

2024

Environmental, Social and Governance (ESG) Report

Huabao Flavours & Fragrances



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About This Report

This is the second *Environmental, Social and Corporate Governance (ESG) Report* released by Huabao Flavours & Fragrances Co., Ltd. The report discloses in detail the practices and performance of Huabao Flavours & Fragrances Co., Ltd. in the areas of environmental, social and corporate governance responsibilities in 2024. It aims to communicate effectively with various stakeholders and systematically respond to their expectations and requirements.

Scope of Preparation

The report covers the headquarters and all branches of Huabao Flavours & Fragrances Co., Ltd.

Time Frame

From January 1, 2024 to December 31, 2024. To enhance the comparability and forward-looking nature of the report, some contents are appropriately extended to the previous and subsequent years.

References

- Shenzhen Stock Exchange's *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*
- Global Sustainability Standards Board's *GRI Sustainability Reporting Standards* (GRI Standards)
- Chinese Academy of Social Sciences' *Guidelines for Sustainability Reporting for Chinese Enterprises* (CASS-ESG 6.0)
- China national standard *Guidance on Social Responsibility Reporting* (GB/T 36001-2015)
- United Nations' *Sustainable Development Goals (SDGs) Business Guide*

Data Sources

The data and cases in the report come from original records or financial reports of the actual operations of the Company. Unless otherwise stated, all financial data in the report are in RMB. In the event of any discrepancy between the financial data and the Company's annual financial report, the annual report shall prevail.

Definitions

For the convenience of presentation, in this report:

- "Huabao Flavours & Fragrances Co., Ltd." is referred to as Huabao Flavours & Fragrances", "the Company" or "we";
- "Huabao International Holdings Limited" is referred to as "Huabao International";
- "Yingtian Huabao Flavor Co., Ltd." is referred to as "Yingtian Huabao";
- "Guangzhou Huafang Tobacco Flavours Co., Ltd." is referred to as "Guangzhou Huafang";
- "Owada Fragrance (Guangzhou) Co., Ltd." is referred to as "Guangzhou Owada";
- "Shanghai H&K Flavor Co., Ltd." is referred to as "H&K Flavor";
- "Jiangxi H&K Food Technology Development Co., Ltd." is referred to as "Jiangxi H&K";
- "Shanghai Yifang Agricultural Technology Co., Ltd." is referred to as "Shanghai Yifang" or "Yifang";
- "Jiangxi Yifang Agricultural Technology Co., Ltd." is referred to as "Jiangxi Yifang";
- "Yunnan Tianhong Fragrance Co., Ltd." is referred to as "Yunnan Tianhong";
- "Huabao Asia Pacific Pte. Ltd." is referred to as "Huabao Asia Pacific";
- "PT Huabao Food Technology Indonesia" is referred to as "PT Huabao Food"
- "Xiamen Amber Daily Chemical Limited" is referred to as "Xiamen Amber"

Report Access

You can view and download this report on the website of Huabao Flavours & Fragrances Co., Ltd.(<https://www.hbflavor.com>), the website of Shenzhen Stock Exchange (<http://www.szse.cn>) and China Securities Information Network (<http://www.cninfo.com.cn>).

Feedback

If you have any comments or suggestions on the contents of this report or the Company's environmental, social and corporate governance performance, please feel free to contact us by phone (021-67083333) or email (ir@hbflavor.com).



Speech on ESG Delivered by the Chairman

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In the current era, the international political and economic landscape is evolving rapidly amidst complex interactions, and global challenges persist. However, China's role as a "stabilizer" in the global industrial chain remains prominent. The flavor and fragrance industry in China is undergoing a structural transformation period, where transitioning and upgrading, as well as shifting development paradigms, have become critical turning points for the industry. Faced with new challenges and opportunities, Huabao Flavours & Fragrances remains unwavering, actively adjusting its strategic layout, and strengthening innovation-driven initiatives to adapt to the ever-changing economic situation and promote sustained, healthy, stable, and high-quality development of the company's business.

Looking Back at 2024: Focusing on Strategy, Steadfastly Pursuing Development

This year, we have adhered to the ESG governance philosophy as our guiding principle, laying a solid foundation for sustainable development. The company has integrated the ESG concept into our top-level strategic design, optimized our governance structure, and upgraded the "Strategy & ESG Committee" with the establishment of an ESG Management Office and ESG Working Group. I personally take on the role of the Chief Strategy & ESG Development Officer. Meanwhile, in response to the national "dual carbon" strategy, the company has established a dedicated ESG Climate Project Working Group to accelerate the pace of green and low-carbon transformation, injecting new momentum into sustainable development. In 2024, the company achieved leapfrog breakthroughs in the ESG field: we officially joined the United Nations Global Compact (UNGC); received an A-rating from Wind ESG, making us the only enterprise in the flavor and fragrance industry in China to receive this rating currently; and were awarded the "2024 Best Practice Cases for Sustainable Development Among Listed Companies" by the China Association for Public Companies, as well as being included in the "2024 Sustainable Development (ESG) Practice Cases in China's Fragrance, Flavor and Cosmetics Industries", among others.

This year, we have focused on technological innovation as our core to enhance our core competitiveness. The company has implemented a dual-engine drive strategy of "open innovation + independent research and development," deeply integrating our strategic mission of "green, nutritious, and healthy" with market demands. We have gradually established a comprehensive research platform that includes basic research, analytical testing research, process research, applied research, prospective study, and innovative achievement transformation for natural flavors and natural extracts. By closely aligning with market demands, we promptly and precisely meet customers' diversified needs for flavor and fragrance products, continuously innovating and developing popular flavor formulas, and creating unique and attractive product portfolios. The successful hosting of the 2024 Science and Technology Innovation Forum of Huabao Flavours & Fragrances fostered a strong culture of innovation and boosted technological confidence. Additionally, the H&K Flavor Technology Center team, a subsidiary of Huabao Flavours & Fragrances, was honored with the title of "Excellent R&D Team in China Fragrance, Flavour, and Cosmetic Industries" by the China Association of Fragrance Flavor and Cosmetic Industries (CAFFCI), demonstrating our commitment to being a driving force for Healthy China through concrete actions.

This year, we have taken the path of global business layout to expand new horizons for market development. Leveraging the strategic locations of Huabao Asia Pacific and PT Huabao Food to reinforce our domestic strength and extend our reach overseas, the company has enhanced its overseas support system integrating R&D, regulatory compliance, and raw material sourcing. With a reservoir of over 1,000 overseas raw materials and a portfolio of over 600 Halal-certified products, we have established an efficient overseas supply chain system. While vigorously expanding into the Southeast Asian market, we are also actively opening up the African market and maintaining steady growth in our business with European foodservice chains. With an open and inclusive attitude, we are writing the responsibility and mission of Chinese enterprises on the global map, bringing the national brand "Chinese flavors" to the world.

”

This year, we have harnessed the power of digitalization and intelligence to drive the transformation and upgrading of the industry. The company has continuously strengthened the construction of its digital and intelligent management system, comprehensively upgrading and transforming the Product Lifecycle Management (PLM) system to reshape the R&D process across all business segments. Simultaneously, we have advanced the formula and material collaboration system, achieving end-to-end full-link collaboration across research, production, supply, and sales. In 2024, the company was successfully selected for the list of "Outstanding Solutions" for urgent technological needs in the digital transformation of China's light industry and was honored as a "pioneering" case in the digital transformation of China's light industry.

This year, we have laid a foundation on human-centric values, working together to build a symbiotic and win-win value ecosystem. The company is committed to implementing our corporate culture by organizing diverse cultural and sports activities, providing comprehensive welfare benefits, and establishing a broad platform for career development, striving to enhance employees' sense of happiness and belonging. We have also improved our value-oriented incentive mechanism to cultivate a high-quality and high-performing talent team. Meanwhile, the company closely integrates cultural development with corporate responsibility, participating in the implementation of the rural revitalization strategy and investing in public welfare and charity. The "Flower Growth Program" is a successful example of the company's branded operation of public welfare education projects. By fulfilling our corporate social responsibilities and obligations, we demonstrate warmth and commitment, embodying a strong sense of national and social responsibility.

Looking Ahead to 2025: Upholding Integrity, Embracing Innovation, and Jointly Drawing a New Blueprint

We will adopt the strategic positioning of "focusing on natural technology to provide high-quality and cost-effective flavor and health solutions for global consumers, striving to become a leading and internationally influential listed company in the field of flavors and ingredients in China." Through high-quality development, we will continuously enhance corporate value, driving growth with a dual strategy of acquisitions and mergers while strengthening market value management. We will improve the ESG management system, adhere to long-term value orientation, and present our concept and achievements of sustainable development to the market, making our mission of "green, nutritious, and healthy" resonate with the pulse of the times.

On our grand journey guided by the vision to "Flavor Your Life," we will not be deterred by challenges or obstacles, nor will we be hindered by mountains and seas. With the brush of fragrances and food ingredients, we will outline a new landscape of Chinese flavors; by gathering the strength of innovative research and development, we will write a new chapter in the industry. Amidst the surging waves of the times, we will shine brightly with the radiance that belongs to Huabao!

XIA Liquan

Chairman

Huabao Flavours & Fragrances Co., Ltd.

About Huabao

Company Profile

Huabao Flavours & Fragrances Co., Ltd. was established in 1996 and was successfully listed on the Shenzhen Stock Exchange (stock: Huabao Flavours & Fragrances, stock code: 300741) in 2018. It owns Xiamen Amber (833164.NEEQ), a company listed on the National Equities Exchange and Quotations. The Company is mainly engaged in the R&D, production, sales and services of flavors and food ingredients, and is committed to providing green, nutritious and healthy flavor solutions and technical services to global customers. The history of Huabao Flavours & Fragrances in flavor exploration can be traced back to Continental Chemical Society, the first national flavor business established in Shanghai in 1912. Today, the Company owns a series of well-known brands including "Huabao", "H&K", "Yifang", "Huafang", "Tianhong", "Hedon", "Owada" and "Amber", and enjoys a high reputation and popularity in the industry. Especially in the past two decades, Huabao Flavours & Fragrances has taken up the banner of promoting national fragrance and cosmetic brands to the world, worked hard to seize the phased opportunities in overseas markets, continuously promoted internationalization, and built a core integrated industrial chain. It has overseas R&D centers in Holzminden, Germany, Singapore, and etc., as well as a nationally recognized enterprise technology center. Additionally, it has R&D branches in Guangdong, Yunnan, and Fujian, upstream raw material extraction centers in Guangdong and Botswana, Africa, and production bases in Guangdong, Jiangxi, Fujian, and Hong Kong, creating a globally competitive technological innovation and industrial chain platform in all aspects. Currently, the Company has 46 subsidiaries in 7 countries around the world and has developed into an international, modern large-scale industrial group.

The Company has **46** subsidiaries in **7** countries around the world and has developed into an international, modern large-scale industrial group



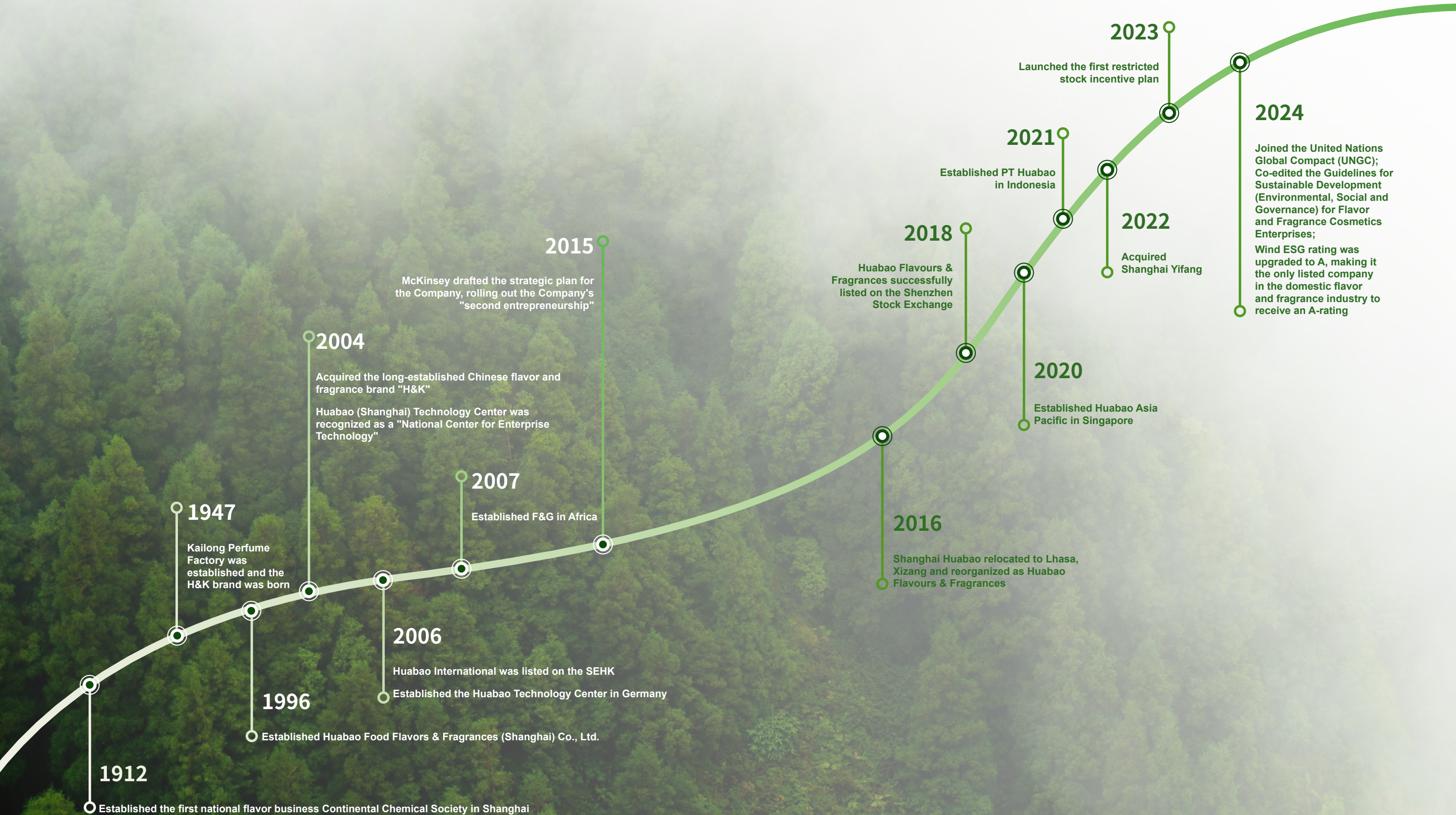
Corporate Culture



Corporate Strategy



History



Industrial Structure

The Company is mainly engaged in the R&D, production, sales and services of flavors and food ingredients. Its main products are edible flavors, daily flavors and food ingredients, which are widely used in food, beverage, cigarette, daily chemical and other fields.



