IT and legal departments jointly launched campaigns on compliance of data security and information security, evaluating and upgrading the Company's information systems, and strengthening the security control of key areas such as the big data platform and the desktop of the computers for office use.
- We conduct compliance assessment on the Company's information security systems, including security management strategy systems, application security systems, infrastructure security systems, and operation and maintenance management systems, to strengthen the Company's information security management.

Improve privacy protection



- We strictly abide by the user privacy protection policies, and clearly regulate the collection and use of consumers' information to protect their privacy rights.
- We regularly conduct compliance audits for the mobile applications developed and used by the Company to identify potential privacy risks, and unite IT departments for optimization and rectifications.
- We continuously update our privacy policies to ensure that the collection and use of personal information comply with data compliance requirements.

We are committed to protecting customer privacy and data security, and there were no violations of laws or regulations related to customer privacy and data security during the Reporting Period.



Jointly Building a Sustainable Supply Chain

Blue Moon is committed to establishing a long-term, stable, win-win and mutually beneficial partnerships with suppliers to jointly create a high-quality, sustainable and responsible supply chain.

In 2022, we strictly followed full cycle management system for suppliers from admission to exit, and optimized management mechanisms for supplier admission, performance appraisal, and risk control. We encouraged suppliers to fulfill their social responsibilities, promote green procurement, and build responsible supply chain with tangible actions. In face of uncertainties and turmoil of the global economy, we weathered difficulties together with all partners through resource sharing and intensive cooperation and achieved win-win development.

Improving Management Systems

In 2022, we optimized and upgraded the overall framework and evaluation criteria of supplier admission standards, and conducted a more professional and comprehensive screening and review of suppliers by enhancing the scope of evaluation. We keep optimizing supplier resources by attracting excellent suppliers from various fields to join us under a free, open, and fair competition mechanism. In 2022, for performance improvement of suppliers, we constantly optimize the performance evaluation systems for suppliers. Meanwhile, in face of market uncertainties and volatility, we strengthen our supplier risk identification, assessment and handling mechanisms to enhance the sustainability of our supply chain through multi-channel insight, timely response and effective countermeasures, and jointly improve our competitiveness with our suppliers.



Advocating Responsible Procurement

We advocate jointly fulfilling social responsibilities with upstream and downstream partners, build a sustainable cooperative ecological network, and reduce supply chain risks.

Social compliance assessment

In 2022, we implemented responsible procurement. Following the social responsibility assessment standards for suppliers, we conducted compliance assessments on suppliers' environmental responsibilities, chemical safety, occupational health, child and forced labour, and business ethics, among others. We also investigated and monitored suppliers' performance in energy conservation, emission reduction, and energy consumption management. We encourage our suppliers to evaluate their energy consumption and GHG emissions and require them to provide relevant data when necessary. In 2022, we completed social compliance assessments for a total of 125 suppliers with a comprehensive approach. By 2022, 100% of our raw material suppliers passed the assessments and we made the social compliance as a prerequisite for supplier admission. In 2022, about 9% of the supplier candidates were eliminated at the admission stage due to critical and serious risks in fulfilling their social responsibilities.

Green procurement of raw materials

We actively promote green procurement. Staying true to the green principles of product R&D and design, we focus on the sustainability of raw materials, purchase raw materials that meet the requirements of environmental protection, and work with suppliers to explore greener and more environment-friendly solutions with lower carbon emissions.

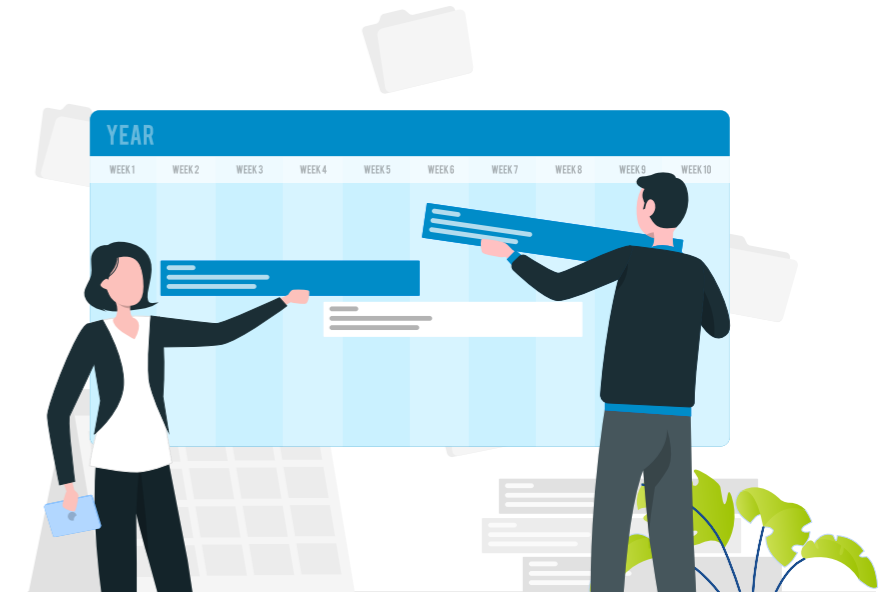
We check the source management of palm oil, an important upstream raw material, and have conducted in-depth research on the certification of the Roundtable on Sustainable Palm Oil (RSPO).

Case Promote carbon emission reduction in transportation together with suppliers

Blue Moon promoted the low-carbon transformation of raw material logistics and transportation in factories in Chongqing in collaboration with suppliers. We keep optimizing the transportation structure, promote the use of more rail or waterway transportation to replace the original road transportation to reduce transportation carbon emissions. In 2022, Blue Moon adjusted the transportation mode of some raw materials, with about 4,000 tons of raw materials transported by water, and about 200 tons of raw materials transported by rail. The annual carbon emissions from raw materials transportation by factories in Chongqing was reduced by more than 25%.

Promoting Win-win Cooperation

In 2022, Blue Moon worked closely with upstream and downstream partners in the fields of raw material supply, logistics and transportation, overcoming numerous difficulties in the production and supply process. We made breakthroughs in management capabilities, safeguarded the sustainable and stable operation of the supply chain.



Case Join hand to address supply disruptions

In November 2022, faced with the multiple challenges, the Chongqing Factory actively responded to the call of the government and cooperated with suppliers in close-loop production and shipping, aiming to achieve 100% delivery. These efforts ensured 939,000 products delivered to consumers safely and punctually.

Close-loop production and shipping

These efforts ensured **939,000** products delivered to consumers safely and punctually.

Case Safeguard logistics through synergistic collaboration

Faced with complicated environment of logistics industry, we joined hands with warehousing, bulk transportation, express delivery and other logistics suppliers to organize emergency logistics resources, keep all the logistics nodes along the chain functioning, and maintain logistics continuity through the establishment of special support teams, on-site operations and other approaches, in a bid to fully meet the epidemic prevention needs of consumers for disinfection and sterilization products and cleaning products. From December 2022 to January 2023, 3.385 million boxes of disinfection and sterilization products were distributed to safeguard the health of consumers.



04

Embrace Sustainability Ideas

Blue Moon persists in integrating corporate development with environmental protection and incorporating green environmental protection into the Company's business operation principles. Upholding the environmental management policy of "prevention from source, control at all stages", we have applied the green and low-carbon concepts in every area of day-to-day operations and formed a green and low-carbon development model. We also continuously launch environment-friendly green products, improve the efficiency of resource utilization, and strictly control waste discharge and greenhouse gas (GHG) emissions. The Company is committed to promoting environment-friendly packaging, constantly improving climate resilience, actively responding to national "carbon peaking and neutrality" strategy as well as contributing to protecting green ecology.



Creating Green Products

As a professional provider of home cleaning solutions in China, Blue Moon has been applying the concept of environmental friendliness into the whole life cycle of products, promoting the R&D of environment-friendly products, advancing the concentration of products, and steering the green development of China's detergent industry. As one of the first enterprises to obtain the certification of China Green Product, we strive to become a benchmark in the industry. In 2022, we passed the China Green Product Certification, Certification of China Environment Labeling and China Water Conservation Certification and other certifications, and were also widely acclaimed for our achievements in green development.

Case Blue Moon's products passed the "China Green Product" Certification

In December 2022, 19 products of the Tianjin Factory passed the China Green Product certification, including Deep Cleaning Care Liquid Laundry Detergent, Volo Fragrant Toilet Cleanser and Natural Green Tea Dishwashing Liquid, upon the assessment conducted by China Environmental United Certification Center (CEC) in accordance with the *GB/T 39020-2020 Green Product Assessment – Detergents*.



China Green Product Certification

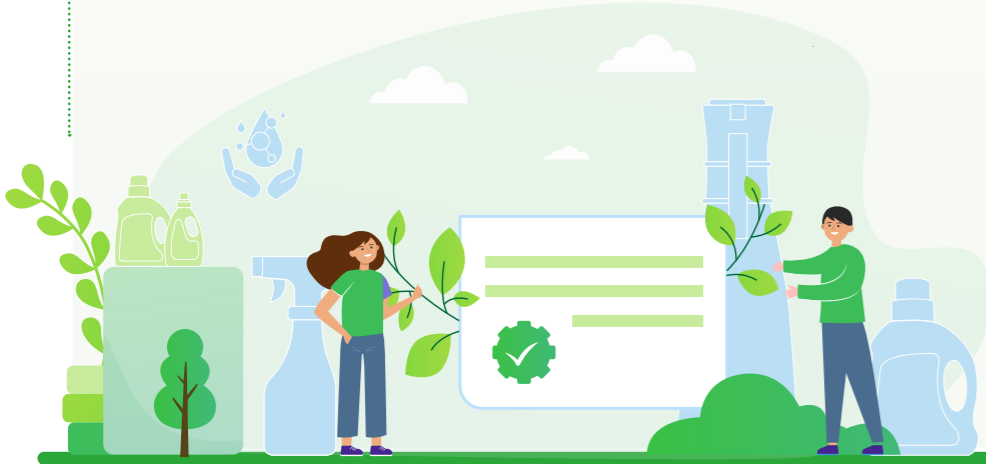
As of December 31, 2022:

Above **90%** of Blue Moon products have passed the **certification of China Environment Labeling**

11 products passed the **China Water Conservation Certification**

26 products passed the **China Green Product Certification**

Over the years, Blue Moon has always taken reducing the impact of detergents on the environment as an important corporate responsibility, and actively participated in the construction of green product standard systems for the detergent industry. As the main drafting party, we were involved in the formulation of various green product standards such as the *GB/T 39020-2020 Green Product Assessment – Detergents* and the *Evaluation Methods and Requirements of Low-carbon Products in Daily Chemical Industry – Cleaning Care Products*, as part of our unremitting efforts to guide the green and healthy development of the detergent industry.



The Chongqing Factory and Tianjin Factory passed the **ISO 50001** energy management system certification

All manufacturing factories of Blue Moon passed the **ISO 14001** environmental management system certification



In 2022
Honor received by Guangzhou Blue Moon Industry Co., Ltd.:

Hong Kong- Guangdong Cleaner Production Excellent Partner (Manufacturing) jointly certified by the Department of Industry and Information Technology of Guangdong Province and the Environment and Ecology Bureau of the Government of the Hong Kong Special Administrative Region.



» Hong Kong- Guangdong Cleaner Production Excellent Partner (Manufacturing) Certificate

Practicing Cleaner Production

Blue Moon strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other national and local laws and regulations of the places where our operations are located. We adhere to green and low-carbon production and operations, and actively put cleaner production into practice. Besides applying environment-friendly technologies in the initial stage of plant design and during each process of production and operations, we actively introduce high-efficiency production equipment and carry out different projects aimed at energy conservation and emission reduction. We also drive continuous optimization and improvement through refined operation, as well as gradually establish and improve the cleaner production system.

The Guangzhou Factory, Tianjin Factory, Kunshan Factory and Yonghe Factory passed the **cleaner production audits**.

The Chongqing Factory and Tianjin Factory were **certified as national Green Factory**.