Industrial Structure of Huabao Flavours & Fragrances



Main Honors in 2024

Huabao Flavours & Fragrances



Fragrance and Cosmetics Industry · leading Flavors and Fragrances Company



Sustainability (ESG) Practice Cases in China's Fragrance and Cosmetics Industry in 2024



Pioneer of 2024 China Light Industry Digital Transformation



Jiading District Worker's Pioneer of 2023



Excellent Practice Cases of Sustainable Development of Listed Companies



Selected in the 2024 Ranking of Masters of Technology Urgently Needed for China Light Industry Digital Transformation



Excellent Practice Cases of Culture Construction of Listed Companies



Wind ESG rating rose two levels to A-rating, making it the only listed company in the domestic flavor and fragrance industry to receive an A-rating



Jiading Industrial Zone Dream Classroom Student Social Practice Activity Base



Excellent Trade Union Organization of Jiading Industrial Zone in 2023



2023 Jiading District "Wang Hongqiang Model Worker Innovation Studio"



The Company's director Ms. Yuan Xiaoqin was awarded "Outstanding Contributor in Fragrance and Cosmetics Industry"



The Company's director Ms. Yuan Xiaoqin was awarded the Honorary President of Shanghai Food Additive & Batching Industry Association



Huabao Flavours & Fragrances, Jiangxi H&K, Jiangxi Yifang, Shanghai Yifang, H&K Flavor, Xiamen Amber, Yingtan Huabao and Guangzhou Huafang, and etc. were rated as national high-tech enterprises



Jiangxi H&K was awarded as Excellent R&D team in the flavor and fragrance industry



ESG Management

ESG Management Architecture

Huabao Flavours & Fragrances deeply understands the importance of ESG to its sustainable development. ESG is not only the core tool for fulfilling environmental, social and corporate governance responsibilities, but also a key measure to promote the implementation of the Company's strategic goals, optimize resource allocation and enhance long-term competitiveness. To systematically promote ESG, in 2024, the Company incorporated ESG management into the Board of Directors' Strategic Committee and renamed it the "Strategy and ESG Committee" to further optimize the ESG management system and mechanism. The Company also established an ESG Management Office and an ESG Working Group, establishing a four-level management structure led and decided by the Board of Directors, guided by the Strategy and ESG Committee, coordinated by the ESG Management Office, and executed by the ESG Working Group, to ensure that ESG responsibilities are fully integrated into the business management decision-making system.

In addition, the Company has revised, formulated and implemented the *Working Rules of Strategy and ESG Committee of the Board of Directors of Huabao Flavours & Fragrances Co., Ltd.* and the *ESG Management System of Huabao Flavours & Fragrances Co., Ltd.*, providing institutional guarantees for ESG. By improving the management structure and system construction, the Company is promoting the deep integration of ESG concepts and business strategies with higher standards and more practical measures, and is committed to achieving the organic unity of economic and social benefits, laying a solid foundation for achieving the sustainable development goals.

Huabao Flavours & Fragrances ESG Management Structure

Board of Directors	<p>Leadership and decision-making body</p> <p>Responsible for reviewing the Company's ESG report and major ESG matters, reviewing and approving the disclosure of major information related to the Company's ESG, etc.</p>
Strategy and ESG Committee	<p>Research and guidance body</p> <p>Responsible for researching and developing the Company's ESG vision, researching and making comments on the Company's ESG goals, strategic planning, governance structure, management system, etc., reviewing and submitting the Company's ESG report and major ESG matters to the Board of Directors, among others.</p>
ESG Management Office	<p>Permanent management body</p> <p>The office is composed of heads of ESG-related departments, and the head is the President. It is responsible for promoting the Company's ESG development strategy, participating in the research and identification of major ESG-related issues of the Company, breaking down and implementing ESG goals, coordinating and supervising the continuous development of ESG-related work, etc.</p>
ESG Working Group	<p>Execution unit</p> <p>The working group is led by the Business Administration and Information Department and is composed of heads of relevant departments and subsidiaries. It is responsible for implementing ESG work tasks in accordance with the Company's overall plan, achieving ESG interim goals, and reporting the implementation status to the ESG Management Office on a regular basis.</p>

Material Issue Analysis

Huabao Flavours & Fragrances considers the expectations and requirements of stakeholders as important considerations in the Company's ESG management efforts. This year, the Company carried out its first dual ESG material issues identification work, exploring the relevance of ESG issues to its business and the significance of their impact on its finance, and analyzing their dual material impact on its business development and finance. The Company conducted extensive and in-depth communication with various stakeholders through various channels, and identified the ESG issues that are most relevant to its business and of greatest concern to stakeholders through the following three steps.

Material Issues Identification Process



Step 1 Identification of key issues:

To understand the impact of its operations in 2024 on the economy, society, environment and even all stakeholders, the Company carried out dual material issues identification. Through policy analysis, industry research, and benchmarking with peers, the Company identified major trends related to ESG, and identified 21 material issues based on national policies and capital market concerns.

Step 2 Survey on stakeholders:

The Company invited multiple stakeholders, including employee, shareholders, government, media, industry partners, and the public, to jointly assess the importance of the issues to Huabao Flavours & Fragrances and themselves.

Step 3 Comprehensive analysis of material issues:

The Company analyzed the questionnaire results of internal and external stakeholders, and prioritized the issues to reflect their "materiality of the economic, social and environmental impacts" and "materiality of financial impacts", generating a substantial evaluation matrix. The Company's management reviewed the analysis results and confirmed the key disclosure contents of this report as well as the objectives and implementation plan for future ESG management.



Materiality Matrix



- 1

Due diligence
- 2

Communication with stakeholders
- 3

Anti-commercial bribery and anti-corruption
- 4

Anti-unfair competition
- 5

Addressing climate change
- 6

Pollutant discharge
- 7

Waste disposal
- 8

Ecosystem and biodiversity protection
- 9

Environmental compliance management
- 10

Energy usage
- 11

Usage of water resources
- 12

Circular economy
- 13

Rural revitalization
- 14

Contributions to the society
- 15

Innovation-driven
- 16

Supply chain security
- 17

Equal treatment to SMEs
- 18

Safety and quality of products and services
- 19


Data security and customer privacy protection
- 20

Employees
- 21

Intellectual property protection

Communication with stakeholders

Attaching great importance to communication with stakeholders, the Company has established a regular stakeholder communication mechanism to identify ESG issues of concern to stakeholders, and actively respond to them. This year, the Company mainly communicated with stakeholders as follows:

Main stakeholders	Issues of concern	Communication methods and channels
 Government departments and regulatory agencies	<ul style="list-style-type: none">Compliant operationStandardized operation of listed companiesTax contributionEnvironmental managementEmployment promotionEnergy consumption and carbon emissionsWater management	<ul style="list-style-type: none">WorkshopsCorrespondenceInformation disclosure and reportingRegular visitsTax payment
 Shareholders and investors	<ul style="list-style-type: none">Corporate governanceValue creationInvestor relationsBusiness ethics	<ul style="list-style-type: none">General meeting of shareholdersInvestor communication meetingInvestor hotlineCompany researchStock exchanges' announcement, website,WeChat official accounts
 Customers	<ul style="list-style-type: none">Customer managementProduct quality and safetyTechnology R&D innovationInformation security and privacy protectionChemical safety	<ul style="list-style-type: none">Customer satisfaction surveyEmail and daily telephone communicationCustomer emailResponse to customer complaintsCustomer visitsQuality management system
 Supplier	<ul style="list-style-type: none">Product quality and safetyResponsible supply chain	<ul style="list-style-type: none">Supplier management systemOpen biddingProcurement process
 Other partners	<ul style="list-style-type: none">Industry exchange and cooperationBusiness ethics	<ul style="list-style-type: none">Regular communication with business partnersIndustry seminars
 Employee	<ul style="list-style-type: none">Occupational health and safetyCareer training and developmentEmployee compensation and benefitsEmployment management	<ul style="list-style-type: none">IntranetTraining and orientationEmail and suggestion boxRegular meetingsEmployee performance evaluationEmployee activities
 Society and the public	<ul style="list-style-type: none">Hazardous waste and emissionsTackling climate changeRenewable and clean energyTaking social responsibilityHelping rural revitalizationEmphasis on local community development	<ul style="list-style-type: none">WebsiteSocial media and responsesCharitable donations and volunteer servicesCommunity activities

01 The Big Picture Innovation-driven International Journey

Technological innovation is the core driving force for corporate development. Huabao Flavours & Fragrances always adheres to technology leadership in promoting the continuous upgrading of products and services and expanding the global market structure. The Company actively embraces intelligent digital transformation, using cutting-edge technologies to empower product development and business processes to improve operational efficiency and customer experience. In addition, the Company keeps pace with industry development trends and works hand in hand with global partners to promote industry technological innovation and upgrading and jointly open up new space for high-quality development.

- Innovative R&D
- International Expansion
- Digital Intelligence Empowerment
- Industry Cooperation and Exchange

SDGs Benchmarking



Innovative R&D

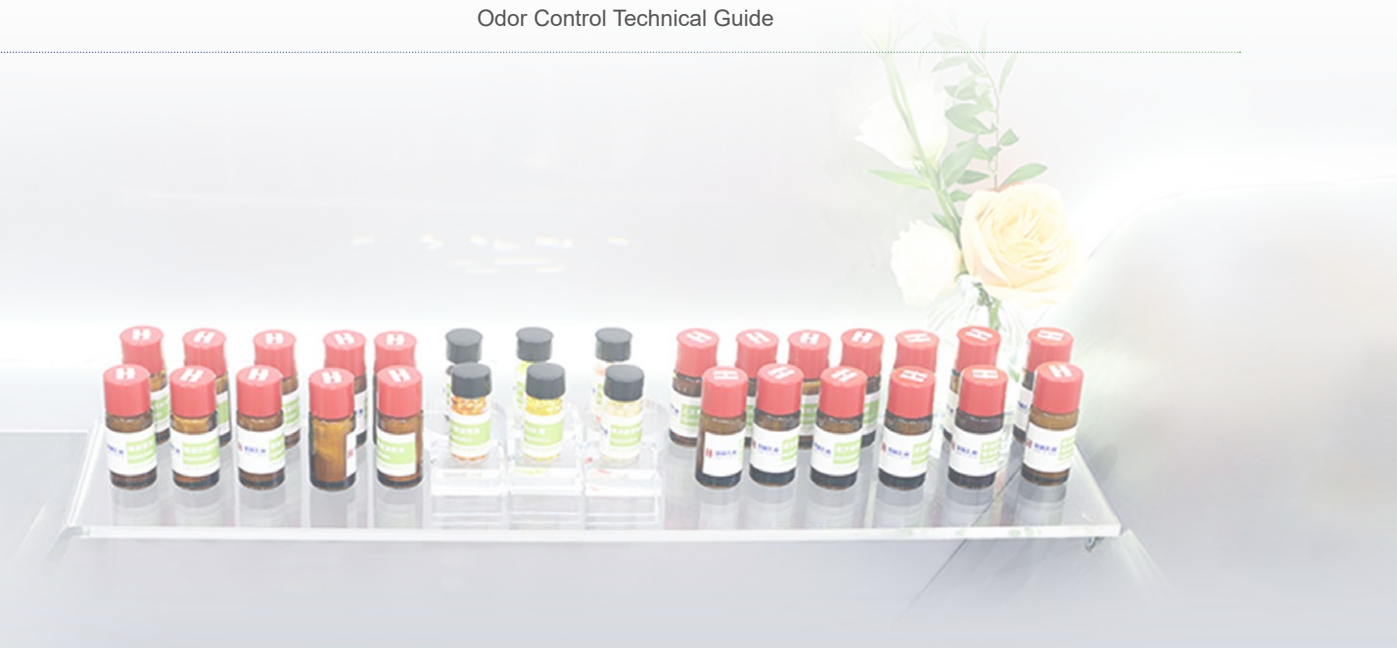
Scientific and technological innovation is the core element in developing new quality productive forces. Huabao Flavours & Fragrances deeply implements the innovative strategy of "one generation of sales, one generation of R&D, and agile transformation", actively promoting its strategic transformation from a "product designer and manufacturer" to a "solution provider". By formulating the *Guidelines of Huabao Flavours & Fragrances Co., Ltd. on Production of Technological Innovative Products*, the Company has established a complete innovative product iteration mechanism. While continuously optimizing the performance of existing products, it has proactively planned the research and development of next-generation trend products, accelerating the industrialization and commercialization of scientific and technological achievements, and comprehensively improving end-to-end market responsiveness and improve the efficiency of R&D investment and output. This innovation system has effectively improved the efficiency of R&D input-output, not only meeting the urgent needs of global customers for green, nutritious and healthy products, but also continuing to lead the flavor innovation in the food and beverage industry, consolidating the Company's vision of "flavor your life".

Key performance

Indicator	Unit	2022	2023	2024
R&D investment	RMB 10,000	15,369.36	13,384.68	13,652.40
Total R&D expenditure in operating income	%	8.12	9.02	10.06

Group Standards Jointly Formulated by the Company

Standard name
Guidelines for the Shelf Life Management of Food Flavors
Guidelines for the Shelf Life Management of Daily-Used Spices
Natural Food Flavors
Odor Control Technical Guide



Case: Leading the Future, Cultivating New Quality - 2024 Science and Technology Innovation Forum of Huabao Ltd. Successfully Held

In November 2024, Huabao Flavours & Fragrances specially invited a number of major experts and scholars in the industry and nearly 100 people of insight in scientific and technological innovation within the Company to attend the forum. During the forum, experts shared a wealth of insights, including decoding the top ten trends in global food and beverage in 2025, the development opportunities and challenges of the nutritional and healthy food industry, new opportunities for the development of functional food ingredients, the broad application prospects of synthetic biology in the food industry, and how generative AI empowers the flavor and fragrance industry. These insights provides Huabao Flavours & Fragrances with valuable strategic guidance and a reference framework for future practice in exploring the frontiers of science and technology and driving sustainable development.

Huabao Flavours & Fragrances also provided participants at internal theme sharing session with in-depth analysis of its latest technological frontiers, future development plans, market evolution trends and other core content, fully demonstrating the Company's profound heritage and outstanding strength in the field of scientific and technological innovation.

The successful holding of this forum not only further enhanced the leading position of Huabao Flavours & Fragrances in the field of technological innovation, but also injected new vitality and impetus into the Company's future development.



2024 Science and Technology Innovation Forum of Huabao Ltd.

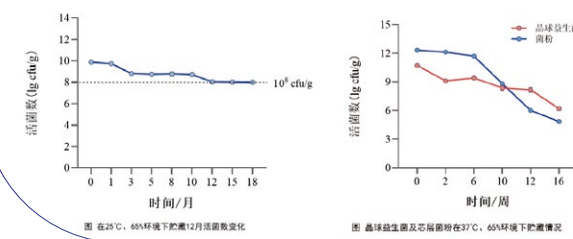


Innovative R&D Results

The Company adheres to market demand-oriented approach, actively deploys innovative research and development in food flavors and ingredients, and deeply explores new trends, new technologies and new fields in the development of the flavor industry at home and abroad, promoting the technological upgrading of flavor products and the innovative development of food ingredients to meet the diverse needs of customers.

Technological Innovation

Probiotics crystal ball technology



Bursting bead rubber technology



Non-meat thermal reaction technology



New healthy umami technology



Microencapsulation technology



Sugar-reducing flavor technology



Hot melt extrusion encapsulation technology



Product Innovation

The Company's Food Innovation Center has launched multiple categories and series of innovative products such as flavored syrups, plant essences, and plant extracts. They are mainly used in beverages (such as coffee and tea), ice cream, and baking. With raw material innovation and technology research and development, it provides the market with diversified solutions.

Huabao Flavored Syrups



Plant Essences



Plant Extracts



R&D Base Construction

During the reporting period, the Company's Technological Innovation Food Ingredient Industrialization Pilot Base project was successfully completed and put into production. Two production lines for natural plant extract concentrate and flavored syrup were built, equipped with UHT instantaneous sterilization equipment and aseptic filling lines. The workshops were built in accordance with GMP cleanliness standards, and a food ingredient laboratory with full functions such as physical and chemical, microbiological, analytical testing, and stability was built. This marks that the Company has explored new paths for industrial transformation in the field of food ingredients and has taken a solid and crucial step.



Extraction and Concentration Workshop

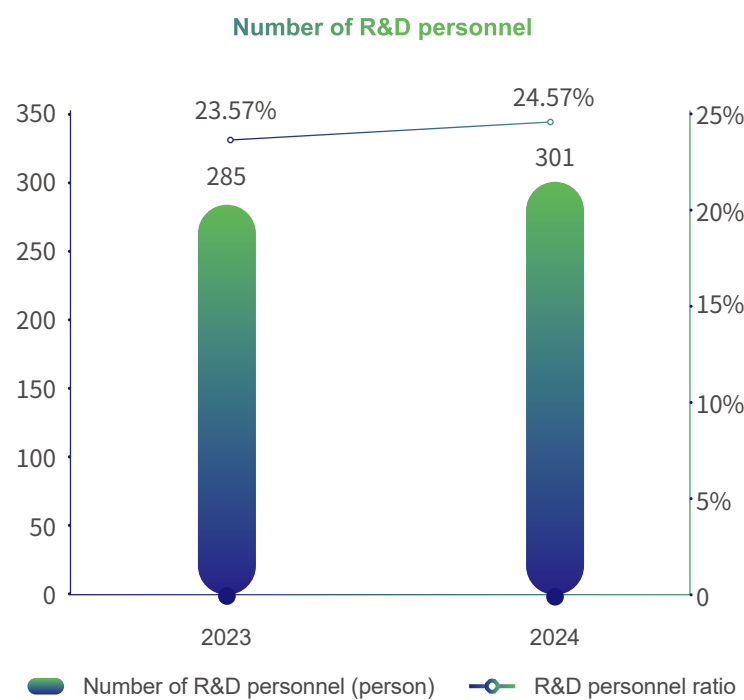
Preparation and Sterilization Workshop



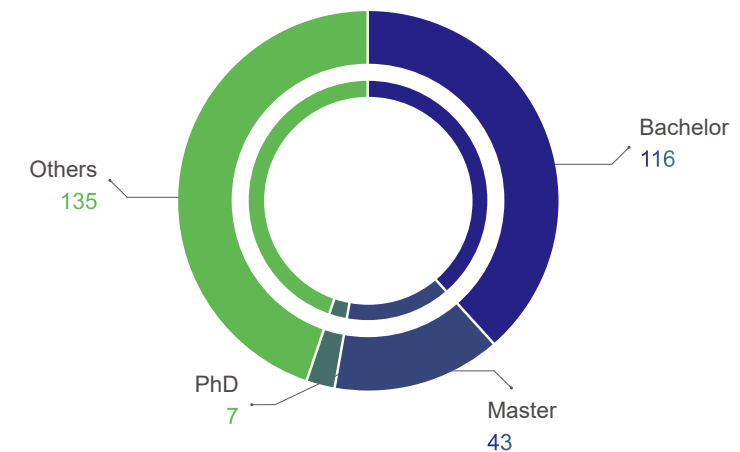
Food Ingredients Laboratory

Scientific Research Team Building

The Company attaches great importance to the construction and training of a scientific research team and continuously optimizes its talent structure. It has gathered an expert team consisting of a number of foreign experts with international influence, well-known domestic perfume experts, and a group of doctors and masters in the fields of food science, bio-engineering, chemistry, etc. The Company uses the postdoctoral research workstation as a platform to continuously introduce doctoral students from universities to carry out special research projects to help its technological innovation. The Company also attaches equal importance to the introduction and incentives of talents, and has formulated systems such as the *Implementation Rules of Huabao Flavours & Fragrances Co., Ltd. for Reward and Punishment Management of Science and Technology Projects* to encourage every researcher to actively innovate and conduct down-to-earth research to achieve a win-win situation of value creation and personal returns.



Educational Background of R&D Personnel



Key performance

In 2024, the Company initiated **12** scientific and technological projects, successfully completed **9** projects, and had **28** projects ongoing by the end of the year.

In addition, Huabao Flavours & Fragrances has established close industry-university-research cooperation with many well-known domestic universities and research institutions such as Jiangnan University, Nanchang University, and Jiangsu University. Through project cooperation, technical exchanges, talent training and other forms, it continuously introduces new scientific research concepts and technical means to enhance its independent innovation ability.



Case: Industry-university-research Collaborative Innovation Producing Breakthrough in Heat-resistant Flavor Technology in Cooperation with Nanchang University

In the industry-university-research cooperation project with the College of Food Science & Technology, Nanchang University, the Company conducted research on heat-resistant controlled-release flavor encapsulation technology to address the problem of poor flavor retention of edible flavors under high temperature conditions. Through joint postdoctoral training, the two sides successfully developed a flavor product that dissolves quickly in cold or hot water and maintains a continuous fresh flavor. It has been used in hot drinks, tea bags, solid beverages, candies and other fields. This project not only broke the monopoly of foreign companies on the core technology of flavor encapsulation, but also significantly enhanced the market competitiveness of the Company's flavor products. In the future, the two sides will continue to deepen cooperation, develop flavor products that can withstand high temperatures of 180°C with a long shelf life and unique flavor, and further expand their applications in frying, extrusion and puffing, injecting new impetus into the development of the industry.



Fragrance Products - Tea Bags, Fragrance Beads

Intellectual Property Protection

The Company strictly abides by relevant national laws and regulations such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Enterprise Intellectual Property Management Standards*, and has formulated internal rules and regulations, such as the *Implementation Measures of Huabao Flavours & Fragrances Co., Ltd. for Publishing Papers and Applying for Patents* and the *Implementation Rules of Huabao Flavours & Fragrances Co., Ltd. for Patent Management*, to further refine and clarify the creation, protection and use of intellectual property rights.

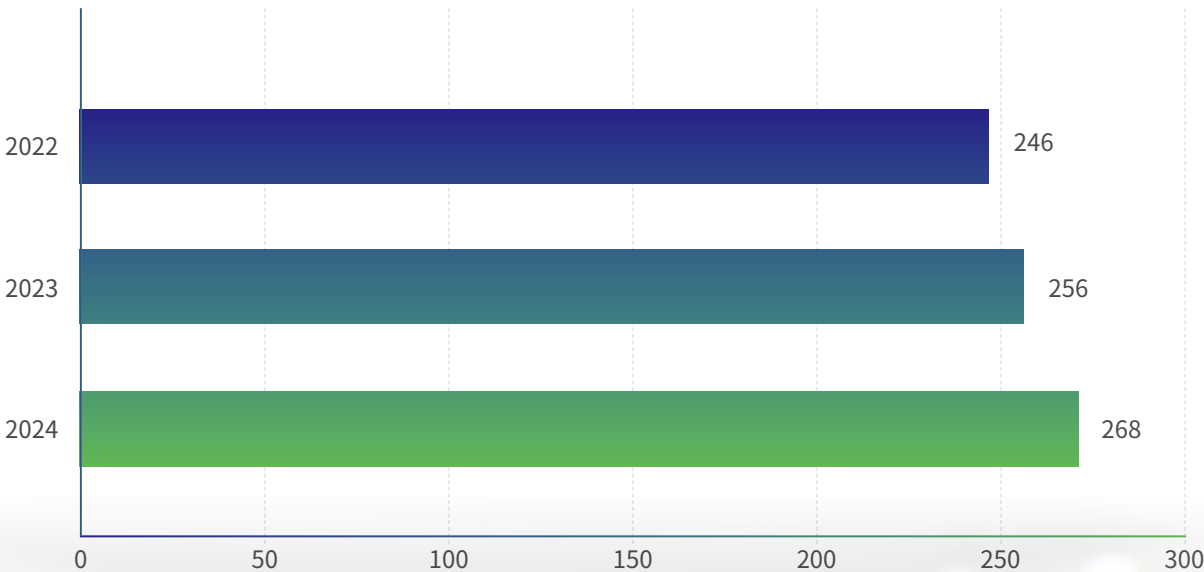
Key performance

In 2024, the Company published **4** papers, and applied for **1** software copyright (pending approval).

In 2024, the Company obtained **19** new patents, including **9** invention patents and **10** utility model patents;

As of the end of the reporting period, the Company held **268** patents, including **162** invention patents and **106** utility model patents, and had a total of more than **10,000** flavor formulas that have been sold.