Case Blue Moon (Guangzhou) Co., Ltd awarded "Guangzhou Excellent Enterprise for Cleaner Production"

Since its inception, Blue Moon (Guangzhou) Co., Ltd. has established various environmental protection systems and introduced relevant facilities in stages, constantly pinpointed the potential of clean production, and conducted the automatic upgrading of production equipment. In doing so, the company successfully reduced energy and water consumption per unit product, cut redundant labour input, and effectively improved production efficiency.



In 2022, Blue Moon (Guangzhou) Co., Ltd. passed the clean production audit and assessment acceptance conducted by the Guangzhou Municipal Industry and Information Technology Bureau, and was awarded **"Guangzhou Excellent Enterprise for Cleaner Production"**.

Based on our advanced experience in building green factories, Blue Moon strives to set an example for actively promoting the construction of green manufacturing standard systems in the detergent industry. Besides, we deeply engage in the formulation of the industry standard the *Evaluating Requirements for Green Factories in Detergent Manufacturing Industry*. We also participate in the formulation of unified technical standards for green manufacturing and enterprise assessment, contribute to building a green manufacturing benchmark, as well as guide and standardize the green development of the detergent industry.

Enhancing Resource Management

Blue Moon is aware of the preciousness and importance of resources. We reduce unnecessary waste of resources in production and operations, proactively improve the efficiency of energy and water utilization, facilitate the optimization of energy structure, advance energy conservation and emission reduction, minimize the impact on the environment, and faithfully protect the green ecology.

Energy management

Blue Moon has formulated a series of energy management systems such as the *Resource and Energy Control Procedures*, the *Electricity Use Management Standard* and the *Comprehensive Management Standard of Energy Conservation and Emission Reduction* to standardize energy use management. In 2022, we updated the *Equipment Management Standard* to strengthen the standardized management of all equipment throughout the life cycle and improve the overall energy efficiency of the equipment. In addition, we have revised provisions on energy metering and management, energy inspection guidelines and other documents related to energy management, so as to strengthen the identification and optimization of energy-intensive processes in operations and improve the efficiency of energy use.

In addition to establishing a complete energy consumption management process, we also assign an energy consumption manager to monitor the key parameters of the main energy-consuming equipment through regular inspections, conduct real-time monitoring of key energy-consuming modules and evaluate the operating status and energy consumption intensity of equipment in time, so as to improve the operating efficiency of the equipment.

In 2022, we carried out energy efficiency improvement program in all products manufacturing factories, and effectively implemented the following energy management measures.



Conducted energy audits

Conducted energy audits for the Tianjin Factory and Chongqing Factory, reviewed the operation of the energy management system including work compliance, energy targets, energy conservation improvements, etc., prepared energy review reports, and comprehensively reviewed and improved the compliance and rationality of energy management



Introduce high-efficiency production equipment

Give priority to the procurement of energy-saving and consumption-reducing equipment, phase out two low-efficiency water chilling units in the Tianjin Factory, and replace three low-efficiency fans with ones meeting the requirements of Energy Efficiency Index 1.



Upgrade existing equipment

Optimize the operating time and parameter setting of the boilers, heating equipment, air compressors, lighting systems and air conditioning units to reduce unnecessary energy consumption



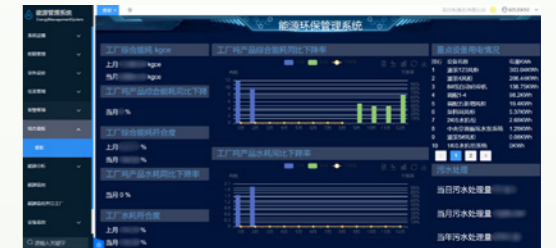
Evaluate clean energy

Conduct feasibility study on adopting photovoltaic power generation technologies and conducting photovoltaic power generation projects in factories, prepare technical reports, and initially select Tianjin Factory for the pilot project. Carry out the preparations such as the preliminary research on purchasing green energy and the selection of service providers to lay the foundation for optimizing the energy structure.

Case

Chongqing Factory conducted a pilot project for digital factory

By applying digital techniques in energy management, we have succeeded in improving management accuracy and working efficiency. In August 2022, the Chongqing Factory carried out a pilot project for digital factory covering energy and environmental protection management, equipment management and other modules. In the process of production, the energy and environmental protection management system automatically collects the data regarding the use of electricity, gas and water, conducts real-time monitoring on the operating status of key energy-consuming equipment, and provides data support for managers to evaluate the rationality of energy consumption and promote the energy-saving management of equipment.



Objectives for energy use

High-efficiency equipment accounts for more than **98%** by 2030

Build and put into operation photovoltaic power generation equipment in factories

Renewable electricity use accounts for more than **50%** in factories

Phase out self-owned boilers to produce steam in more than **50%** of factories.



Water resource management

Blue Moon insists on protecting water as a consistent initiative and improving the utilization rate of water in production and operations. In compliance with the *Water Law of the People's Republic of China*, we have formulated the *Water Management Standards* to pinpoint the requirements for water management in all areas. The water we use in production and operations is sourced from municipal tap water, so we can make sure there is no risk in water source selection or water withdrawal.

In 2022, we carried out improvement projects such as the research on the reuse of reclaimed water and pipeline renovations, and kept abreast of process in achieving the objectives for water resource management, and improve water efficiency:

<p>Water management optimization</p> <ul style="list-style-type: none"> Establish a sound water conservation management system and inspection system, strictly implement water metering and monitoring measures. Break down and continuously track objectives for water management, monitor the water production rate of main water-consuming equipment and other related indicators, and improve water management. 	<p>Equipment renovations</p> <ul style="list-style-type: none"> The Yonghe Factory carried out the pipeline cleaning-free renovation project to optimize cleaning procedures and save cleaning water. In 2022, the factory saved more than 3,000 tons of water. 	<p>Concentrated water reuse</p> <ul style="list-style-type: none"> In 2022, the Tianjin Factory conducted the evaluation, developed a plan for reusing concentrated water, and signed the contract for reuse. The project is expected to save 2,000 tons of water after being implemented in 2023. 	<p>Water-saving publicity</p> <ul style="list-style-type: none"> Strictly control water use and reduce the waste of water. Promote water conservation and encourage employees to join in water-saving actions.

Case **Chongqing Factory awarded the "Water Efficiency Frontrunner" in Chongqing Municipality**

Chongqing Factory has established and improved water conservation management systems. The factory adopts cutting-edge techniques in the industry, strengthens the management of water use norm at the company level, as well as strictly implements the national and municipal water standards and indicators. In doing so, it has constantly improved the water efficiency, and achieved industry-leading performance with respect to indicators for cleaning water and water consumption per unit product. After being rated as a water-saving enterprise in Chongqing in 2020, the Chongqing Factory was awarded the "Water Efficiency Frontrunner" in August 2022.

Objective for water management

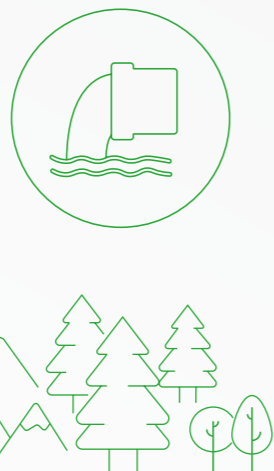
By 2030, water utilization ratio in all product manufacturing factories will improve by **25%** compared to 2020.

Strengthening Emission Control

We are committed to reducing the emission of pollutants in production and operations, and abide by the laws and regulations such as the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Waste* and the *Directory of National Hazardous Wastes*. The Company has also formulated the management systems, including the *Environmental Protection Management Standard*, the *Comprehensive Management Standard of Energy Conservation and Emission Reduction* and the *Environmental Factor Impact Assessment Control Procedures* to strictly control the generation and emissions of pollutants. In 2022, we updated the *Environmental Monitoring Management Process* to further improve the standard system for pollutant control.

Objective for wastewater reduction ▶

By 2030, wastewater emission per unit output in all product manufacturing factories will be reduced by **15%** compared to 2020.



We continuously improve our pollutant management and reduce the pollutants generated from the source through equipment upgrading and technology improvement. In 2022, the Company established a comprehensive inspection plan and mechanism for the operating status of the facilities adopted to dispose of three wastes in all factories. We also conducted a major overhaul of all equipment and facilities related to the generation and treatment of pollutants. Besides, we implemented regular self-inspections at points where pollutants are generated, as well as checked and prevented any abnormalities in advance, so as to ensure the continuous and stable operation of equipment and facilities. Meanwhile, we improved pollution management capabilities, continuously monitored and controlled the emission of pollutants in production and operations, and reduced the adverse impact of our production and operations on the environment. In 2022, our business activities did not have significant impacts on the environment and natural resources.

Exhaust gas management

We have issued the *Standardized Management Specification for Exhaust Gas Treatment* and other systems to implement standardized management and normalized operation of all exhaust gas treatment equipment and facilities in factories and ensure the normal operation of various exhaust gas treatment facilities. We also make a point of discharging exhaust gases in strict accordance with the pollutant emission requirements in the places where we operate. In 2022, we established a comprehensive inspection table for Volatile Organic Compounds (VOCs), oily fume and other exhaust gases emitted by the factories. By formulating a special rectification list, we followed up and reviewed the disposal of exhaust gases, improved closed-loop management, and determined the activated carbon replacement cycle of all exhaust gas disposal facilities to ensure the effective operation of various facilities.

Wastewater management



We have issued the *Standardized Management Specification for Sewage Stations*, the *Operating Methods and Standards for Testing Key Control Parameters of Sewage Treatment* and other systems to standardize the management of wastewater in such areas as source, treatment and reuse. We constantly improve the treatment process and equipment and reduce the amount of cleaning water and wastewater discharged by optimizing the production scheduling, remodelling processes and adopting other techniques. We also maintain and upgrade relevant facilities and equipment regularly, implement environmental monitoring in the wastewater treatment process, as well as ensure standardized and efficient treatment.

We kept optimizing the reclaimed water reuse system in the Kunshan Factory and Chongqing Factory. A total of 3,000 tons and 1,270 tons of sewage properly treated by the two factories were reused for greening irrigation, cooling water replenishment and other non-production processes, thus realizing the reuse of wastewater and improving the reuse rate of water.

Waste management

We have introduced internal systems such as the *Integrated Solid Waste Management Standard* and the *Hazardous Waste List*. In accordance with national laws and regulations, we have updated the ledgers and files for waste management, pinpointed the management standards for various wastes, and fully guarantee the strict separation between general waste and hazardous waste in production and operations, thus ensuring proper disposal of all wastes.

We insist on reducing waste from the source, optimizing the process of sludge generation, as well as conducting the research on waste reduction and plastic reduction to minimize the generation of various wastes. In the process of disposal, we invite qualified professional institutions to establish ledgers and management files and standardize the management of various wastes. In 2022, we updated and established the annual and monthly ledgers for general solid waste management in line with the technical guidelines and format requirements of the *Guidelines for Establishing General Industrial Solid Waste Management Ledger (for Trial Implementation)*.

<p>General waste</p>	<p>Upholding the principle of making the best use of everything, we fully recycle general waste and then delivery it to qualified units for further recycling and disposal.</p>
<p>Hazardous waste</p>	<p>We confirm the list of hazardous waste, strictly control the collection, identification, storage and transfer of the waste, as well as adopt secondary leakage-proof measures to block leaks. Besides, the Company carries out emergency drills every year, such as hazardous waste leakage drill, to prevent problems before they occur and improve emergency-handling capabilities.</p>

Building Green Logistics

Blue Moon closely checks the impact of logistics on the environment. In the stages of logistics supplier admission and evaluation, we take into account a series of indicators related to delivery timeliness and quality, including delivery cycle, timely delivery and damage rate, so as to select the best-performing logistics suppliers. We also strengthen process control, improve logistics transportation efficiency, and reduce carbon emissions caused by unnecessary energy consumption. In the stage of actual operation, we manage to utilize logistics resources fully and properly through such means as optimizing logistics routes, conducting warehouse management and using recyclable packaging materials, in a bid to gradually build green logistics.