Number of Patents Held



International Expansion

In the process of globalization, Huabao Flavours & Fragrances actively responds to the Belt and Road high-quality development initiative, taking international expansion as its core strategy, and continuously improving its global competitiveness through the two-way efforts of external market development and internal R&D system construction. The Company actively develops overseas markets, and builds supply chain network in Southeast Asia to integrate high-quality resources, promoting the internationalization of key categories such as food flavors and food ingredients; relying on the global R&D collaborative system and combining localized technological innovation, it also continuously optimizes its product structure to meet the diverse needs of overseas markets.

Overseas Market Expansion

Under the guidance of the Belt and Road Initiative, the Company continues to deepen its international strategic layout, forming a diversified market structure that focuses on emerging markets such as Southeast Asia and Africa on the basis of consolidating the existing European market. It fully leverages the important role of its overseas companies, Huabao Asia Pacific and PT Huabao Food, as regional centers in Southeast Asia, and continuously enhances its brand influence and market competitiveness through a series of measures such as deepening local cooperation, creating innovative products, and actively participating in international exhibitions. Relying on the strategic layout of multi-point efforts, the Company is gradually achieving steady expansion in the Southeast Asian and African markets, demonstrating the location value of overseas companies reinforcing domestic market and radiating overseas market, and also injecting new impetus into economic cooperation and cultural exchanges among countries participating in the Belt and Road Initiative.



Indonesia



Vietnam and Thailand



Africa

- Starting from scratch, PT Huabao Food has established close and trusting cooperative relationships with many local tea and food ingredient chain companies, especially with the leading coffee chain brand Tomoro. In May 2024, it successfully launched the "Garfield" IP co-branded product, leading the Indonesian flavored coffee market.
- In August 2024, at Tomoro's 2nd Anniversary Conference, PT Huabao Food was the only supplier to receive the "Quick Response Award".
- In September 2024, at the FIA (Fi Asia Indonesia) held in Jakarta, PT Huabao Food and Huabao Asia Pacific made their debut in the Asia-Pacific market, showcasing the Company's four major product lines of flavors and fragrances, flavored syrups, flavor premixes and jam products, and received a positive response from the market.
- The Company achieved business breakthroughs with a variety of fish sauce products and winter melon flavored functional beverages;
- In October 2024, at the Vietnam Food Ingredients Exhibition, distributor P.P.T and Huabao Flavours & Fragrances jointly exhibited Huabao flavored syrup products.
- The Company quickly formed a sales team initially establishing a sales network covering more than 10 countries, and has achieved sales one after another.



Indonesia's Tomoro Coffee and Garfield IP Co-branded Products



Group photo of F&G Employees in Africa



Case: PT Huabao Food Entered the "Silicon Valley" of Jakarta

In June 2024, PT Huabao Food officially unveiled its new office building in the BSD in Jakarta, opening a new chapter in the development of Huabao overseas food business. The rolling out of this project marks the Company's foothold in the Southeast Asia and is also a key step for the Company to respond to the Belt and Road Initiative and deepen its global business. By integrating Indonesia's natural raw material resources with its international R&D system, the Company aims to provide innovative solutions to local and global customers, while promoting economic and cultural exchanges between China and Indonesia. In the future, the Company will build a raw material system for Southeast Asian food ingredients and flavor products with Indonesia as the center, providing end-to-end support for domestic food and beverage companies to go overseas, and continuing to promote the healthy development of the internationalization strategy.



PT Huabao Food Settles in the "Silicon Valley" of Jakarta

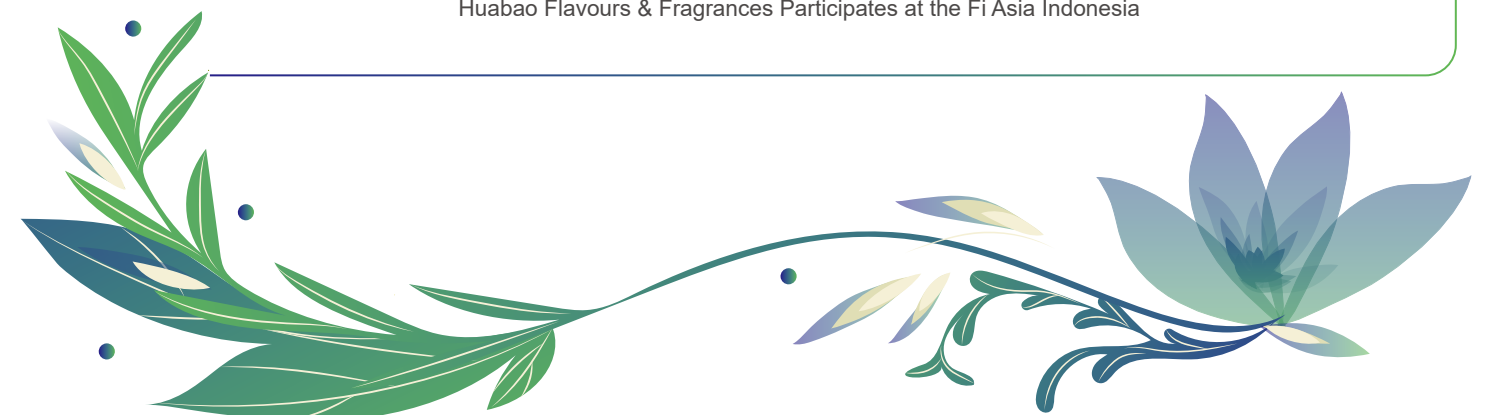


Case: Debut at the Fi Asia Indonesia

In September 2024, the Fi Asia Indonesia opened at the Jakarta International Expo. Huabao Asia Pacific and PT Huabao Food of Huabao Flavours & Fragrances jointly participated in the exhibition and explored the future development trends and innovation opportunities of the food industry with more than 800 food companies from more than 40 countries and regions in the global food industry. This event not only deepened the Company's understanding of the Southeast Asian market, but also further promoted the Company's international development strategy, enabling it to expand global market and strengthen regional cooperation.



Huabao Flavours & Fragrances Participates at the Fi Asia Indonesia



Overseas R&D System

The Company regards technological innovation as the primary driving force for its sustainable development, and has built a global R&D system to provide strong technical support for its internationalization strategy. Relying on the product life-cycle management (PLM) system, the Company has achieved collaboration among R&D teams in Shanghai, Guangzhou, Singapore, and other locations, forming a cross-regional and cross-organizational innovation network. Through the targeted release of overseas projects, each regional team combines local market demand with technological advantages to develop products that meet regional flavor preferences and gradually build a localized product system. The construction of a global R&D system provides a solid guarantee for the expansion of overseas markets and further promotes the in-depth implementation of the internationalization strategy.



Case: Overseas Raw Material Library Built

To enable overseas products to meet the regulations of different countries, the Company has started to build an overseas raw material library. As of the end of 2024, the overseas raw material library has included more than 1,000 conventional raw materials. In addition, taking Indonesia as a key overseas market, the Company is also speeding up the halal certification of its Indonesian products. Currently, the Company has more than 600 products obtained Indonesian halal certification.



Selected Halal Certification for the Company's Products

Digital Intelligence Empowerment

To improve operational efficiency, reduce costs and optimize customer experience, Huabao Flavours & Fragrances has continuously made efforts to comprehensively integrate the digital intelligent transformation of R&D, production, supply chain, sales, finance and other departments by opening up software channels and promoting cross-departmental collaboration and information sharing, striving to achieve the full implementation of intelligent decision-making, intelligent operation and intelligent management, and comprehensively enhance the Company's competitiveness and sustainability.

Digital Intelligent Transformation Goals of Huabao Flavours & Fragrances



Short-term Digital Intelligent Transformation Goals

- 1. Intelligent digital R&D management:** improve the efficiency of R&D project management, shorten the R&D cycle, and enhance product innovation capabilities with Intelligent digital tools and platforms (PLM system, OA software, etc.).
- 2. Optimal supply chain management:** intelligently digitalize the whole process from procurement to production and logistics by introducing intelligent digital supply chain management systems (SAP, centralized procurement platform, bar-code system, etc.), thereby improving the transparency and responsiveness of the supply chain.
- 3. Production efficiency improvement and operating costs reduction:** improve the accuracy, efficiency and consistency of the production process and reduce labor costs and production costs by introducing automated intelligent digital production systems (smart factories, automated production lines, etc.).
- 4. Data-driven decision support:** establish a data center and BI system to collect and analyze various business data in real time, providing a scientific basis for strategic decision-making and operational optimization.



Long-term Digital Intelligent Transformation Goals

- 1. Promote intelligent product R&D with AI, machine learning and big data analysis technologies to enhance the innovation and market adaptability of product design.
- 2. Realize intelligent and adaptive optimization of production lines with AI and IoT technologies to maximize the automation, flexibility and precision of production.
- 3. Achieve intelligent management of enterprise operations with AI, cloud computing and data analysis tools to improve the Company's decision-making efficiency and response speed.



Digital Intelligent Factories

The Company actively responds to the country's new deployment to accelerate the digital industrialization and industrial digital transformation, and continues to advance the construction of digital intelligent factories. By deeply integrating advanced information technology, artificial intelligence and automation equipment, it breaks the bottleneck of traditional manufacturing models and promotes the automation upgrade of the entire chain from production planning to finished product delivery. It not only greatly improves production efficiency, but also effectively optimizes resource utilization and energy management, promoting green production and low-carbon operations. The construction of digital intelligent factories not only deeply meets the urgent needs of digital transformation in the overall national development, but also brings significant cost advantages and market competitiveness to the Company, enabling the Company to better meet changes in market demand.



Case: Jiangxi H&K Further Improved Information Construction

As a demonstration unit of information construction of Huabao Flavours & Fragrances, Jiangxi H&K relies on advanced information technology and automation equipment to achieve the goals of lean production, efficient management and low-cost operation. In 2024, Jiangxi H&K comprehensively optimized its production planning, warehouse management, production process, finished product packaging and other links based on the existing SAP MRP (Material Requirements Planning) system, promoted the automation and intelligent upgrading of the entire production process, and realized the efficient combination of manual and automated production, greatly improving production efficiency and on-time delivery rate.



Automation Equipment - Robotic Arm



Production Planning and Materials Management

- Through precise data analysis and forecasting, the SAP MRP system automatically generates optimal production schedules and material requirements plans based on business needs, production capacity and material inventory.
- The system automatically generates warehouse scheduling plans based on the first-in-first-out principle and out-of-warranty material control requirements to ensure optimal use of materials, monitor the inventory status of materials in real time, and automatically adjust procurement and replenishment plans.



Workshop Production and Quality Control

- The intelligent auxiliary system helps workshop managers arrange production tasks reasonably. The feeding process adopts automatic weighing and counting technology to ensure the accurate feeding amount of each raw material.
- The system's built-in error-proofing mechanism and tolerance ratio control effectively avoids erroneous placement of raw materials during the production process.



Automated Packaging and Logistics

- The system automatically performs canning, weighing, capping and labeling according to preset parameters to ensure that each bottle of product meets the specification requirements. In addition, the efficient integration of automatic packaging and palletizing by robotic arms completes the final processing of the finished products.

Digital Intelligent Perfumery

Based on the construction of digital intelligent factories, the Company further applies digital intelligent technology to the R&D field to promote the intelligent transformation of flavor R&D. So far, the Company has completed the construction of the spectrum basic database, laying a solid data foundation for intelligent perfumery and intelligent manufacturing. To realize AI-enabled technological innovation, the Company has launched the research and development of intelligent assisted perfume making. With AI neural network deep learning technology and massive data training, it conducts in-depth research on the composition of various chemical components to achieve intelligent identification of unknown flavor samples. This not only improves the efficiency and accuracy of flavor research and development, but also provides a scientific basis for the development of innovative formulas, thereby improving product quality and market competitiveness. The Company plans to initially realize intelligent analysis of the ingredients of flavor samples in 2025, marking the comprehensive transformation of flavor R&D from traditional experience-driven approach to data-driven and intelligent approach.

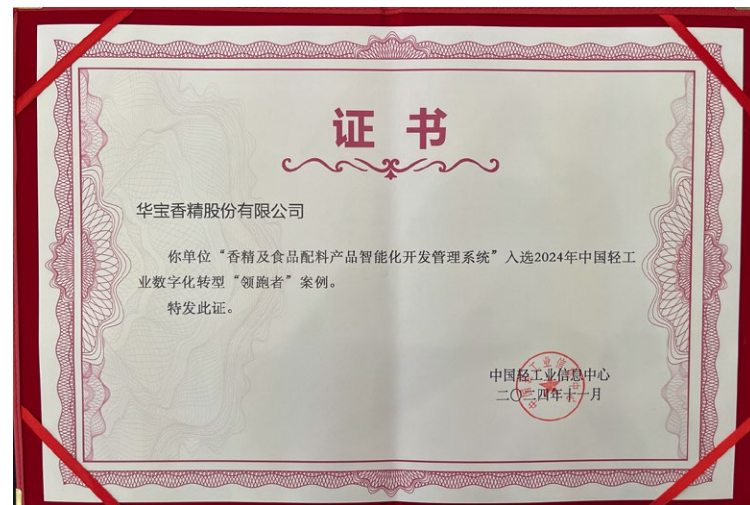


Case: Light Industry Digital Transformation Driven by Technological Innovation

In November 2024, Huabao Flavours & Fragrances, based on its outstanding achievements in the field of digital transformation, was successfully selected in the 2024 Ranking of Masters of Technology Urgently Needed for China Light Industry Digital Transformation at the 14th China Light Industry Informatization Conference, and was awarded the title of Pioneer of 2024 China Light Industry Digital Transformation. The Company focuses on the research and development of flavors and food ingredients. By introducing Siemens digital technology and AI deep learning models, it has built an intelligent management system covering the entire life cycle of formulas, significantly improving R&D efficiency and compliance. In particular, the Company has made important breakthroughs in the field of digital intelligent perfumery, using AI technology to accurately identify fragrance ingredients, opening up new paths for product innovation, and plans to achieve intelligent analysis of fragrance ingredients by 2025. This series of achievements not only demonstrates the Company's technological leadership in digital transformation, but also sets a benchmark for the industry and further consolidates its leading position in the field of light industry digitalization.