Route optimization

Through such measures as optimizing the distribution route and setting up preposition warehouses for e-commerce, we successfully streamline transportation, improve transport efficiency, shorten the delivery cycle, and reduce the unnecessary energy consumption during the transportation. In 2022, we set up preposition warehouses in Urumqi and Hainan. Under the trunk transport mode, we improved transport efficiency, shortened the delivery cycle of customer orders, and realized green and efficient transportation.

Warehouse renovation

We conduct renovation in the lighting system, air conditioning system and other equipment within the warehouse. We use energy-saving LED and energy-efficient air conditioners and phase out energy-intensive equipment. Besides improving the efficiency of energy use in the warehouse area, we also take steps to improve energy conservation and emissions reduction for warehousing.

Packaging reuse

For packaging and protective materials in circulation, we carry out the recycling of cartons, the use of recyclable material crates to improve the efficiency of the use of materials while promoting recycling across the circulation links. With these endeavors, we can reduce waste and minimize the adverse impact on the environment.

Ongoing carbon emission reduction

Through projects such as reuse of protective materials, lightweight packaging and protective materials, and simplification of packaging and protective materials, we actively reduce the product packaging void ratio, improve the transportation loading rate, and increase the proportion of water and railway transportation, thus reducing carbon emissions from across transportation links.

In the future, by virtue of our influence, we will set a benchmark for actively engaging logistics suppliers in energy conservation and emission reduction, incorporate environmental and social performance into assessment and evaluation indicators, and partner with environment-friendly logistics service providers. In addition, we will strengthen the whole-process management of green logistics and improve the efficiency of resource utilization in distribution routes, warehousing and other areas, in a bid to promote the construction of a new green logistics ecosystem.

Promoting Environment-friendly Packaging

Blue Moon always adheres to the development concept of resource conservation and environmental protection, highly values the optimization of product packaging and continuously promotes environment-friendly packaging. We are committed to reducing the negative impact of packaging materials on the environment by researching, developing and promoting lightweight and recyclable packaging materials and carrying out the programs for packaging materials reuse. To fulfill our corporate responsibilities, we advocate a green and sustainable lifestyle of recycling to our employees and society and leverage our influence to facilitate the green transformation of consumption habits.

Greener packaging materials

We prioritize environment-friendly materials in the product design stage and proactively research the application of environment-friendly materials in packaging. In 2022, we continued with our PCR research, including the feasibility study of adding more than 50% of PCR material to PET blister packaging materials and more than 30% of PCR materials to those of PP covers.

We also comprehensively research the application of the PCR technology and plan to recycle part of waste bottles in the factory as PCR materials and reuse them as raw materials to produce PCR bottles. From November 2022, we have implemented the PCR recycling and reusing strategy, applying part of waste bottles in the PCR recycling in some factories.

Lighter packaging

We adopt the green and simple packaging to avoid excessive packaging. In 2022, we reduced the use of plastics by adopting thinner wrap films while ensuring the stability of palletization and transportation. The project has been tested and supplied in batches in two factories, saving 50.8% of wrap films per pallet. The optimization of wrap films is being promoted in all factories of the Group.

On the premise of ensuring packaging functions and meeting consumer demands, we insist on making small-weight e-commerce packaging cartons lighter by optimizing the packaging and packaging protection techniques for e-commerce logistics protection and intra-city distribution. We replace 5-layer corrugated cartons with 3-layer corrugated cartons. In addition to making insert cards and outer boxes smaller, we also optimize protective materials such as bubble bags, EPE sleeves and packing tapes to reduce the use of packaging materials.

Extending cyclic utilization

In 2022, we advanced the recycling of packaging materials in the whole process from feasibility study to project implementation. In terms of research, we confirmed the technical feasibility of applying a single type of material to make 500 g doypacks and also extended it to the production of 1 kg doypacks, gradually increasing the coverage of recyclable product packaging. As for project implementation, we promoted the pilot program for all relevant recycling packaging materials. Besides recycling packaging cartons in all factories, we carried out the program for optimizing reusable boxes for semi-finished product turnover in the Kunshan Factory, in an attempt to promote the recycling of such reusable boxes.

Furthermore, we continuously replace cartons with reusable boxes and encourage suppliers to adopt reusable boxes, so as to further reduce the packaging waste generated in the value chain. For the project aimed at replacing paper holders with plastic holders, we completed the 100% replacement of PE bottle materials and applied the technique to some PET bottles.



In 2022, we saved **1,464** tons of corrugated paper

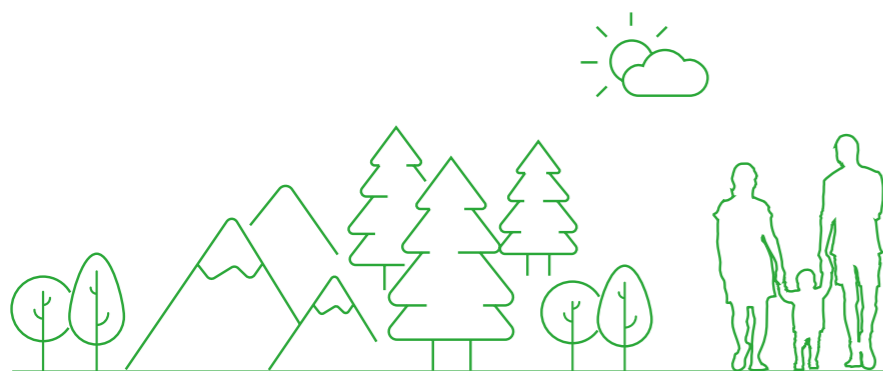
29.4 tons of bubble bags and

5.167 million EPE sleeves by

carrying out the projects such as lighter packaging and recycling.

Encouraging internal and external engagement

We proactively publicize cyclic utilization to our employees and consumers as part of our environmental protection philosophy. Within the Company, we encourage employees to volunteer for charity services, such as the "Recycling Green Booth", to cultivate environmental awareness through practice. We also redesign the packaging of existing products in batches and add "recyclable mark" on the outer packaging of products. For products in different specifications, we introduce various solutions such as doypack refills and replaceable packaging, so as to encourage and guide consumers to use environment-friendly replaceable packaging and sort and dispose of the used bottles for recycling. We persist in promoting a green and low-carbon lifestyle to consumers.



Case Launching the "Recycling Green Booth" and engaging employees in packaging materials recycling at the take-back location

In 2022, we conducted a pilot project called "Recycling Green Booth" at the take-back location Yonghe Factory. By organizing online and offline activities such as "WeChat Like Collection" "One Empty Bottle for One Gift" and "Environmental Knowledge Contest", we encouraged our employees to collect clean recyclables such as cartons and plastic bottles, put them into reusable bags rather than empty bags, and then hand them over to suppliers in batches for recycling. As a reward, employees would receive environmental protection points. In doing so, our employees are encouraged to practice recycling in daily life.



» Pilot "Recycling Green Booth" at the Yonghe Factory

So far, a variety of recyclables have been recycled, including

737 kg
of yellow paperboards

109 kg
of PET bottles



Addressing Climate Change

With the increasingly severe impacts of global climate change, addressing climate change has become a common challenge faced by all mankind, which makes it urgent to accelerate low-carbon transition. Blue Moon is fully aware of the severity of climate change and the urgency to tackle it. According to the guidelines of the Task Force on Climate Change Related Financial Disclosures (TCFD), Blue Moon has carried out climate-related risk and opportunity assessments and developed action strategies to enhance climate adaptability.

Carbon Emission Control

With the deepening of the "carbon peaking and neutrality" goals, numerous enterprises are more eager to promote green transition as consumers are more concerned about the environmental performance of products. We proactively pinpoint the impact of climate risks on operations and production, and promote carbon emission management, product carbon footprint certification and other work.

In 2022, we engaged a professional advisory body to develop a carbon emission control system which was tailored to the actual needs of the Company and conducted corporate carbon inventory and product lifecycle carbon footprint assessment. In doing so, we received systematic support in managing carbon emission data and identifying the main processes and factors affecting corporate performance and carbon emissions of our products. In addition, we organized training programs such as Life Cycle Assessment (LCA), data collection and system modelling, acquired more extensive knowledge about carbon emission accounting, and mastered the skills related to carbon emission modelling, accounting standards, calculation logic and database, thus laying a solid foundation for carbon accounting.

Conducting corporate carbon inventory

We conducted greenhouse gas inventory for five factories in accordance with ISO 14064-1:2018. With the aid of the online system, we have established a carbon inventory model, and defined the organizational boundaries and operational scope. We also investigated the emission sources across the value chain, initially calculated the amount of emissions and analyzed carbon emission data. Besides, we identified the impact of our operations and production activities on carbon emissions and environment, which laid the foundation for the formulation of GHG emission reduction goals as well as the scientific, precise and standardized management of carbon emissions.



Calculating product carbon footprint

In accordance with international standard *ISO 14040/14044 for the Life Cycle Assessment (LCA)*, and with reference to the *Product Environmental Footprint (EU PEF)*, the *Product Environmental Footprint Category Rules (EU PEFCRs)* and other standards, we calculated the carbon footprint of eight core products in five categories, such as liquid laundry detergent and liquid soap. Besides, we conducted the LCA process for three key indicators, namely the Global Warming Potential (GWP), the Water Use (WU) and the Primary Energy Demand (PED). Furthermore, we analyzed the impact of carbon emissions at different stages of product life cycle on climate change and identify the carbon emission reduction potential of our products. During the analysis of carbon footprint, we discovered that the carbon emission during raw material acquisition and processing accounted for 85% to 95% that of the product life cycle, implying a significant impact on carbon footprint. We will continue to pay attention to the impact and gradually carry out research on the carbon footprint of upstream raw materials on our products.

Product carbon footprint certification

Apart from calculating product carbon footprint, we applied for product carbon footprint certification for four flagship products, namely Zhizun Biotechnology Liquid Laundry Detergent, Deep Cleaning Care Liquid Laundry Detergent, Jingxiang Amino Acid Liquid Soap and Tianlu Utensil, Fruit and Vegetable Wash. We established a carbon accounting model from raw material production to product delivery and obtained the "Product Carbon Footprint Certificate" issued by the Guangzhou CEPREI Certification Body, which provided comparative and underlying data and comparison basis for evaluating and implementing targeted improvements.



» Certificate of Product Footprint



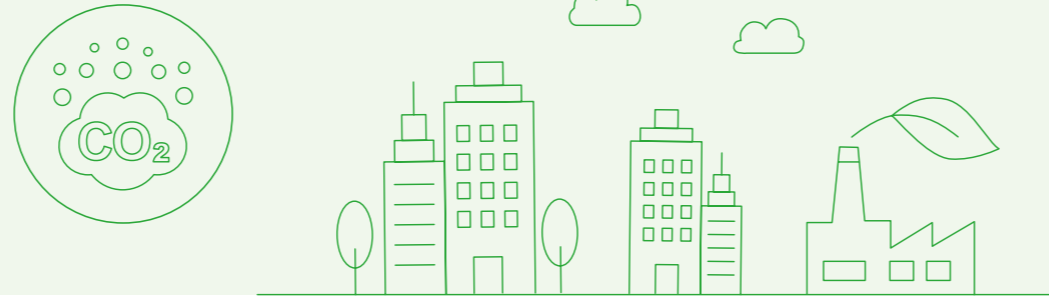
Climate Risks and Opportunities

With the advance of China's "carbon peaking and neutrality" strategy and the release of supporting policies by local governments, "carbon peaking and neutrality" will affect corporate operations across the value chain in every aspect. Blue Moon is keenly aware the urgency to tackle climate change. We pay close attention to emission reduction policies, investment in cleaner production technologies, consumer preferences and investor expectations in the transition process, and strengthen the control over climate change matters.

In 2022, we identified and assessed climate risks and opportunities in line with the guidelines of Task Force on Climate Change Related Financial Disclosures (TCFD). We also prioritized risks according to emission scenarios and time spans. Besides, we developed the climate assessment matrix, and prepared action strategies to address climate change. We also engaged a professional third-party advisory body to offer lectures on climate risks and opportunities for the Company's management. Relevant departments were invited to the seminars to discuss climate action strategies, in order to comprehensively enhance our climate resilience and stay well prepared for climate opportunities.