Selected in the 2024 Ranking of Masters of Technology Urgently Needed for China Light Industry Digital Transformation



Certificate of Pioneer of 2024 China Light Industry Digital Transformation

Information Security Protection

In the context of accelerated digital intelligent transformation, ensuring data security and customer privacy is an important part of fulfilling its social responsibilities. In 2024, the Company built a solid information security defense line by continuously strengthening technical protection measures, optimizing the *Information Security Management Regulations of Huabao Flavours & Fragrances Co., Ltd.*, establishing full-time information security management specialists, and enhancing employee information security awareness.

Key performance

In 2024, the Company had **no** data security incidents; **no** incidents of customer privacy violation.

Information Security Management Measures of Huabao Flavours & Fragrances

Improve management system

- Formulate and implement the Information Security Management Regulations of Huabao Flavours & Fragrances Co., Ltd. to systematically standardize data management, access control, risk prevention and other aspects.

Establishing an information security team

- Establish a professional team consisting of IT heads and information security administrators to focus on information security management and risk prevention and control.

Implement safety protection measures

- Data backup: establish an efficient backup mechanism, perform multi-level backup of important data regularly, and develop detailed recovery plans.
- Network security protection: deploy network firewalls, formulate security access policies, monitor network traffic in real time, and prevent network attacks.
- Data encryption: use advanced encryption technology to protect sensitive data and prevent unauthorized access.
- User access control: strictly assign data access rights according to job requirements to prevent unauthorized operations.






Conduct risk assessment and vulnerability remediation

- Conduct regular network and system security assessments to identify potential threats and fix security vulnerabilities in a timely manner.

Establish an emergency response mechanism

- Establish an information security emergency plan to ensure rapid response and reduce the scope of impact in the event of emergencies such as data leaks or cyber attacks.

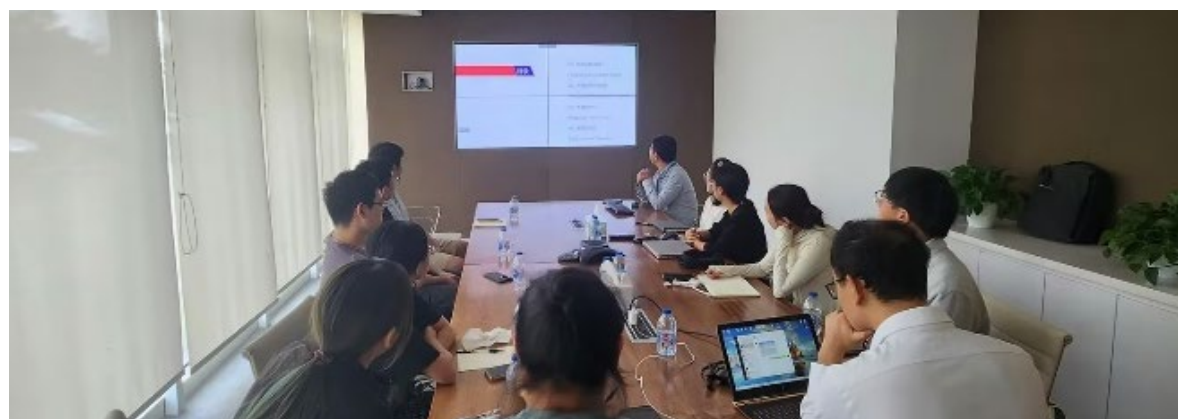
Main Duties of Information Security Administrators

- 
Data security policy: ensure the effective implementation of the Company's data security policy, covering all aspects such as data storage, transmission, and backup, to ensure data security.
- 
Monitoring and risk assessment: conduct regular system and network security monitoring, assess potential risks, and promptly discover and repair security vulnerabilities.
- 
User access management: strictly control data access rights to ensure that sensitive information is only accessible to authorized personnel, and prevent data leakage due to negligence in access management.
- 
Emergency response and incident handling: organize regular emergency drills, covering scenarios such as data recovery, network interruption, and server failure, to comprehensively enhance emergency response capabilities. In response to sudden security incidents such as data leaks and cyber attacks, we can take prompt countermeasures to minimize losses and ensure business continuity and stability.
- 
Employee safety training: offer information security awareness training along with employee orientation to strengthen their safety awareness and reduce the safety risks caused by human errors.



Case: Improving Information Security Awareness to Build a Solid Information Security Defense Line

Huabao Flavours & Fragrances attaches great importance to data security and customer privacy protection. In September 2024, the Company specially incorporated this key topic into the new employee orientation training. Through interpretation of laws and regulations related to data security and customer privacy protection, case analysis and such other activities, employees got a deep understanding of the significance of information security and the serious consequences of information leakage. This training effectively enhanced new employees' information security awareness and incident prevention capabilities.

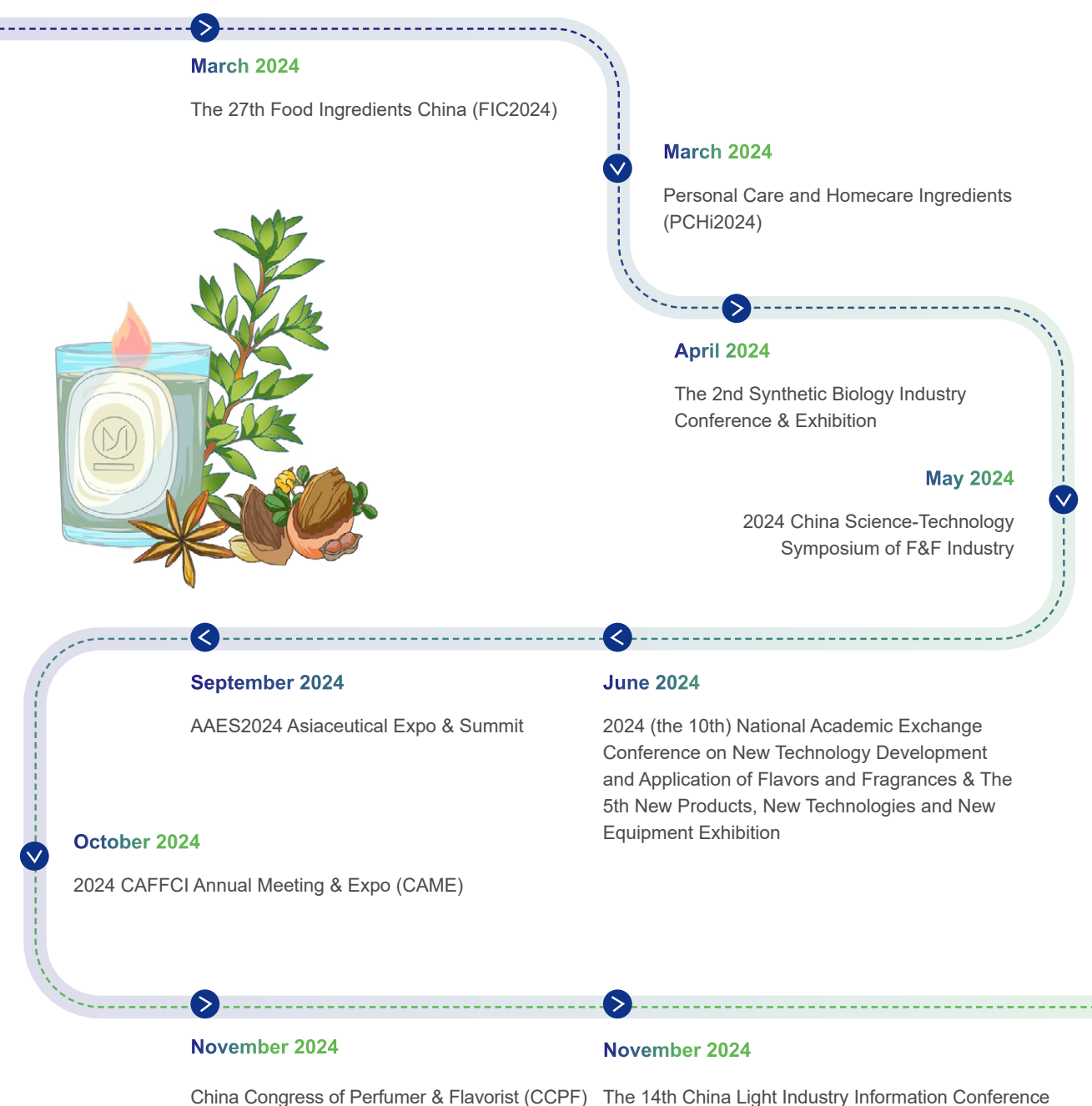


Orientation Training for New Employees

Industry Cooperation and Exchange

Huabao Flavours & Fragrances focuses on improving consumers' quality of life and actively participates in various industry events and innovative activities. The Company effectively links industry resources with outstanding performance, and promotes technological innovation and sustainable development of the flavor and fragrance industry. Through collaboration, the Company not only continues to optimize product value, but also injects new impetus into industry progress. It is committed to bringing healthier and more delicious taste experience to global consumers and helping the industry move towards a more sustainable future.

Industry Exchange Conferences Huabao Flavours & Fragrances Participated in 2024





Case: Technological Innovation-Led Flavor Promotes Healthy and Sustainable Development

In May 2024, the 2024 China Science-Technology Symposium of F&F Industry, organized by the China Association of Fragrance Flavour and Cosmetic Industries with the theme of "Smart Technology, Unlimited Possibilities", was held in Wuxi to share the latest development trends and cutting-edge research in science and technology in the global flavor and fragrance industry. Huabao Flavours & Fragrances was invited to participate in a series of activities including the AI technology forum, the commendation ceremony, the perfumer competition preliminaries, and the *Technical Guidelines for Odor Control in the Flavor and Fragrance Industry* group standard launch meeting, demonstrating its outstanding comprehensive innovative strength.



Commendation Ceremony of the 2024 China Conference of Cosmetics Science and Technology & The 15th Academic Symposium



Vice President of Huabao Flavours & Fragrances Innovation Center
Dr. Wang Hongqiang Gives a Speech at the Forum



Case: Jinling Ode to Fragrance: A Delicious Encounter

In October 2024, the CAFFCI Annual Meeting & Expo (2024 CAME) was held in Nanjing. Huabao Flavours & Fragrances and 138 international and domestic high-quality manufacturers participated in the event, and gathered together with industry leaders, experts and scholars, and corporate representatives to discuss industry development trends, share the latest technological achievements, and jointly seek high-quality development of the industry. At the 2024 CAME, Huabao Flavours & Fragrances made a splendid appearance with its innovative achievements in the three major business areas of food ingredients, edible flavors and daily-use flavors, allowing the audience to get close to and experience in person the flavored products that combine taste and health, so that more people appreciate the deliciousness and health brought by Huabao Flavours & Fragrances.



Exhibition Booth for Innovative Achievements in Three Business Areas



Duan Jingwei, Director of Business Administration and Information Department, sharing His Views at the Company's ESG Development



Case: Flavor and Fragrance Exchange Meeting Exploring Industry Innovation and Development

In June 2024, the 2024 (the 10th) National Academic Exchange Conference on New Technology Development and Application of Flavors and Fragrances & The 5th New Products, New Technologies and New Equipment Exhibition, co-organized by the National Light Industry Flavor and Fragrance Industry Productivity Promotion Center and well-known industry companies, was grandly held in Guangzhou.

H&K Flavor gave a technical report at the conference titled "Indispensable Enzymes - Research Progress in the Preparation of Dairy Flavors with Enzymatic Hydrolysis Technology", sharing the research results of Huabao enzymatic hydrolysis of dairy flavors from four aspects: technical background, development status, product examples and trend outlook. It fully demonstrated its latest achievements in the field of flavor and fragrance technology innovation to the industry, and conducted in-depth technical exchanges and cooperation discussions with more than 500 well-known experts, scholars, and corporate representatives in the field of flavors and fragrances from all over the country, and learned advanced technologies and innovation experiences.