Objective for GHG emission reduction

By 2030, greenhouse gas emission per unit product will be reduced by **30%** compared to 2020.



Tackling climate risks

During the Reporting Period, Blue Moon comprehensively identified the climate change risks that had potential impact on the Company's businesses and finance in places where our operations are located, and formulated targeted response strategies to effectively manage climate change risks.

Seizing climate opportunities

As the concept of green consumption gains popularity, consumers are more concerned about the environmental performance while purchasing a product, and also show preference for eco-friendly, green and low-carbon products. Relying on our R&D efforts and technological edges in the area of concentration, Blue Moon seizes every opportunity to enrich the green product matrix, actively innovates low-carbon products such as clothing, personal care and household cleaning, as well as reduces carbon emissions at the downstream end of the value chain.

	Risk type	Risk description	Period	Impact on business	Strategies
Physical risks	Acute risk	Typhoon, flood, extreme heat and other extreme weather	Short to long term	<ul style="list-style-type: none"> With multiple production bases across China, Blue Moon may suffer significantly from extreme weather events in some operating locations, resulting in loss/damage to manufacturing facilities or supply chain disruptions, and causing financial losses; Extreme weather events may affect Blue Moon's upstream supply of raw materials, resulting in supply disruptions and cost increases for primary raw materials. 	<ul style="list-style-type: none"> Formulate emergency plans, improve emergency organization, guarantee emergency resources, and organize emergency drills regularly to improve emergency preparedness and response capabilities for various extreme weather events; Take into account the impact of extreme weather during siting, planning and design of new projects; Seek alternative supply sources and establish long-term and stable partnerships with participants in the industrial chain.
	Policy and legal risks/technical risks	Packaging material (plastic ban) standards and technical requirements	Short to medium term	<ul style="list-style-type: none"> As the plastic ban becomes stricter, the government encourages enterprises to engage in the R&D and technology upgrading of packaging materials, resulting a turn to sustainable and innovative packaging materials. Blue Moon may be affected by the increase in R&D spending and the rising price of alternative packaging materials. 	<ul style="list-style-type: none"> Product concentration: Promote product concentration and reduce the use of packaging materials for products; Lightweight design: Reduce the use of packaging materials in the product design stage; Recycling: Improve the recyclability of packaging materials; Introduction of new materials: Replace the original packaging materials with more environmentally friendly or renewable materials.
Transition risks	Policy and legal risks/technical risks	Energy structure, energy use and technical requirements	Short to long term	<ul style="list-style-type: none"> Driven by the "carbon peaking and neutrality" strategy, China will foster an energy structure focusing on non-fossil energy in the long term. Meanwhile, the government vigorously encourages technological improvement or innovation in the transition of low-carbon and energy-efficient economic system, increasing Blue Moon's energy consumption cost and investment in carbon reduction equipment and technological transformation. 	<ul style="list-style-type: none"> Reduction of energy consumption per unit: Improve energy efficiency; Introduction of green energy technologies: Promote photovoltaic power generation at factories; Energy mix optimization: Adopt renewable energy sources.
	Policy and legal risks	Carbon pricing	Long-term	<ul style="list-style-type: none"> Carbon pricing is a mechanism to capture the cost of GHG emissions. It is also a policy tool for the government to promote energy conservation and emission reduction among enterprises. China has not yet introduced a state-level carbon pricing mechanism. As shown by the trend of climate change policies, once the government implements the carbon pricing mechanism, Blue Moon may be affected by the rise of fossil energy and raw material prices, which will further raise the production and operation costs. 	<ul style="list-style-type: none"> Launch more green and low-carbon products; Respond to the national "carbon peaking and neutrality" policies, formulate long-term comprehensive energy consumption targets and carbon emission intensity targets; Enhance the Company's capabilities to manage climate risks; Improve energy management system, optimize the energy structure, and gradually increase the development and use of green energy.
	Market risk	Rising costs of raw materials	Short to medium term	<ul style="list-style-type: none"> Due to the cultivated land protection policies and frequent climate disasters, the supply of raw materials is disrupted. Blue Moon has to purchase raw materials at a higher price or seek alternative raw materials, which will increase operating costs. 	<ul style="list-style-type: none"> Strategic collaboration: Promote operational optimization of the upstream business chain through strategic cooperation advance the shared development of the sustainable industry chain; Collaborative operations: Reduce comprehensive operating costs and achieve efficiency improvement through technical collaboration with suppliers; Technological upgrading: Introduce new materials and diversify raw material sources.



05 | Shape a Better Future with Employees

Talent is the most important strategic resource and core competence of Blue Moon, underpinning the healthy corporate development. Following the "people-oriented" philosophy, we value every employee, provide a sound training system and broad development space for them, as well as encourage them to fully unleash their potential and create value. We also grow together with employees and join hands with them to map out a blueprint of sustainable development.



Protecting Employees' Rights and Interests

We strictly abide by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other relevant laws and regulations. We have formulated management systems such as the *Employee Handbook*, the *Employment Management System of Blue Moon*, the *Personal Information Protection Management System* and the *Conflict of Employee Interest Management System*, in an attempt to protect the legitimate rights and interests of employees in terms of equal employment, compensation and benefits, career development, health and safety. We manage to foster harmonious labour relations through these measures.

Case Blue Moon received several employer brand awards

In 2022, Blue Moon (China) Co., Ltd. and Guangzhou Blue Moon Industrial Co., Ltd. were awarded the "AAA-level Enterprises with Harmonious Labour Relations" by the Guangzhou Municipal Human Resources and Social Security Bureau for four consecutive years and five consecutive years respectively.

The employer brand of Blue Moon has been highly recognized by professional HR rating agencies. In 2022, we received various awards, such as the "2022 Annual Extraordinary Employer of Guangdong Province", the "China Best Employer Award 2022 China Best Employer Nationwide TOP 100", the "One of the Most Popular Talent Employers in BOSS ZHIPIN", the "2022 Top 20 Most Influential and Youthful Employer Brands", the "Most Influential Employer of the year HAITOU", the "2022 SHIXISENG the Most Attractive Employer", and the "2022 Employer Brand Management Award".



AAA-level Enterprises with Harmonious Labour Relations
Guangzhou Municipal Human Resources and Social Security Bureau



China Best Employer Award 2022 China Best Employer Nationwide TOP 100
ZHAOPIN.COM



2022 Top 20 Most Influential and Youthful Employer Brands
CIWEI Campus Recruitment



2022 Annual Extraordinary Employer of Guangdong Province
LIEPIN



2022 SHIXISENG the Most Attractive Employer
SHIXISENG



One of the Most Popular Talent Employers in BOSS ZHIPIN
BOSS ZHIPIN



Most Influential Employer of the year HAITOU
HAITOU

Upholding Equal Employment

Following the equal and discriminatory employment policies, we treat all employees fairly and equally regardless of nationality, ethnicity, race, gender and age, in a bid to offer equal opportunities to all.

We strictly abide by the *Law of the People's Republic of China on the Protection of Minors* and the *Provisions on the Prohibition of Using Child Labour*, and resolutely put an end to child labour and forced labour. We strictly prohibit the recruitment of employees under the age of 16 and require strict identity verification in the recruitment process and review in the recruitment process irregularly. We respect employees' reasonable working time and willingness to work, and will not force anyone to work under the threat of punishment in any form. If malpractices of child labour or forced labour are identified, the Company will take measures instantly to hold relevant personnel accountable. During the Reporting Period, the Company was not involved in any violations regarding child labour or forced labour.

We advocate a diverse and inclusive workplace and proactively attract talents through campus recruitment, social recruitment, school-enterprise cooperation and other channels, and recruit excellent talents for the Company. The Company constantly optimizes the workforce composition to achieve a reasonable distribution of employees by gender, age and region. In addition, we provide equal employment opportunities for people with disabilities, ensure equal opportunities for all, and encourage cooperation at a workplace defined by cultural diversity.

Case

Multiple channels to promote the employment of college students

Blue Moon has long been concerned about the employment and career development of college students and has taken concrete actions to help college graduates land high-quality jobs. As of 2022, Blue Moon had employed more than 6,000 fresh graduates through the "management trainee/reserve cadre programs".

Blue Moon continuously deepens the school-enterprise cooperation mechanism. In 2022, we carried out more than 50 activities, including marketing competitions, carnivals, professional guidance for job hunting, enterprise open days, and joint construction of internship bases, partnering with 20 well-known universities across China. In this way, we equipped college students with job-hunting skills and internship platforms.



Blue Moon had a total of
8,731 employees

female employees accounted
for **52.6%**

42.5% of leadership
positions were in management
held by women



» Campus Recruitment

Improving Compensation and Benefits

Blue Moon unwaveringly respects the value of every employee and continuously optimizes the compensation system. We regularly obtain market salary research data to ensure that our compensation and benefits are competitive in the market. We have improved a sound compensation structure covering fixed salary, performance bonus, and mid and long-term incentive to encourage employees to create value on their positions and make individual contributions. In 2022, we further improved the compensation rules, put in place compensation and benefit policies more relevant to business scenarios, and encouraged more pay for more work.



Long-term incentives

On March 29, 2022, Blue Moon adopted and announced a share incentive plan for 2022, aiming to recognize and reward employees who contribute to the growth of the Group.



Employee benefits

We offer a wide range of benefits to our employees. Aside from various benefits and allowances stipulated by laws, we also provide staff canteen, staff dormitory, meal allowance, communication allowance, holiday gifts and other internal benefits. For female employees, we provide priority seats for pregnant women on shuttle bus, special lounges for them in the office, nutritious mother and baby meals, as well as separate, hygienic and safe nursing rooms. Our benefit system covers employees' daily life to enhance their sense of belonging.

Listening to Employees' Voice

Blue Moon respects the opinions of employees. We have put in place open and smooth communication channels. Employees can give feedback or opinions via instant messaging tools (WeChat and Enterprise WeChat), official email, complaint and reporting phone, and other channels. In March 2022, we established the Labour Dispute Mediation Committee tasked with labour dispute prevention and mediation, and build more stable and harmonious labour relations.



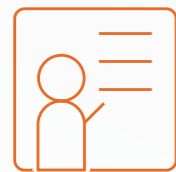
Blue Moon Labour Dispute Mediation Committee

Supporting Employee Growth

Blue Moon attaches great importance to talent cultivation, constantly improves training systems, creates diverse channels for employees' development and promotion. We support every employee in maximizing their full potential and creating a brilliant future.

Enhancing Employee Training

Blue Moon puts the learning and growth of employees high on agenda. In 2022, we provide targeted training courses for different types of employees, such as new employee hires, employees in professional positions, and middle and senior management. These training schemes included benchmark learning projects and skill improvement projects for blue-collar employees.



The training hours of employees totalled **183,031** hours

Case Learning from benchmark enterprises for growth

In 2022, Blue Moon learned the management concepts and methods adopted by benchmark enterprises. We also invited external experts to design multi-theme and multi-form training courses tailored to the needs of employees at all levels. Focusing on various business scenarios, we developed professional training courses, including human resource management, financial management and process management. Besides, we offered general courses in terms of multiple aspects. Meanwhile, we organized various learning activities for all employees, such as online learning, special tutoring, operational exercises and team work. We aim to build a professional learning organization and help employees achieve personal growth.

Through systematic benchmark learning, Blue Moon can improve the management abilities and professional skills of the management and professional cadres, absorb the excellent management model and grow together with our employees.



» Benchmark Learning and Training

Empowering Career Development

Blue Moon respects the individual development of employees and continuously creates diversified development platforms and opportunities for various talented employees. We have offered management, professional, technical and support channels to empower the career development of every employee. Through the internal talent flow mechanism, we encourage employees to seek platforms and opportunities suited to their development needs with the aim to deliver greater value. To facilitate employees' individual growth, we motivate our employees to pursue continued education and professional training, and grant a certain amount of expense reimbursement to employees attending skill and qualification exams.

Case Blue Moon sponsored the documentary program "RACING MANGOERS" to support graduate growth

In July 2022, Blue Moon and Hunan Satellite TV jointly produced the first documentary program "RACING MANGOERS" to record the growth of the post-00s college graduates. The program lasted for five months and recorded the process of the fresh graduates entering the workplace and fighting for their dreams in the new world, thus sharing diverse career experience with other fresh graduates.



» Blue Moon Sponsors Documentary Program "RACING MANGOERS"

Case Improving the comprehensive quality of blue-collar employees

Following the intelligent and digital transformation, Blue Moon has designed and organized a wide range of activities to improve the comprehensive capabilities of our frontline operators. In 2022, we developed a series of measures to improve the skills and knowledge of the blue-collar team, encouraging them to learn independently and move up on the career development paths.

In terms of academic qualifications improvement, we introduced the "scholarship" policy to encourage blue-collar employees to actively take up external courses for new qualifications or higher academic degrees. In 2022, the first year of implementing the policy, a total of 30 blue-collar employees were granted the "scholarship".

In terms of training empowerment, we have built a closed-loop learning platform for online theoretical micro-lectures and offline operational training. In 2022, more than 1,350 employees in the Guangzhou Factory took up online learning, with over 950 for online learning assessment. The training hours of offline operation training exceeded 4,400 hours.

Thanks to various measures and resource inputs, the knowledge and skills of our frontline operator teams have been significantly improved. In 2022, a total of 336 employees took up the internal program for professional skill improvement.



» Knowledge and Skill Training for Frontline Operators

Focusing on Employee Safety

Blue Moon pursues "zero accidents" and also follows the guideline of "safety first, nip problems in the bud". We strictly abide by the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Emergency Response Law of the People's Republic of China* and other laws and regulations, in a bid to effectively ensure work safety and employees' occupational health. We care about the physical and mental health of our employees and eagerly create a safe, healthy and warmhearted workplace through various considerate initiatives.

Case Chongqing Factory won the title of "Chongqing Healthy Enterprise"

Blue Moon attaches great importance to the management of employees' occupational health, physical health and mental health. Chongqing Factory has improved the working environment for employees comprehensively and continually by improving the management system. The factory also strictly controls the occupational health risks in the production process, establishes health files regarding employees' personal health and tracks the file management. Moreover, the factory set up various sites and facilities such as reading corners, conservation rooms and fitness equipment to enrich the spiritual life of employees and relieve their psychological pressure.



In 2022, Chongqing Factory won the title of **"Chongqing Healthy Enterprise"** selected by the Chongqing Municipal Health Commission.



» "Healthy Enterprise" Certificate Plaque



All manufacturing factories of Blue Moon passed the certification of **ISO 45001** occupational health and safety management system.



Ensuring Production Safety

Blue Moon prioritises our employees' occupational health and work safety. We have formulated a series of management system documents such as the *Environment, Health, and Safety (EHS) Responsibility System*, the *Fire Safety Management Standard*, the *Occupational Health Management Standard*, the *EHS Inspection Management Standards*, the *EHS Hazard Rectification and Tracking Guidelines*, and the *Emergency Drill Management Guidelines*, so as to further optimize work safety and occupational health management system and fully fulfil work safety management responsibilities.

Blue Moon continues to ensure the investment in safety production, optimizing the methods of hazard identification and risk assessment, and diversifying the corresponding professional tools. With the aid of professional tools, we are able to identify and eliminate hazards more accurately and deeply so as to further improve the level of prevention and management of safety accidents. We have put in place detailed guidelines for safety operation. We also regularly organize EHS training and drills on safety accident prevention and control in an attempt to fulfil safety production management responsibilities.

EHS management system

We have established a sound EHS management structure, constantly optimized the Company's EHS management system, and developed sound localized safety management mode and mechanism. We also set up EHS-related performance indicators and tracked them regularly to ensure the effective operation of EHS management system.

Safety risk identification and assessment

Blue Moon keeps optimizing the methods of hazard identifications and risk assessments, integrating Hazard and Operability (HAZOP) into the *Procedure for Hazard Identification and Risk Assessment and Control* to deepen process safety management, and promoting the application of Job Cycle Check (JCC), an operation procedure evaluation and inspection tool for routine operations, to review and improve job safety operation procedures and strictly standardized all procedures for safety production and prevent safety accidents.

EHS training and emergency drills

We comprehensively sort out all kinds of emergency scenarios in the process of business operation and establish a list, and at the same time establish and improve emergency disposal cards suitable for all kinds of emergency scenarios. We regularly carry out EHS training and emergency drills in all factories and units to further enhance the safety awareness and protection awareness of employees and improve their abilities to handle various emergencies.



»» Fire Safety Emergency Drill



»» A Training Session of the Series of Safety Production Month

Caring About Employee Health

Blue Moon always cares about the physical and mental health of employees, actively provides various health management services for employees, and enhances their awareness of health management. We also adopt a series of health care measures to better prepare employees for work and life.

Health care

We cooperate with authoritative medical institutions to provide employees with annual free physical examination and professional interpretation of physical examination reports to inform employees of their health status more correctly and comprehensively. We also offer green channel for HPV vaccination, surrounding medical guidance and other services.

Knowledge dissemination

Through our official WeChat account "Health Management", we popularize health knowledge for employees, provide them with the latest health information, and equip them with professional knowledge and methods of health management. As a result, we protect our employees from diseases and sub-health. In addition, we organize lectures about first aid to improve first aid ability of our employees.

Balanced diet

We promote balanced diet in the staff canteen and organize online balanced diet quizzes and healthy weight control. We also popularize the knowledge of balanced diet and cultivate the healthy dietary habits of employees.

Care for female employees

Blue Moon pays special attention to the physical and mental health of female employees. In 2022, we organized the "Priceless Tips - Women's Health Knowledge Lecture" to share knowledge about female health and help them take better care of themselves.

Enriching Employees' Life

Blue Moon proactively assumes the responsibility as an employer, cares about employees' life, and organizes various sports activities, festivals and cultural activities, so as to enrich the leisure life of employees and constantly enhance the sense of belonging among employees.

Sports activities

We provide fitness equipment in the office area, and organize sports activities such as healthy running groups, ball game training, as well as internal and external sports competitions, to enrich employees' spare-time life and help them develop healthy exercise habits.

Festival activities

We organize cultural activities with the cultural elements of Blue Moon, during traditional festivals such as the Spring Festival, Lantern Festival, Dragon Boat Festival and Mid-Autumn Festival, in order to create "home-like" experience.

Case

Healthy running groups, planking and other sports activities

In 2022, we organized various activities such as healthy running groups and planking. Healthy running features online recording and offline coaching. Under the guidance of the groups and the coach, all the members met their running targets. Planking was organized both online and offline in the form of individual and group competitions. Our employees enjoy fun in one-minute planking every day.

More employees can take part in various sports activities suited them best with these rich and interesting sports.



»» Healthy Running Groups



»» Planking



06 | Build a Harmonious Society Together

In harmony with social development, Blue Moon makes the most of its advantages, actively participates in various activities related to public welfare, strives to enable people to benefit from its development results and support society, and continues to deliver the power of goodness. In 2022, Blue Moon continued to participate in public welfare activities such as clean and healthy concept promotion, and helping rural construction, with a total investment of RMB 15.18 million.



Blue Moon Charity Foundation

Since its establishment, Blue Moon has continuously participated in social activities for public welfare, such as poverty alleviation, relief for natural disasters, supporting the development of culture, sports and education, caring for women and children and environmental protection. In order to standardize management and carry out public welfare programs as planned, Blue Moon sponsored and established Guangzhou Blue Moon Charity Foundation (hereinafter referred to as "Blue Moon Charity Foundation") in 2022.



Basic Information about Blue Moon Charity Foundation

Ideal

Gratitude and social responsibility. Guided by our belief in "a world of warmth and compassion", we endeavor to promote "harmony within our natural environment", and "a clean and sustainable way of life". Through engagement in our corporate citizenship obligations, we aspire to enable the whole community to pursue a better life.

Scope of business

Public welfare programs, such as poverty alleviation, disaster relief, giving financial aid to students, promoting the construction of culture, public health and education in underdeveloped areas and enhancing the awareness of cleanliness, and other activities approved by the competent authorities.

Promoting the Concept of Cleanliness and Health

We focus on conveying a clean and healthy lifestyle to the public. Blue Moon has joined hands with charitable organizations for years to carry out the health and cleanliness program and consistently provided families with cleanliness and care.

In 2022, Blue Moon invested a total of **RMB 5.25 million** in the cleanliness and health program



Case Protect children's future through handwashing and care for children

Blue Moon has cooperated with the CCTF in continuously carrying out public welfare activities in terms of campus sanitation, health and cleanliness in elementary schools in under-developed areas so as to enhance the children's awareness of health and cleanliness. It is planned to carry out "sanitation and health" classes in 60 elementary schools in Guizhou and Inner Mongolia, donate handwashing products and donate money to build washbasins from September 2022 to June 2023, with the aim to help children develop a healthy lifestyle.

As of December 2022, the construction of washbasins in **30 elementary schools in Guizhou** had been completed

Case Organize the "I'm a Little Health Angel" Program to protect children's health together

Since 2001, Blue Moon has cooperated with China Family Education Society and China Children and Teenagers' Fund (CCTF) successively to support and carry out the "Healthy Angel" Program for family education of children's health every year, with the aim to popularize health knowledge to children and their families in various forms and promote the healthy growth of children.

In 2022, Blue Moon continued to donate goods and materials to the CCTF to help and guide children and families to establish a scientific, healthy and safe concept of life. The program focused on improving the awareness and capability of children and families for epidemic prevention and control; the methods, such as knowledge picture books, "seven steps to hand washing" cards and Chinese checkers, are fully utilized to bring "health knowledge" classes to 25 areas; goods and materials are donated to help children develop a clean and healthy lifestyle.



» Kick-off meeting of 2022 "I am a little health angel" Program

Case Organize a series of "Wise Women" activities to realize healthy families

Since 2013, Blue Moon has worked with the China Association of Marriage and Family Studies (CAMF) to launch a series of family life activities, viz. "Wise Women - My Home My Choice", to convey the knowledge of cleanliness and health to women.

In 2022, we joined hands with the China Women's Development Foundation to carry out the public welfare project - "Program for Promoting Happy Family Health Management - Wise Women and Healthy Family" which is geared towards women from all walks of life, with the aim to deliver the knowledge of family health management and the skills for living a wise life, build a solid protective barrier to family health and use "Healthy Family" to help the realization of "Healthy China".



» Online kick-off meeting of "Program for Promoting Happy Family Health Management - Wise Women and Healthy Family" in 2022

Supporting Rural Revitalization

Blue Moon responds positively to the call of the Party and the State to assume the responsibilities as a major enterprise and help rural revitalization. Since 2010, we have participated in the "Guangdong Poverty Alleviation Day" Program for 13 consecutive years to help depressed areas, including Qingyuan (Guangdong) and Sandu Shui Autonomous County (Guizhou), with a cumulative investment of RMB 2.22 million, with the aim to actively help rural revitalization.

In 2022, Blue Moon invested a total of about **RMB 330,000** in projects such as contributing to rural revitalization.



Case Help the construction of beautiful and clean countryside

In the program of "consolidating the achievements of poverty alleviation and helping the construction of beautiful and clean countryside" jointly launched by the China Cleaning Industry Association and Fuhai County Bureau of Commerce, Technology and Industrial Informatization of Xinjiang, Blue Moon Charity Foundation donated 1,728 bottles of lavender laundry detergent, antibacterial liquid soap and disinfectant in total on July 21, 2022 to assist villagers in developing a good habit of cleanliness and sanitation.



07

Adherence to Compliant Operation in Good Faith

Blue Moon places emphasis on the value and importance of corporate governance standards and focuses on areas including risk management, business ethics and public disclosure. We establish a sound and scientific corporate governance structure, strengthen the protection of intellectual property rights, and emphasize the construction of professional ethics and integrity, thus improving corporate governance and creating a workplace featuring compliance-based and integrity-based operations.