Huabao Food Innovation Center Introduces its Natural Extract Products Independently Developed and Produced

02 Governance Foundation Empowering Long-term Enterprise Development

Excellent corporate governance is the core driving force for achieving sustainable development, enhancing shareholder value and social responsibility. Huabao Flavours & Fragrances continuously optimizes the structure and operation of its Board of Directors and various professional committees to ensure their independence and diversity; it actively maintains investor relations and enhances trust through timely and accurate disclosure of information; it focuses on risk compliance and establishes a sound internal control mechanism; it adheres to business ethics and pursues both economic benefits and social responsibility.

- Corporate Governance
- Investor Relations
- Risk Prevention and Control
- Business Ethics

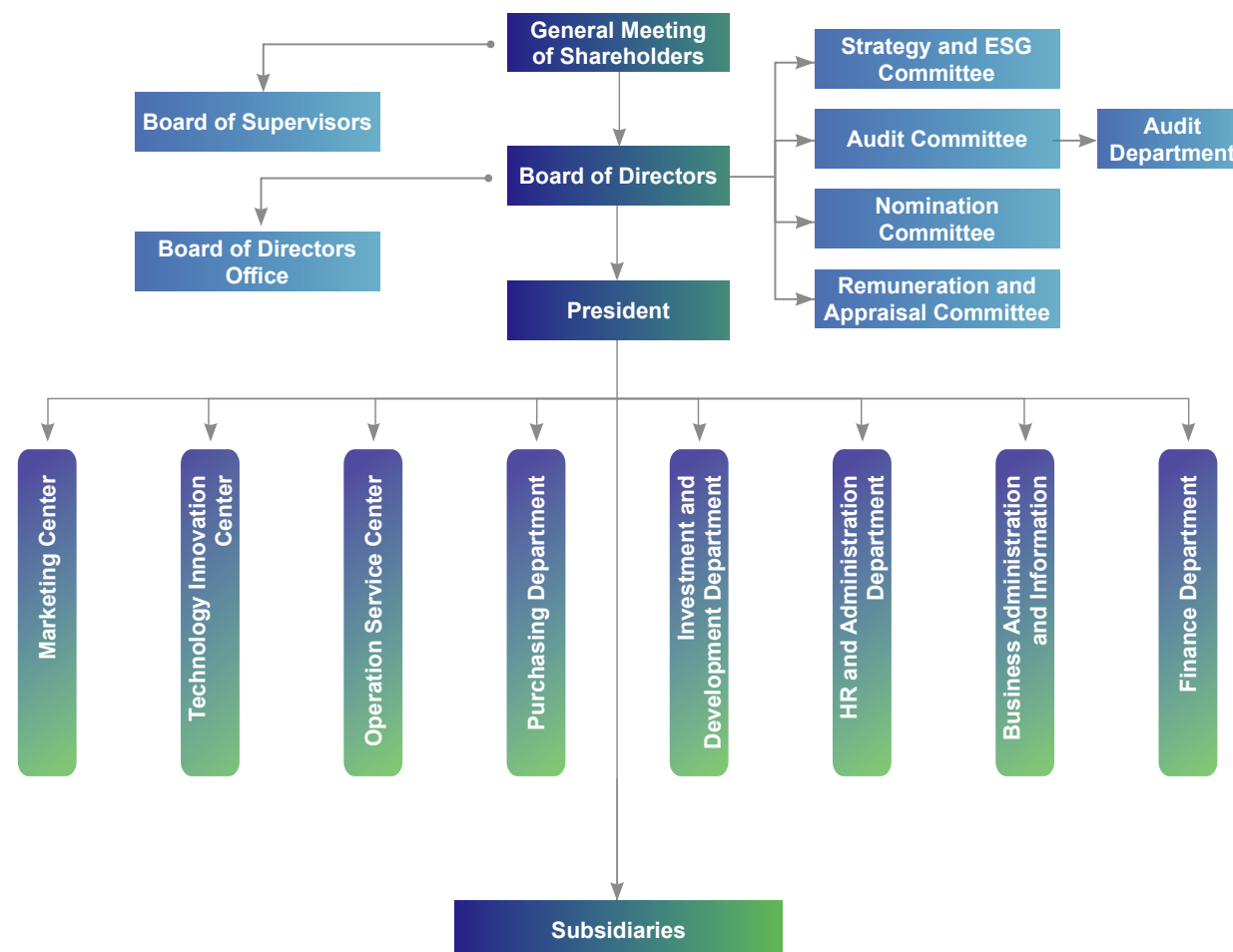
SDGs Benchmarking



Corporate Governance

Huabao Flavours & Fragrances has always been committed to building an efficient, transparent and compliant corporate governance system, strictly following the guidance of laws and regulations such as the *Company Law* and the *Securities Law*, thoroughly implementing various requirements of the *Code of Corporate Governance for Listed Companies* and the *Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange*, actively responding to the requirements of the *Guidelines on Self-Regulation of Listed Companies on Shenzhen Stock Exchange No.2 - Standardized Operation of Listed Companies on the ChiNext Market* and other relevant normative documents, and constantly improving and optimizing corporate governance structure. The three-committee and one-layer governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management further standardizes the Company's daily operation processes, significantly enhances the scientific and standardized nature of corporate governance, and lays a solid foundation for the Company's sustainable development.

The Company's Organization Chart



Shareholders and the General Meeting of Shareholders

The General Meeting of Shareholders serves as the Company's authority body. To regulate corporate conduct and ensure that the general meeting of shareholders exercises its authority in accordance with the law, the Company strictly organizes the general meeting of shareholders in accordance with the provisions of relevant laws and regulations, including the *Company Law*, the *Securities Law*, and other normative documents, as well as the *Articles of Association*. This ensures that shareholders have the right to be informed about, participate in, and vote on significant corporate matters. The Company also strives to facilitate shareholder attendance at these meetings, particularly safeguarding the legitimate rights and interests of minority shareholders, enabling them to fully exercise their legal rights as shareholders.

Key performance

In 2024, the Company held **5** general meeting of shareholders.

Directors and the Board of Directors

The Board of Directors is the Company's operational decision-making and business leadership body. The Company strictly complies with the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange* and other relevant laws and regulations, as well as the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, and the *Work System for Independent Directors*, to regulate the deliberation and decision-making procedures of the Board of Directors of the Company, so as to enable the Directors and the Board of Directors to effectively perform their duties.

In order to further strengthen the professionalism and independence of decision-making, the Board of Directors of the Company has established four special committees: the Audit Committee, the Strategy and ESG Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Each special committee provides scientific and professional opinions and references for the Board of Directors' decisions in accordance with strict rules of procedure and operating processes.

Key performance

In 2024, the Company held **8** Board of Directors meetings, **1** Strategy and ESG Committee meeting, **6** Remuneration and Appraisal Committee meetings, **5** Audit Committee meetings, and **1** Nomination Committee meeting. The average attendance rate of the Board of Directors was **100%**.

In 2024, the Board of Directors of the Company consisted of **9** directors, including **3** independent directors, accounting for **33%**; there was **1** female director, accounting for **11%**.

Diversity on the Board of Directors

Type	Name	Gender	Professional capabilities		
			Industry experience	Professional qualification	Financial management
Chairman	Xia Liqun	Male	✓	✓	✓
Non-independent director	Lin Jiayu	Male	✓		
Non-independent director	Yuan Xiaoqin	Female	✓	✓	
Non-independent director	Gao Xu	Male	✓	✓	
Non-independent director	Ren Miao	Male	✓		
Non-independent director	Han Pengliang	Male	✓		
Independent director	Quan Ze	Male	✓	✓	✓
Independent director	Wu Changyong	Male	✓	✓	✓
Independent director	Yang Jinjian	Male	✓		

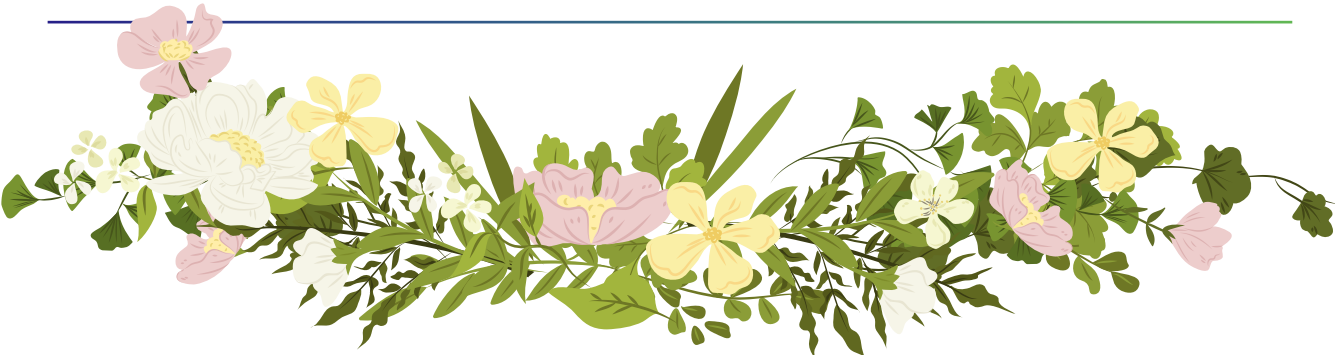
Supervisors and the Board of Supervisors

The Board of Supervisors serves as the Company's supervisory body and performs supervisory functions on behalf of the general meeting of shareholders. During the reporting period, the Board of Supervisors of the Company conscientiously performed its duties in accordance with the *Company Law*, the *Articles of Association*, the *Rules of Procedure of the Board of Supervisors* and other relevant laws, regulations and rules, and independently supervised the Company's material matters, related transactions, financial status and the legality and compliance of the directors and senior management in performing their duties, ensuring the Company's compliance operations, improving transparency and preventing risks, and promoting the Company's sustainable and healthy development.

Key performance

In 2024, the Company held **5** meetings of the Board of Supervisors.

In 2024, the Board of Supervisors of the Company consisted of **3** supervisors, including **1** employee representative supervisor.

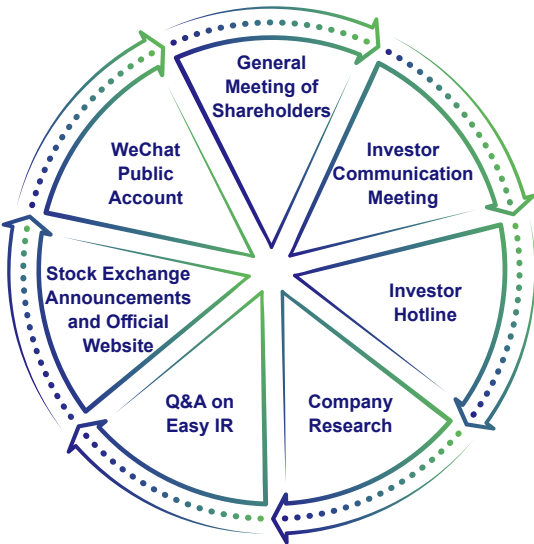


Investor Relations

Huabao Flavours & Fragrances adheres to the core principles of compliance, equality, initiative and honesty and trustworthiness, and is committed to building a fair, transparent and efficient investor relations management system. The Company strictly abides by the *Securities Law*, *Guidelines for Investor Relations Management of Listed Companies* and other relevant laws, regulations, standardized documents and relevant provisions of the *Articles of Association*, etc., and has formulated the *Management System for Information Disclosure and Investor Relationship* to ensure the accuracy and timeliness of the disclosure of all financial information, and to safeguard the fair order of the capital market.

The Company practices the investor-oriented concept, actively responds to investors' concerns, conducts investor relations management through multiple channels, platforms and methods, provides investors with a platform to directly understand the Company's dynamics, and actively conveys corporate strategies, operating results and future prospects, thereby enhancing investors' understanding and recognition of the Company. In addition, the Company has long attached importance to protecting the legitimate rights and interests of investors, especially small and medium-sized investors, creating opportunities and providing convenience for small and medium-sized investors to participate in activities, ensuring the smooth flow of relevant communication channels, and avoiding selective disclosure of information.

Investor Communication Channels



Key performance

In 2024, the Company held **3** investor exchange meetings, communicated with **41** investors, issued **3** announcements on investor relations and exchange records, and responded to **15** inquiries from Easy IR, addressing a total of **16** questions.

Information Disclosure

Huabao Flavours & Fragrances is fully aware of the importance of information disclosure in maintaining the order of the capital market and protecting the rights and interests of investors. In order to standardize the Company's information disclosure behavior and ensure the authenticity, accuracy, completeness, timeliness and fairness of the disclosed content, the Company has formulated the *Management System for Information Disclosure and Investor Relationship* to clarify the standards and procedures for information disclosure, strengthen internal control and supervision mechanisms, and improve transparency and quality of information disclosure.

Key performance

In 2024, the Company ensured that there were **no** false records, misleading statements, or significant omissions in the disclosed information; the Company disclosed a total of **98** announcements and related disclosure documents, including **4** regular reports and **51** ad hoc announcements.

Protection of Shareholders' Rights and Interests

On the premise of safeguarding the Company's daily operations and ensuring long-term development, in order to provide continuous returns to shareholders, the Company, in accordance with the relevant provisions of the *Company Law*, the *Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies*, the *Regulatory Guidelines for Listed Companies No.3 - Distribution of Cash Dividends of Listed Companies*, and the *Articles of Association*, has long adhered to a relatively high level of cash dividends. This practice allows all shareholders to share the Company's operational achievements and development.