Business Ethics

In compliance with relevant laws and regulations including the *Civil Code of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, Blue Moon engages in compliant business activities and pursues honest operations. We have formulated internal management documents such as the *Anti-corruption Compliance Management System* and the *Conflict of Employee Interest Management System* to determine the Company's management of employees and suppliers and strictly control the work such as compliance with relevant laws and regulations, anti-corruption, fair trade and workplace ethics.



Promoting Integrity Management

Establishing management mechanism

Blue Moon has put in place a three-level monitoring and inspection mechanism, which consists of the Board, the Audit Committee and the Dedicated Audit and Monitoring Department. We define the violations of disciplines and regulations in different degrees and clarify punishment mechanisms. We also identify potential management issues through regular compliance review, effectively restraint employees' behaviors, and strictly prevent any violations. The Audit Committee, as a sub-committee of the Board, is responsible for assistance in overseeing and managing the financial reporting system, risk management and internal monitoring system, whistleblowing and corporate governance. The roles of corporate governance include the formulation, review and monitoring of the employee's business ethics and corruption issues, and regular audit of the Company's business ethics standards.

In 2022, we further improved our business ethics management system and formulated the *Anti-Monopoly Compliance Guidelines* and the *Compilation of Compliance Guidelines for Marketing and Promotion Activities* to firmly oppose monopoly and unfair competition. We also prepared the *Code of Compliance on Business Conduct*, which covers compliant employment, information disclosure of listed companies, financial integrity, conflict of interest management, prohibition of commercial bribery and corruption, whistleblowing and investigation, as well as management of rewards and punishments. To ensure that these regulations can be fully understood and implemented by the management and employees, we have prepared the *Management Compliance Commitment* and the *Employee Compliance Commitment* and signed the two management documents above with them. In doing so, we ensure that employees comply with business compliance requirements and ethical standards.

Strengthening cultural construction

Blue Moon highly values the construction of integrity culture. We have formulated the *Accountability System for Falsehood*, the *Integrity Work Management System*, the *Anti-corruption Compliance Management System*, and the *Conflict of Employee Interest Management System* and other systems to establish a sound integrity defense line and maintain a healthy atmosphere of integrity within the Company. According to the *Conflict of Employee Interest Management System*, we stipulate the relationship and influence regarding the conflict of employee interest, explain the audit procedures, and require all employees to report conflict of interest within the Company, including the Sales Department, the Supply Chain Department and other key departments. Besides, we require colleagues in relevant positions to sign the *Letter of Commitment to Integrity and Self-discipline*. If any employee is found to have crossed the bottom lines of violation of rules and disciplines, we will impose serious punishments.

We carry out integrity training for all employees and key departments through sending messages, online and offline training and other activities. In order to fully cultivate employees' awareness of business ethics and compliance, we regularly familiarize them with relevant laws and regulations, anti-corruption cases and other knowledge through our official WeChat account every month. The Company has also attempted to interpret new or revised laws and regulations to ensure that employees meet compliance requirements. To cope with business risks, we urge key departments to carry out corresponding compliance training. In 2022, we organized internal departments such as the Marketing Department, the E-commerce Department, the Customer Service Department, the Audit & Internal Control Department and the IT Center to organize all kinds of compliance training. The training programs include compliance risk of advertising and price promotion, analysis of legal liability for demands of customers, corporate criminal risks and compliance solutions, anti-monopoly compliance and data compliance. In doing so, we manage to comprehensively build a corporate compliance culture.

Strengthening integrity review

Blue Moon has set up the Audit and Monitoring Department and included the integrity management into various audit activities, such as routine audits, special audits and monitoring investigations. Through special audits, we prevent and investigate fraud or violations of integrity and anti-corruption management. In 2022, the Audit and Monitoring Department continued to optimize the anti-corruption supervision and management. After receiving complaints and reports, relevant specialists will conduct preliminary review and analysis of clues in a timely manner, strictly protect the personal information of whistleblowers, conduct investigations, report the investigation results to the person in charge, hold the responsible person accountable and implement the investigation results and disciplinary actions.

Regulating supplier behaviors

Adhering to the principle of "transparent procurement, integrity supply and honest operation", we are committed to creating a clean and honest business environment with all partners.

To push forward integrity management of suppliers, we have formulated the *Supplier Code of Conduct*, which requires all suppliers to abide by anti-corruption and anti-bribery laws and regulations and restrain themselves from offering accepting bribes or channel improper benefits. In the stages such as supplier admission, selection and performance assessment, the business ethics management of suppliers are covered in their evaluations and qualification reviews. We persist in promoting our integrity commitment to suppliers, and closely follow and advance anti-corruption management of suppliers. Besides, all suppliers in formal partnership are required to sign the Letter of Commitment to Integrity and Self-discipline.

We constantly strengthen the business integrity management of suppliers and adopt zero tolerance policies for any fraud, violation of integrity, colluded bidding, malicious bid rejection and malicious breach of contract. Once the violation is confirmed, the Company will terminate the cooperation with the involved suppliers, and put them on the blacklist. In 2022, we blacklisted three suppliers and suspended the business transactions with one supplier due to the misconducts regarding integrity.

Whistleblower protection

We are devoted to strengthening internal and external supervision and whistleblowing and effectively cracking down on corruption and bribery. In 2022, we formulated and revised the *Supervision and Whistleblowing Management System*, the *Investigation and Handling Standard of Employees' Violations of Discipline and Regulations*, the *Employee Reward and Punishment System* and other systems in accordance with relevant laws and regulations, and focused on improving the whistleblowing mechanism and the protection system for whistleblowers. The whistleblowing mechanism applies to all levels of employees, as well as the personnel and entities that have business dealings with the Company. We also improve the detailed procedures of the whistleblower protection system to protect their rights and interests.

We encourage all parties to supervise and report violations through various channels, including the whistle-blowing hotline, reporting e-mail address, the official WeChat account "Incorruptible Blue Moon". All the reporting information will be handled by dedicated investigators with professional qualifications, and the whistle blower's information shall be kept confidential. In this way, we jointly create a clean and honest workplace. During the Reporting Period, the Company was not involved in any concluded lawsuit of corruption, bribery, extortion, fraud or money laundering.

In 2022, we conducted **78** integrity culture training sessions for employees, with **177,677** enrolments, in which online anti-corruption posts received **124,425** views.

We organized **16** integrity culture training sessions for suppliers.

Case Blue Moon became a director unit of China Enterprise Anti-Fraud Alliance

In 2022, Blue Moon actively participated in a series of activities held by the China Enterprise Anti-Fraud Alliance, including 32 online alliance courses, four online seminars and one offline symposium. With the theme of "Enterprise Anti-fraud and Duty Misdeed Prevention", the offline symposium was held by the Economic Investigation Brigade of Huangpu District Branch of Guangzhou Municipal Public Security Bureau. During the event, the lecturers introduced five types of economic cases investigated within the jurisdiction and shared the investigation experience, involving cases in areas of finance, commerce, tax, duty and obstruction of justice. This event has effectively deepened our understanding of corporate anti-fraud and helped Blue Moon better prevent duty crimes.



» Certificate of Director Unit of China Enterprise Anti-Fraud Alliance

Protecting Trade Secrets

Blue Moon attaches great importance to protecting our confidential information and related rights and interests. We have established the *Trade Secret Protection Clause Database*, including the general and special confidentiality clauses, various letters of commitment to confidentiality and confidentiality agreements targeting different scenarios. In 2022, we comprehensively updated the confidentiality clauses of the contract template base. We also required that all information related to business, marketing, technology, finance, operation, personnel and property rights shall be kept strictly confidential during the process of due diligence, cooperation negotiation and contract performance.

According to the *Information Confidentiality Control Procedures*, we classify secret-related information into top secrets and ordinary secrets, and limit the authority of access of information at different levels. Different confidentiality time limits are set for three categories of confidential information, namely permanent, long-term and short-term. We also make provisions on the production, preservation, transmission and destruction of confidential information. At the same time, the Company has listed out personnel, equipment, locations, and information which involves handling of confidential information to facilitate protection of commercial information.

We enhance all employees' awareness of trade secret protection through training. In 2022, we organized two offline training sessions for trade secret protection, and launched the training course *Trade Secret Protection* via the internal learning platform, available for all employees to learn.

Risk Management

Blue Moon continuously improves the risk management mechanism and management process, conducts risk assessment covering all businesses across the Group, and supervises key risks that are highly relevant to enterprise operations. We ensure that the risks are controllable and under control and that our operation is stable.

Blue Moon has established a sound and effective risk management and internal monitoring system. The Audit Committee under the Board is responsible for effectively monitoring and reviewing the risk management performance at the operational level, and controlling the overall risks at an acceptable level. In strict accordance with the *Corporate Governance Code* of the Stock Exchange of Hong Kong Limited, we have formulated the *Risk Management Control Procedures*, the *Legal Risk Management System*, the *Compliance Evaluation Management Standards and Control Procedures*, the *Internal Audit Management Standards* and other management systems, and established the risk management process covering risk identification, risk assessment and risk management. In 2022, we revised the *Legal Risk Management System* and the *Compliance Evaluation Management Standards and Control Procedures* and other risk management systems, enriched the dimensions of legal risk assessment, and classified the legal risk assessment to provide clearer guidance and more scientific standards for the identification and rating of legal risks in corporate operations.

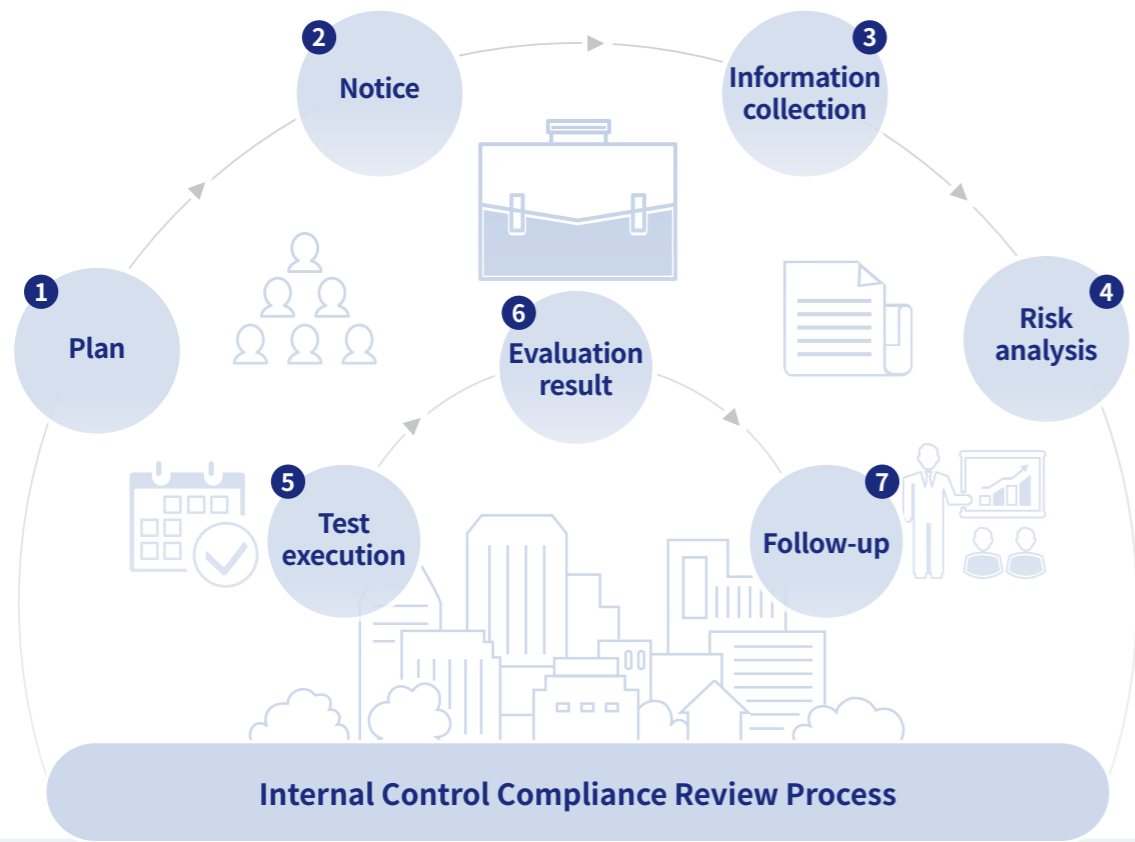
Risk assessment and management

The Board conducts ongoing oversight of the risk management and internal control system and ensures that the risk management and internal control system should be reviewed at least once a year. We will carry out risk assessment for the business of the entire Group annually, and identify group-wide potential risks in following years through such means as establishing the group risk database, introducing assessment standards to evaluate key risks, analyzing the causes of key risks and adopting risk countermeasures, and preparing risk management reports, then update our risk database. For the 26 secondary risks identified, risks such as raw material price fluctuation risk and counterfeit risk are retained, and in addition we have added risks such as distributor inventory management risk. In 2022, we put in place corrective measures to address the eight key risks and timely control the impact of risks on the Company.

We integrate risk management processes into all links of management and operations, improve the control mechanisms for each risk, establish group-wide risk management measures on all fronts, continuously and regularly monitor each risk, and ensure that appropriate internal control procedures are in place.

Internal control and compliance management

We regularly identify and assess business risks and update business risk maps. To better tackle business operation risks identified, we improve the requirements for internal control and apply risk control measures in the process. In addition, we control and prevent the Company's operational risks through the annual compliance review of internal control process. According to the internal control compliance review process, and for different departments, we audit nine internal control compliance projects including system authority, inventory, market, infrastructure and procurement management. We track the rectification progress of relevant problems and hazards, evaluate the improvement results, conduct special risk management in key areas, and form a complete closed loop of risk management.



Case Conduct internal control reviews on the supply chain to improve compliance management

In 2022, we focused on the internal control review of all departments in the supply chain, which covered procurement management, inventory management, transportation management, quality management, asset management, infrastructure project management, information security management and cost management. Corrective measures were adopted to solve the problems identified in the audit and the rectification results were also tracked.

In 2022, **95%** of the internal control problems tracked were properly solved.

Case Conducting special compliance review for legal risks to ensure the Company's risk control ability

In July 2022, we formulated the semi-annual review and assessment reports for legal risks. In December, we launched the annual compliance review project to identify, address and avoid legal risks. We also followed up the rectification measures for legal risks identified in the annual review of 2021, thus forming a closed loop of risk management.

Besides, we updated the due diligence list for legal risks, including compliance risks and operation risks, based on the due diligence results and identified potential risks in 2021. We also plan to invite professional legal consultants to participate in the relevant due diligence work, conduct the compliance review of legal risks more comprehensively and professionally, and ensure the Company's capabilities to identify and control risks.

Protecting Intellectual Property Rights

Intellectual property rights enable the Company to maintain our technological advantage and enhance our core competitiveness. We strictly comply with the *Trademark Law of the People Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other relevant laws and regulations. We have formulated the *General Rules on Intellectual Property Management*, the *Procedures of Intellectual Property Risk Management and Control* and other internal systems, and kept updating and improving the intellectual property protection system. We have set up a dedicated Intellectual Property Management Department to strictly regulate the retrieval, registration, filing, application for authentic rights, evaluation and maintenance of trademarks, copyrights, patents and other intellectual property rights, so as to protect our intellectual properties from being infringed and to ensure that the intellectual properties of others are respected.

Protection of independent intellectual properties

In 2022, we revised the *Operational Guidelines for Patent Application*, the *Operational Guidelines for Patent Information Retrieval*, the *Business Guidelines for Copyright Registration*, the *List of Intellectual Property Types and Matters to be Noted* and other normative documents. We further refined operational guidelines for patent application and patent information retrieval to standardize patent-related processes. Besides, we compiled and updated a series of copyright compliance guidelines, including the *Operational Guidelines for Copyright Registration Operation*, the *Specifications for Font and Picture Use*, the *Reference for Free Commercial Fonts* and the *Compliance Guidelines for Portrait Use and Authorization*, to guide business departments and further strengthen copyright management of the Company. We have launched a trademark management system with functions such as classification management, automatic reminder and quick query and archiving, thus effectively improving our trademark management ability.

We give high priority to protecting our intellectual property rights. According to the workflow of intellectual property management and dispute handling, we will deal with the products that infringe our intellectual property rights through administrative complaints, civil litigation, criminal prosecution and other means to protect our rights. In 2022, we updated the *Process of Handling Complaints for Rights Protection* to monitor the infringement more comprehensively and offer feedback about infringement in a timelier manner. We also established a dedicated department responsible for monitoring infringement on the e-commerce platforms, retrieving the products of the e-commerce channels regularly and protecting the rights after identifying infringement. We monitor and retrieve monthly domestic and overseas trademarks, with patent retrieval on a quarterly basis. In doing so, we protect our independent intellectual property rights from suspected violations. In 2022, we focused on addressing online and offline trademark infringement or unfair competition, filed hundreds of civil lawsuits, and strengthened intellectual property protection. Besides, the dispute cases over trademark infringement and unfair competition, such as the case between Blue Moon and Shenzhen Jinbama Household Paper Co., Ltd., were selected as the "2021 Top 50 Typical Intellectual Property Cases Tried by Chinese Courts" by the Supreme People's Court, the "2021 Top 10 Trademark Cases of Guangdong" by the Guangdong Trademark Association, the "2021 Excellent Cases of Lingnan Intellectual Property Litigation", and the "2021 Typical Intellectual Property Cases" by the Guangdong IP Protection Association. These cases show the brand value of Blue Moon and our determination to protect intellectual property rights.

In 2022, Blue Moon received the following honors and certifications with respect to intellectual property rights:



"A Type of Fabric Softener and Its Preparation Method (patent no. ZL 201010181142.4)" won the **23rd China Patent Award**

Class-3 trademarks of Blue Moon rated as **Well-known Trademarks** in nine administrative cases

Class-5 trademarks of Blue Moon selected into **Guangdong Province Key Trademarks Protection List**

Blue Moon passed the annual audit of intellectual property management system and obtained the **intellectual property management system certification**.



Protecting others' intellectual property rights

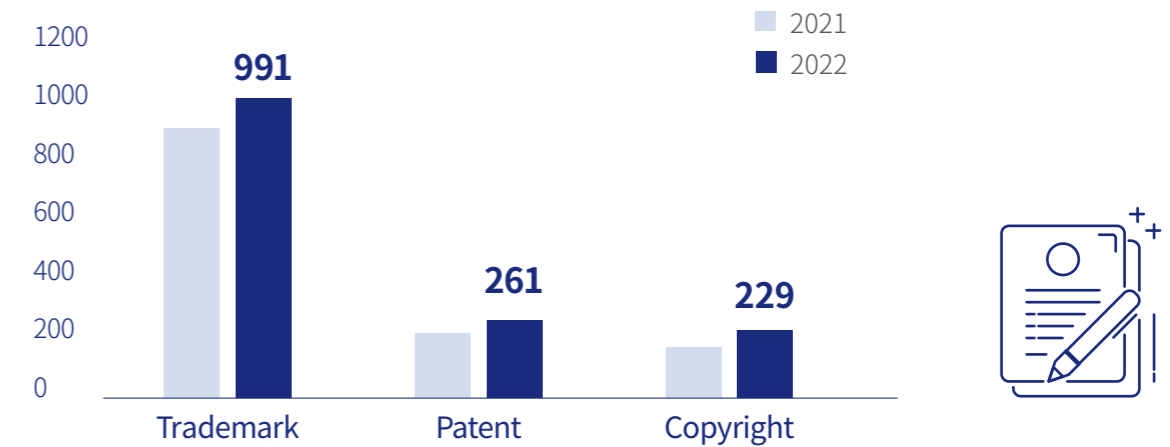
We protect others' intellectual property rights in following ways.

- Trademark/patent search**
 Conduct full searches independently or through an agent before filing applications for patents or trade registration, avoid infringement of others' patents and trademark rights;
- Publicity and training**
 Offer publicity and training for business departments on the use of patents and trademarks granted within the scope of authorization;
- Material review**
 Obtain approval of the Legal Department and the Design Department before releasing the packaging labels, advertising copy and other materials; prohibit the use of unauthorized fonts, images and other materials; conduct quarterly compliance monitoring and issue compliance reports for online marketing activities and product promotion materials;
- Prevention of software piracy**
 Conduct effective monitoring by collecting the information about the software installed in a unified manner and issue quarterly software compliance reports.

Intellectual property right training

We enhance all employee' awareness of intellectual property protection through training. In 2022, we organized a string of training sessions about intellectual property. The Company provided all employees with training related to the basic expertise on intellectual property and advertising compliance. We organized training on patent search skills for the departments engaging in product development. The management also received training on the international strategy and maintenance of trademarks. In doing so, we comprehensively improved the intellectual property protection capabilities of all employees.

Number of Blue Moon's Intellectual Properties in 2022 (Unit: Item)



We had 991 valid trademarks with 98 newly granted in 2022	We had 261 valid patents with 41 newly granted in 2022	We had 229 valid copyrights with 56 newly granted in 2022
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About the Report

Blue Moon Group Holdings Limited presents to its stakeholders its environmental, social and governance ("ESG") policy, and describes specific implementation and performance of the Company in accordance with the *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited ("HKEX").

This Report mainly outlines the environmental and social related policies, measures and performance of the Group. Other topics including corporate governance and information related to the directors have been disclosed in the relevant sections of the Group's 2022 annual report.

Reporting Period

This Report covers the environmental, social and governance issues of the Group in China during the period from 1 January 2022 to 31 December 2022 ("Reporting Period" or the "Financial Year") and may trace back or extend to other relevant years as appropriate.

Reporting Boundary and Scope and Organizational Coverage

This Report focuses on Blue Moon Group Holdings Limited (Stock Code: 6993) and its subsidiaries, and its disclosure criteria is consistent with those for the annual report. Unless otherwise stated, the currency in the Report is Renminbi ("RMB"). There is no significant change in the boundary and scope of this Report from that of the report for the year ended 31 December 2021.

Reporting References

This Report is prepared in accordance with the *ESG Reporting Guide* issued by the HKEX and has referred to the Global Reporting Initiative's *GRI Standards*.

The Report was prepared in accordance with the requirements set out in the above standards and follows a set of systematic procedures, including industry benchmarking, stakeholder communication, conducting materiality analysis of key issues, collecting relevant materials and data, writing the Report, and review of this Report by the Board, to ensure the content in this Report follows the principles of materiality, quantitative, balance and consistency. Information about the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for ESG KPIs are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating ESG KPIs or any changes that affect a meaningful comparison would be stated.

Data Source

All information and data used in this Report originate from formal files, statistical reports, and financial reports of the Company. All materials used in this Report are provided by our employees and our partners, which will only be used for reporting the Group's environmental, social and governance progress and not for commercial purposes.

Abbreviations Statement

For the convenience of expression and reading, "Blue Moon" and "Company" refer to Blue Moon Group Holdings Limited, and "Group" refers to Blue Moon Group Holdings Limited and its subsidiaries.

Full name of main subsidiary	Abbreviation of subsidiary factories
Guangzhou Blue Moon Industry Co., Ltd.	Guangzhou Factory
Blue Moon (Tianjin) Co., Ltd.	Tianjin Factory
Blue Moon (Chongqing) Co., Ltd.	Chongqing Factory
Blue Moon (Guangzhou) Co., Ltd.	Yonghe Factory
Blue Moon (Kunshan) Industry Co., Ltd.	Kunshan Factory

Language Statement

This Report will be provided in Chinese and English versions. In case of any discrepancy between these two versions, the Chinese version shall prevail.