Over the long term, the Company has focused on increasing both the frequency and amount of dividends to enhance market competitiveness, optimize capital structure, and motivate management to improve efficiency. This strategy also aims to boost investor confidence, increase investment returns, and enhance the flexibility of asset allocation. In April and October 2024, the Company distributed cash dividends of RMB 250 million and RMB 74 million, respectively, totaling RMB 324 million.

Risk Prevention and Control

In today's complex and ever-changing business environment, risk management has become the cornerstone of sustainable development of enterprises. Huabao Flavours & Fragrances is well aware that establishing a sound risk management system is crucial to ensuring the Company's stable operation, safeguarding shareholders' interests and enhancing market competitiveness.

Comprehensive Risk Management System

The Company strictly adheres to the *Guidelines on Self-regulation of Listed Companies on Shenzhen Stock Exchange No.2 - Standardized Operation of Listed Companies on the ChiNext Market*, the *Basic Norms of Enterprise Internal Control*, and its supporting guidelines, which regulate the internal control of listed companies. Focusing on development strategy, the Company continuously optimizes and improves the *Comprehensive Risk Management Measures of Huabao Flavours & Fragrances Co., Ltd.* It establishes a three-line risk management model, persistently advances risk identification, analysis and assessment, and assists in the adoption of risk response measures. While employing risk management strategies such as acceptance, mitigation, transfer, and avoidance, the Company enhances operational efficiency and effectiveness, and creates and protects shareholder value.

The Overall Goal of the Company's Comprehensive Risk Management



Three-line Model for Risk Management of Huabao Flavours & Fragrances



Work Flow of Risk Management



Internal Control Management

Internal control management is the front-line of defense for enterprise risk prevention and control, and plays an irreplaceable role in ensuring asset security, improving operational efficiency, and promoting compliant operations. The Company attaches great importance to the construction and improvement of internal control system, and has hired a professional internal control consulting team to provide diagnosis and consulting services for the existing internal control system. It is committed to building an internal control network that covers the entire business process and runs through all aspects of decision-making, execution and supervision.



Case: Convening Special Internal Control Training to Continuously Improve Internal Control Effectiveness

To strengthen the construction of the Company's internal control system and enhance the effectiveness of internal control, in September 2024, Huabao Flavours & Fragrances, in collaboration with professional internal control consulting agencies, organized a kick-off meeting of the internal control system construction project and internal control special training. The training covers multiple aspects, including the basic concepts of internal control, sharing of internal control cases, definition and classification of risks, methods and processes of core risk management, cooperation mechanism for project implementation, scope of internal control system construction and project timetable, to enhance employees' understanding of internal control management and promote the Company's sustainable development.



Internal Control Special Training

Tax Management

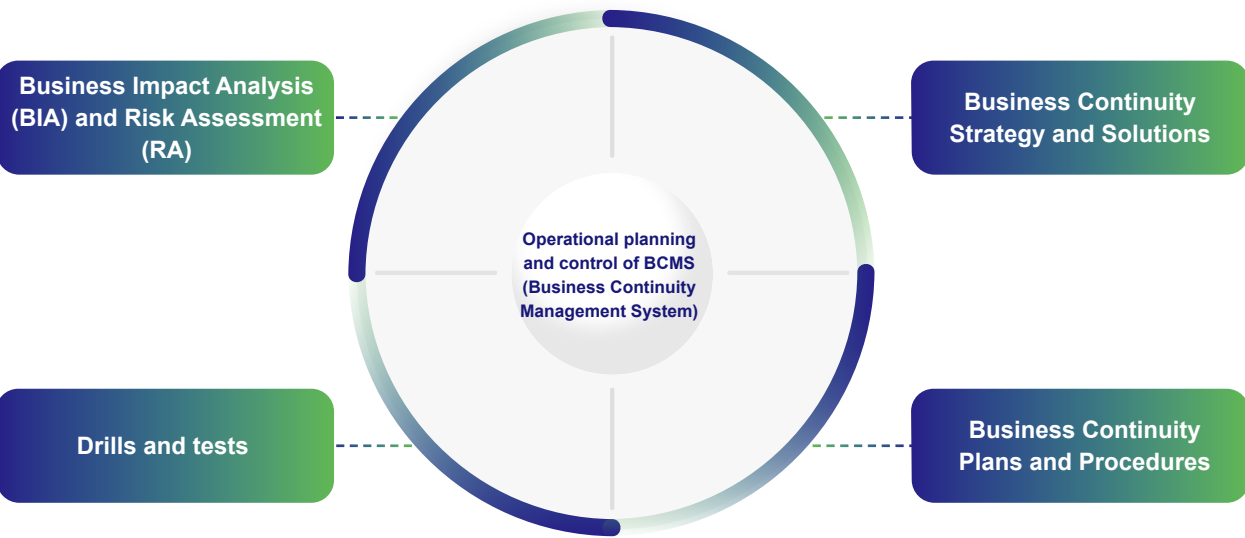
The Company places a high priority on tax management, strictly adhering to national tax laws and regulations, and has established a comprehensive tax management system to ensure the standardization and compliance of tax operations. The Finance Department serves as the Company's primary responsible unit for tax management, coordinating the tax affairs of the headquarters and all subsidiaries, including routine matters such as tax registration, filing, payment, and accounting. By conducting regular tax risk assessments and audits, the Company promptly identifies and rectifies potential tax risks, ensuring the legality and effectiveness of tax management.

Additionally, the Company actively applies for recognition as a high-tech enterprise and seeks preferential tax policies to reasonably reduce tax costs and enhance operational efficiency. Furthermore, the Company focuses on the standardized management of tax records, ensuring the completeness and traceability of tax documentation. Through systematic tax management, the Company consistently and effectively controls tax risks, providing a solid compliance foundation for its sustainable development.

Business Continuity Management and Plan

In today's complex and ever-changing business environment, Business Continuity Plan (BCP) has become an important part of the Company's operations management. The Company attaches great importance to business continuity management. By establishing a sound business continuity management approach, it ensures that key business functions can be quickly restored in the event of emergencies or external shocks, thereby guaranteeing continuous services to customers and stakeholders. The Company has formulated the *Management Procedure for Business Continuity Plan Management Procedures, Incident and Emergency Response Management, Business Impact Analysis and Risk Assessment Control Procedures, and Business Continuity Strategy Management Procedures*. It also has detailed emergency plans and conducts regular drills and risk assessments to ensure that potential risks are effectively identified and controlled.

The Business Continuity Management Approach of Huabao Flavours & Fragrances



By implementing the business continuity plan, the Company can effectively reduce the impact of unforeseen events on business operations, enhance overall risk resistance, and further ensure the Company's sustainable development and market competitiveness.



Case: BCP Training and System Construction of Jiangxi H&K

In order to meet the standards of international companies, Jiangxi H&K has independently completed training related to BCP (Business Continuity Plan) and established a comprehensive set of system documents. These documents cover core aspects such as business activity identification, business impact analysis, risk assessment, and business continuity strategy. This initiative ensures the continuous and stable operation of the Company and provides strong assurance of supply capabilities to overseas customers, enhancing their trust and the stability of the Company's business operations.

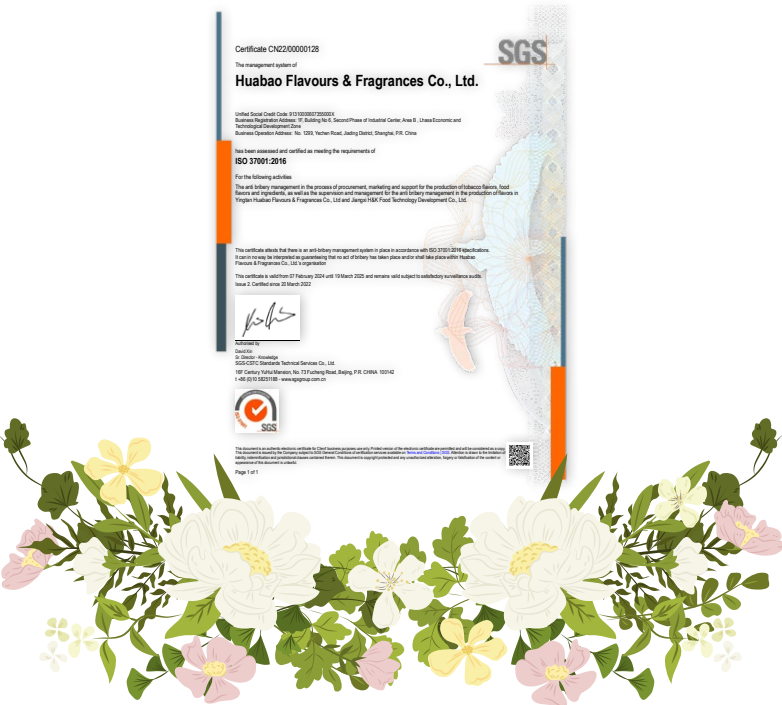
Business Ethics

Huabao Flavours & Fragrances firmly believes in the principle that sincerity is rewarded in human relations and trust in business. We are committed to conducting responsible business practices according to the highest standards and maintain a zero-tolerance policy towards any form of fraud, bribery, and unfair competition. The Company has established a comprehensive business ethics system and has obtained the ISO 37001 Anti-Bribery Management System certification, which clearly stipulates that all employees, their relatives, subsidiaries, and commercial partners must strictly comply with the laws and regulations on anti-commercial bribery, anti-fraud, and anti-unfair competition in their daily business activities. This ensures that there is no form of improper benefit transfer or misconduct in the Company's global business operations, with the aim of jointly fostering a clean, healthy, fair, and transparent business environment.

Achievement of Anti-bribery Goals in 2024

Anti-bribery goals	Achievements
The Company strictly adheres to all applicable anti-commercial bribery laws and regulations in the locations where it operates, maintains a zero-tolerance policy towards corrupt practices, and has achieved 0 bribery incidents throughout the year.	Achieved

Huabao Flavours & Fragrances obtained ISO 37001 Anti-Bribery Management System certification

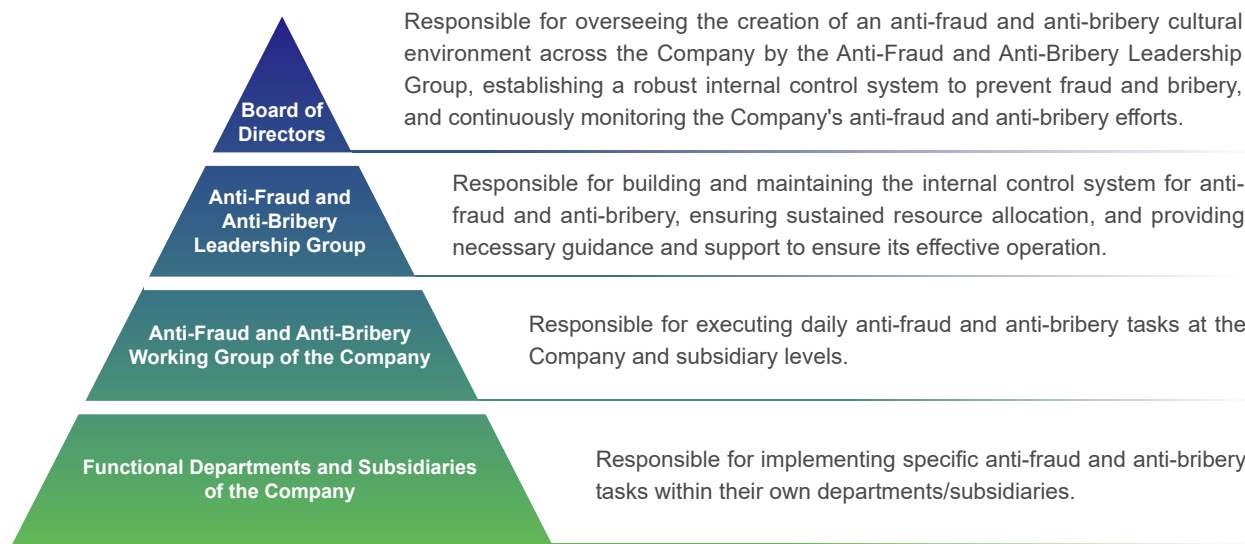


Note: The Company has acquired the renewed certificate in February 2025.

Anti-Commercial Bribery and Anti-Fraud

The Company attaches great importance to anti-fraud and anti-bribery control in all business management activities, and has formulated management systems such as the *Anti-Bribery Management Manual*, *Anti-Fraud and Anti-Bribery Management Measures*, *Working Rules for Anti-Fraud and Anti-Bribery Working Group*, *Gift Acceptance and Donation Rules*, and *Prohibition of Private Agreement Rules*. It has also established Anti-Fraud and Anti-Bribery Leadership Group and Anti-Fraud and Anti-Bribery Working Group led by the Board of Directors, which are responsible for supervising and implementing anti-fraud and anti-bribery policies, and promptly investigating and handling any suspected commercial bribery activities.

The Anti-Commercial Bribery and Anti-Fraud Management System Structure of Huabao Flavours & Fragrances



Five Working Principles of Anti-Fraud and Anti-Bribery Working Group



The Company clearly defines the boundaries of employee conduct, requiring all employees not to accept, offer, or participate in any form of bribery, kickbacks, illegal transactions, or other improper exchanges of benefits. Additionally, the Company comprehensively regulates the behavior of commercial partners, ensuring that all business dealings and cooperative relationships adhere to principles of fairness and transparency, avoiding any actions that could lead to conflicts of interest or affect the impartiality of decision-making.



Basic Control Requirements for Anti-Fraud and Anti-Bribery of Huabao Flavours & Fragrances

Basic Requirements for Employee Management

- 1. New employees must sign an Integrity and Self-Discipline Commitment alongside their employment contract.
- 2. Employees are strictly prohibited from engaging in any acts defined as "fraud" or "bribery" under the Company's Anti-Fraud and Anti-Bribery Policies.
- 3. Senior executives, department heads, or other personnel designated by the Leadership Group must undergo a special exit audit upon resignation.
- 4. The Company shall conduct background checks on candidates for senior executive roles, department heads, or other personnel designated by the leadership team prior to appointment.
- 5. Employees must undergo regular integrity performance evaluations within their departments. For department heads and leadership, incidents of fraud or bribery within their teams or involving external commercial partners will directly impact their evaluation scores.

Basic Requirements for Commercial Partner Management

- 1. The relevant department must conduct background checks on commercial partners based on business type and collaboration scope.
- 2. Relevant company departments must conduct compliance evaluations of commercial partners both before establishing cooperative relationships and throughout the duration of such partnerships, with the evaluation results serving as a critical basis for determining commercial partner qualification status.
- 3. Commercial contracts with clients, suppliers, service providers, or contractors must include explicit integrity clauses or be supplemented by standalone integrity agreements.
- 4. The Working Group must establish a dynamic monitoring mechanism for commercial partners to streamline selection and retention.
- 5. For commercial partners with unique circumstances or requirements, the Company's anti-fraud and anti-bribery commitments must be included as mandatory attachments to bids or contracts.

Signing Status of the Integrity Commitment Letter and Anti-Bribery Commitment Letter

Indicator	Unit	2022	2023	2024
Number of employees who signed integrity commitment letters	NA	799	844	887
Percentage of employees who signed integrity commitment letters ¹	%	65	70	72
Number of suppliers who signed integrity agreements	NA	514	540	558
Percentage of suppliers who signed integrity agreements	%	92	92	92

Additionally, the Company has established the *Anti-Fraud, Anti-Bribery, and Reporting Management System*. All employees and commercial partners are encouraged to report any known instances of fraud, bribery, or any improper conduct and suspicious activities related to the Company's operations through the following channels. At the same time, the Company explicitly states in the system that the identity and personal information of the reporter will be kept strictly confidential, and we absolutely do not tolerate any form of retaliation against the reporter or against those who refuse to participate in actions that violate this system. Within its authority, the Company ensures that the reporter and the investigators will not suffer retaliation or any form of discrimination, opposition, or other adverse effects due to their reporting actions.



¹ Upon evaluation, the risk level for production line workers is deemed to be relatively low, and as such, coverage has not yet been extended to them.

Reporting Channels



Business Ethics Risk Audit

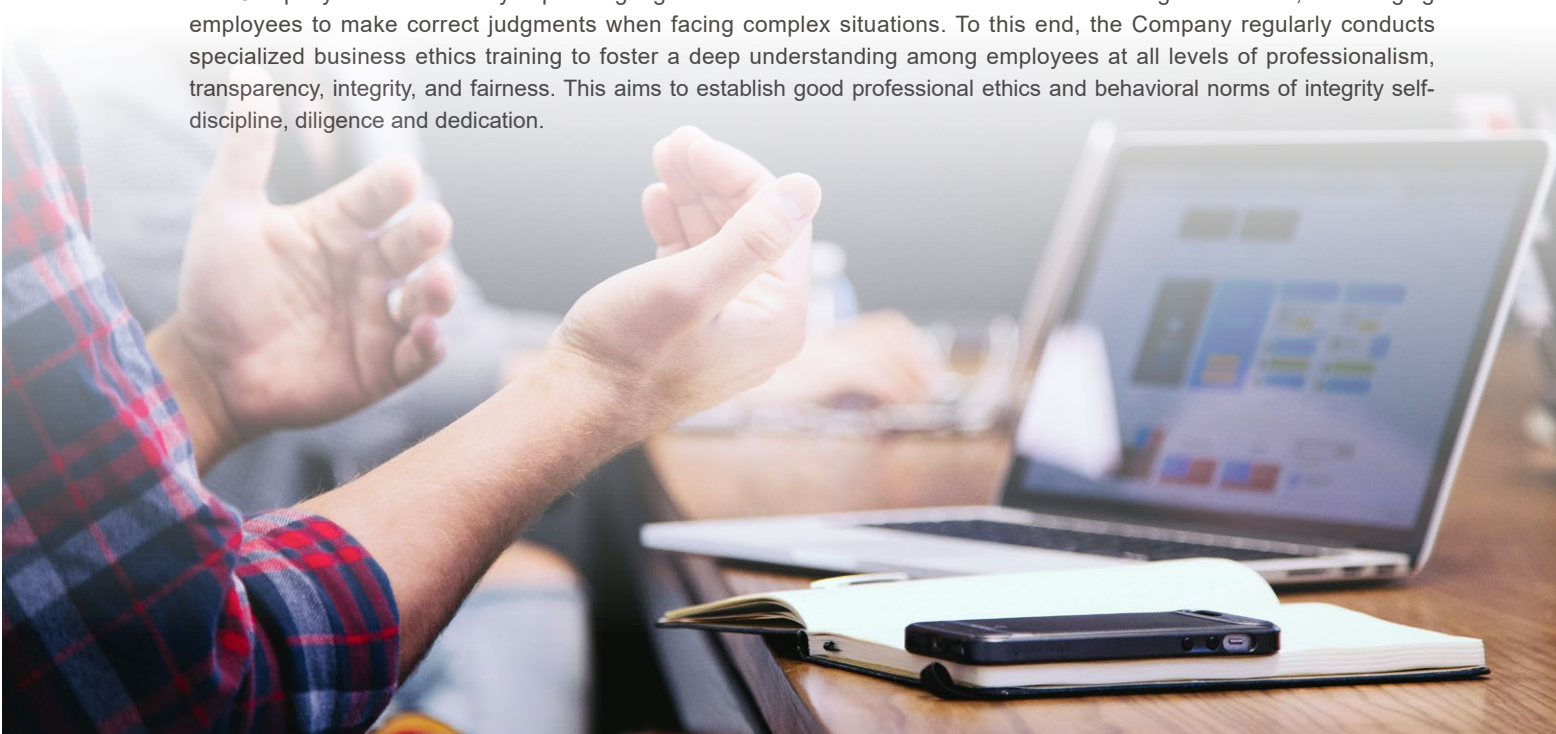
In order to further enhance the compliance and risk resistance of the Company in its business operations, the Company conducts business ethics risk audits regularly or irregularly to comprehensively assess the adequacy and effectiveness of the Company's anti-bribery management system. The audit team conducts in-depth reviews of procurement, sales, partnerships, financial operations and other aspects to identify potential violations and management loopholes. Once potential problems are discovered, the audit team will immediately communicate with relevant departments to jointly analyze the causes and formulate corrective measures.

Review Report of Anti-Bribery Compliance Function (2024)



Business Ethics Training

The Company advocates always upholding high standards of ethical conduct in decision-making and actions, encouraging employees to make correct judgments when facing complex situations. To this end, the Company regularly conducts specialized business ethics training to foster a deep understanding among employees at all levels of professionalism, transparency, integrity, and fairness. This aims to establish good professional ethics and behavioral norms of integrity self-discipline, diligence and dedication.



Business Ethics Training Performance

Indicator	Unit	2024
Number of anti-commercial bribery and anti-fraud training sessions conducted	Times	2
Total number of directors covered by anti-commercial bribery and anti-fraud training	NA	9
Percentage of directors covered by anti-commercial bribery and anti-fraud training	%	100%
Total number of management personnel covered by anti-commercial bribery and anti-fraud training	NA	30
Percentage of management personnel covered by anti-commercial bribery and anti-fraud training	%	100%
Total number of employees covered by anti-commercial bribery and anti-fraud training	NA	1,225
Percentage of employees covered by anti-commercial bribery and anti-fraud training	%	100%



Case: Conducting Special Training to Improve Employees' Anti-Fraud and Anti-Bribery Awareness

In September 2024, Huabao Flavours & Fragrances organized its annual specialized training on anti-fraud and anti-bribery. The training was delivered through a combination of offline and online sessions to all employees at the company's headquarters. It provided an overview of the theories of fraud and bribery, presented typical cases, reviewed relevant laws and regulations, and introduced Huabao Flavours & Fragrances' anti-fraud and anti-bribery management system and practices. This initiative aimed to enhance employees' ability to identify and prevent fraudulent and bribery behaviors, ensuring the compliance and transparency of the company's operations while safeguarding its reputation and long-term development.



2024 Anti-Fraud and Anti-Bribery Training

Additionally, the Company regularly conducts anti-commercial bribery and anti-fraud training for commercial partners. Through these training sessions, commercial partners gain a thorough understanding of the Company's specific policies and requirements regarding anti-fraud. This also effectively strengthens their ability to identify and prevent business ethics risks, ensuring compliance and legality in the process of cooperation between both parties.



Case: Conducting Annual Training for Commercial Partners to Jointly Build a Clean Business Environment

In January 2024, Huabao Flavours & Fragrances conducted annual offline training for its commercial partners covering the topics of anti-fraud and anti-bribery, publicizing the concepts and forms of fraud and bribery, as well as the management system for anti-fraud and anti-bribery. Through this training, the Company not only successfully conveyed to its commercial partners its firm determination and confidence in combating corruption and building a united front against it, but also fostered a closer and more solid cooperative relationship between both parties based on integrity.

Anti-Unfair Competition

The Company strictly abides by the *Anti-Unfair Competition Law*, the *Anti-Monopoly Law* and other relevant laws and regulations, resolutely opposes all acts of unfair competition, and does not adopt unfair means such as false propaganda, commercial bribery and infringement of commercial secrets to gain competitive advantages. The company has established the Antitrust Compliance Management Measures to define compliance requirements for business operations and employee responsibilities. It conducts compliance reviews on transaction agreements, market behavior, and competition strategies to ensure regulatory adherence and effectively mitigate antitrust compliance risks. At the same time, before engaging in cooperation with all commercial partners, the Company signs the *Integrity Agreement* and the *Integrity Commitment Letter* with them, which clearly stipulate that the business cooperation process must comply with the provisions of the *Anti-Unfair Competition Law*, jointly maintaining a fair, just, and transparent market competition environment.

Key performance

In 2024, the Company **had not** been involved in litigation/administrative penalties or anti-unfair competition.



03 Collaborative Win-Win Building an Excellent Quality Management

Huabao Flavours & Fragrances adheres to high standards and stringent requirements, striving to establish an efficient, stable and sustainable supply chain system. The Company continuously optimizes quality management, improves lean production level, and ensures product safety and reliability. Centered on customer needs, it improves service accessibility to deliver better solutions to the market. Furthermore, the Company actively builds a responsible supply chain by improving supplier qualification, evaluation, and management, encouraging collaborative development upstream and downstream of the industrial chain, and jointly promoting sustainable growth.

- Quality Assurance
- Customer Service
- Supply Chain Management

SDGs Benchmarking



Quality Assurance

Huabao Flavours & Fragrances has always adhered to the quality policy of "Quality First, Pursuing Excellence", rigorously implementing the requirements of GB/T 19001-2016 and ISO 9001: 2015 quality management systems. The Company has formulated *Quality Manual*, *Internal Quality System Audit Procedures*, *Product Quality Traceability Management Procedures*, *Non-conforming Output Control Procedures* and other systems. These measures enable full-process monitoring, from technology development to product realization and quality testing, ensuring that product quality meets customer requirements on a consistent basis.

Selected Quality Management
System Certification Certificates of Huabao Flavours & Fragrances, Jiangxi Yifang, Jiangxi H&K



In addition to Huabao Flavours & Fragrances, Huabao Flavours & Fragrances Shanghai, Xiamen Amber, Jiangxi H&K, Shanghai Yifang, Yunnan Tianhong, Guangzhou Huafang, Guangzhou Owada, and Yingtan Huabao have all obtained ISO 9001: 2015 quality management system certification.

To implement quality management effectively, the Company has established a flexible and hierarchical quality management structure. Under this overarching framework, each subsidiary or branch independently develops and refines its own quality management system based on its business characteristics and operational needs. Each subsidiary or branch has a dedicated quality management department or role responsible for formulating quality policies and objectives that are appropriate for its actual situation, ensuring the establishment, implementation, and continuous improvement of processes required by the quality management system. This approach comprehensively improves the Company's overall quality management level.

Indicator	Unit	2022	2023	2024
Product Qualification Rate	%	100	100	100
Product Recall Rate	%	0	0	0