Disclaimer

Certain statements in this Report are forward-looking statements about our goals and plans for the future. These forward-looking statements are based on management's current expectations. Uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. The Company is under no obligation to update any forward-looking statement contained in this Report.

Availability of this Report

An electronic version of this Report is available on the website of the HKEX (www.hkexnews.hk) or the Company's official website (www.bluemoon.com.cn).

List of ESG KPIs

Data about environmental responsibility

Indicator	Unit	2022	
A1. Emissions			
A1.1 The types of emissions and respective emissions data			
Exhaust gas	NO _x emission	Kilogram	1,243.6
	SO _x emission	Kilogram	30.7
	PM emission	Kilogram	291.5
	VOC gas emission	Kilogram	98.4
	Smoke emission	Kilogram	127.0
Waste water	Industrial wastewater emission	t	142,005.4
	Domestic wastewater emission	t	110,281.3
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity			
Greenhouse gas emission	Scope 1 greenhouse gas emission	t	4,288.5
	Scope 2 greenhouse gas emission	t	13,322.4
	Intensity of scope 1 greenhouse gas emission	Kilogram/RMB10,000	5.08
	Intensity of scope 2 greenhouse gas emission	Kilogram/RMB10,000	15.78
A1.3 Total hazardous waste produced and intensity			
Hazardous waste	Total hazardous waste	t	18.9
	Intensity of hazardous waste	Kilogram/RMB10,000	0.02
A1.4 Total non-hazardous waste produced and intensity			
Non-hazardous waste	Total non-hazardous waste	t	5,447.5
	Intensity of non-hazardous waste	t/RMB10,000	0.01
A2. Use of Resources			
A2.1 Direct and/or indirect energy consumption by type in total and intensity			

Indicator	Unit	2022	
Total energy consumption	tce	5,470.4	
Energy consumption intensity	tce/RMB10,000	0.01	
Use of resources	Power consumption	kWh	20,572,738.9
	Steam consumption	t	5,345.4
	Natural gas consumption	m ³	1,704,669.0
	Diesel consumption	t	100.7
	Gasoline consumption	t	94.0
A2.2 Water consumption in total and intensity			
Use of water resources	Tap water consumption	t	980,531.5
	Tap water intensity	t/RMB10,000	1.16
A2.5 Total packaging materials used for finished products and with reference to per unit produced			
Packaging materials	Total packaging materials used	t	88,082.8
	Intensity of packaging materials used	t/RMB10,000	0.10
	Plastic packaging materials used	t	41,374.7
	Paper packaging materials used	t	46,708.1

Note

- The intensity data was calculated based on the gross annual output value of the Company and was denominated in RMB'0,000.
- The exhaust gas emission was calculated by reference to the *Manual of Calculation Methods and Factors for Statistics and Investigation of Sewage from Emission Sources* released by the Ministry of Ecology and Environment and to the *Reporting Guidance on Environmental KPIs*.
- Greenhouse gas emission merely refers to the emission of carbon dioxide, excluding the greenhouse gases, such as methane and nitrous oxide, from other emission sources.
- Scope 1 greenhouse gas emission: greenhouse gas emission from combustion of diesel, gasoline, natural gas and other fossil energies and in industrial production process; scope 1 greenhouse gas emission factors were calculated by reference to the *Accounting Method and Reporting Guide for Greenhouse Gas Emissions of Enterprises in Industry and Other Sectors (for Trial Implementation)* released by the National Development and Reform Commission and to the *Reporting Guidance on Environmental KPIs*.
- Scope 2 greenhouse gas emission: greenhouse gas emission due to purchased electricity and heat; among others, the emission factor of electricity in 2022 was determined by reference to HBQHH [2023] No.43 *Notice on Doing Well the Work Related to the Management of the Reports on Greenhouse Gas Emissions of Power Generation Enterprises (2023-2025)* released by the Ministry of Ecology and Environment; the emission factor of electricity in 2021 was determined by reference to the HBQHH [2022] No.111 *Notice on Doing Well the Key Work Related to the Management of the Reports on Enterprise Greenhouse Gas Emissions* released by the Ministry of Ecology and Environment; the steam emission factor was determined by reference to the *Accounting Method and Reporting Guide for Greenhouse Gas Emissions of Enterprises in Industry and Other Sectors (for Trial Implementation)*; and the heat enthalpy value was provided by the steam supplier of our Guangzhou Factory.
- Total energy consumption: It was calculated by reference to the *GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption* issued by the State Administration for Market Regulation and the Standardization Administration, and was presented in ton of standard coal equivalent.

Data about social responsibilities

Indicator		Unit	2022		
B1. Employment					
B1.1 Total workforce by gender, employment type, age group and geographical region					
	Total number of employees	People	8,731		
Gender	Number of male employees	People	4,137		
	Number of female employees	People	4,594		
Employment type	Number of full-time employees	People	8,731		
	Number of part-time employees	People	133		
Age group	Number of employees aged 35 and below	People	5,509		
	Number of employees aged above 35	People	3,222		
Geographical region	Number of domestic employees	People	8,731		
	Number of overseas employees	People	0		
B1.2 Employee turnover rate by gender, age group and geographical region					
	Annual employee turnover rate	%	6.1		
Gender	Male employee turnover rate	%	4.6		
	Female employee turnover rate	%	7.3		
Age group	Turnover rate of employees aged 35 and below	%	4.7		
	Turnover rate of employees aged above 35	%	8.2		
Geographical region	Turnover rate of domestic employees	%	6.1		
	Turnover rate of overseas employees	%	-		
B2. Health and Safety					
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year					
Work-related death	Rate of fatalities due to work-related injuries	%	2020	2021	2022
			0	0	0
	Number of fatalities related to work	People	0	0	0
B2.2 Lost days due to work injury					
Loss due to work-related injuries	Lost days due to work-related injury	Days	1,080.0		
	Lost workday incident rate per a million working hours	Case/million hours	1.1		
B3. Development and Training					
B3.1 The percentage of employees trained by gender and employee category					
	Ratio of trained employees to total employees	%	78.6		
Gender	Rate of trained male employees	%	47.5		
	Rate of trained female employees	%	52.5		
Employee category	Rate of trained senior managers	%	0.6		
	Rate of trained middle managers	%	4.6		
	Rate of trained employees of other ranks	%	94.8		

Indicator		Unit	2022
B3.2 The average training hours completed per employee by gender and employee category			
	Average training hours for all employees	Hours	21.0
Gender	Average training hours for male employees	Hours	24.5
	Average training hours for female employees	Hours	17.8
Employee category	Average training hours for senior managers	Hours	28.5
	Average training hours for middle managers	Hours	28.5
	Average training hours for employees of other ranks	Hours	20.6
B5. Supply Chain Management			
B5.1 Number of suppliers by geographical region			
Information about suppliers	Total number of suppliers	Supplier	948
	Percentage of local suppliers in China	%	>95
B6. Product Responsibility			
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons			
Product recall	Percentage of products recalled	%	0
B6.2 Number of products and service-related complaints received			
Complaints about products	Number of products and service-related complaints	Parts Per Million (PPM)	8.6
B7. Anti-corruption			
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			
Corruption lawsuit	Number of legal cases regarding corruption practices	Case	0
B7.3 Description of anti-corruption training provided to directors and staff			
Anti-corruption training	Number of anti-corruption training sessions	Session	78
	Number of directors participating in training	People	9
	Percentage of directors participating in training	%	100
	Number of employees participating in training	Person-time	53,243
B8. Community Investment			
B8.2 Resources contributed to the focus area			
Community investment	Amount of contribution for public welfare	RMB10,000	1,518
	Hours of contribution for public welfare	Hours	2,346

Note

- Total number of employees: The scope of statistics of the total number of employees as well as the genders, age groups and geographical regions is based on the total number of full-time direct employees.
- Annual employee turnover rate: Annual employee turnover rate = Number of resigned employees during the period / ((number of on-the-job employees at the beginning of the period + number of on-the-job employees at the end of the period) / 2) * 100%. Number of resigned employees: number of persons who have been discharged from employment with the Company due to dismissal, retirement or death.
- Lost workday incident rate per a million working hours: Lost workday incident rate per a million working hours = Number of lost workday incident(s) / actual total working hours of attendance * 1,000,000.
- Percentage of products recovered: Percentage of products recovered = Σ (number of units determined to be recovered) / Σ (number of shipped units) * 100%.
- Number of products-related complaints: the statistical indicator is the number of units involved in customer complaints per million units = Σ (number of units involved in consumer complaints + number of units involved in complaints made through channels) / Σ (number of shipped product units) * 1,000,000.

ESG Index of HKEX

Subject Areas, Aspects, General Disclosures and KPIs		Location
A: Environmental		
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Embrace Sustainability Ideas
	KPI A1.1 The types of emissions and respective emissions data.	List of ESG KPIs
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	Embrace Sustainability Ideas
	KPI 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.	Embrace Sustainability Ideas
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Embrace Sustainability Ideas
	KPI 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).	List of ESG KPIs
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	List of ESG KPIs
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Embrace Sustainability Ideas
	KPI 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.	Embrace Sustainability Ideas
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	List of ESG KPIs
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issue's significant impacts on the environment and natural resources.	Embrace Sustainability Ideas
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Embrace Sustainability Ideas
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Embrace Sustainability Ideas
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Embrace Sustainability Ideas
B: Social		
Employment and Labour Practices		
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Shape a Better Future with Employees
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	List of ESG KPIs
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	List of ESG KPIs
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Shape a Better Future with Employees
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	List of ESG KPIs
	KPI B2.2 Lost days due to work injury.	List of ESG KPIs
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Shape a Better Future with Employees

Subject Areas, Aspects, General Disclosures and KPIs			Location
B3 Development and Training		General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Shape a Better Future with Employees
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	List of ESG KPIs
	KPI B3.2	The average training hours completed per employee by gender and employee category.	List of ESG KPIs
B4: Labour Standards		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Shape a Better Future with Employees
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Shape a Better Future with Employees
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Shape a Better Future with Employees
Operating Practices			
B5 Supply Chain Management		General Disclosure Policies on managing environmental and social risks of the supply chain.	Lead a Clean and Beautiful Life
	KPI B5.1	Number of suppliers by geographical region.	List of ESG KPIs
	KPI 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.	Lead a Clean and Beautiful Life
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Lead a Clean and Beautiful Life
B6 Product Responsibility		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Lead a Clean and Beautiful Life
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	List of ESG KPIs
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Lead a Clean and Beautiful Life List of ESG KPIs
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Adherence to Compliant Operation in Good Faith
	KPI B6.4	Description of quality assurance process and recall procedures.	Lead a Clean and Beautiful Life
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Lead a Clean and Beautiful Life
B7 Anti-corruption		General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Adherence to Compliant Operation in Good Faith
	KPI 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.	List of ESG KPIs
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Adherence to Compliant Operation in Good Faith
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	List of ESG KPIs
Community			
B8 Community Investment		General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Build a Harmonious Society Together
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Build a Harmonious Society Together
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	List of ESG KPIs

Feedback

Dear readers,

Hello!

Thank you for taking the time to read the 2022 Environmental, Social and Governance Report of Blue Moon Group Holdings Limited. In order to further enhance our environmental, social and governance management quality, we would like to invite you to fill out the readers' questionnaire and send it back to us through the methods listed below. Your comments and suggestions will be highly appreciated and we look forward to your reply.

Contact: Blue Moon ESG management office

Email: kcxfz@bluemoon.com.cn

Website: www.bluemoon.com.cn

1. What is your overall impression of this report:

- Good Above average
- Average Below average Poor

2. What do you think of the accuracy and comprehensiveness of identifying and prioritizing key stakeholders, conducting materiality analysis of key issues relevant to environmental, social and governance in this report?

- Good Above average
- Average Below average Poor

3. What do you think of the ESG information disclosed in this report in terms of comprehensiveness and completeness?

- Good Above average
- Average Below average Poor

4. What do you think of this report in terms of readability?

- Good Above average
- Average Below average Poor

5. You are welcome to make comments and suggestions on Blue Moon's environmental, social and governance management and environmental, social and governance report:
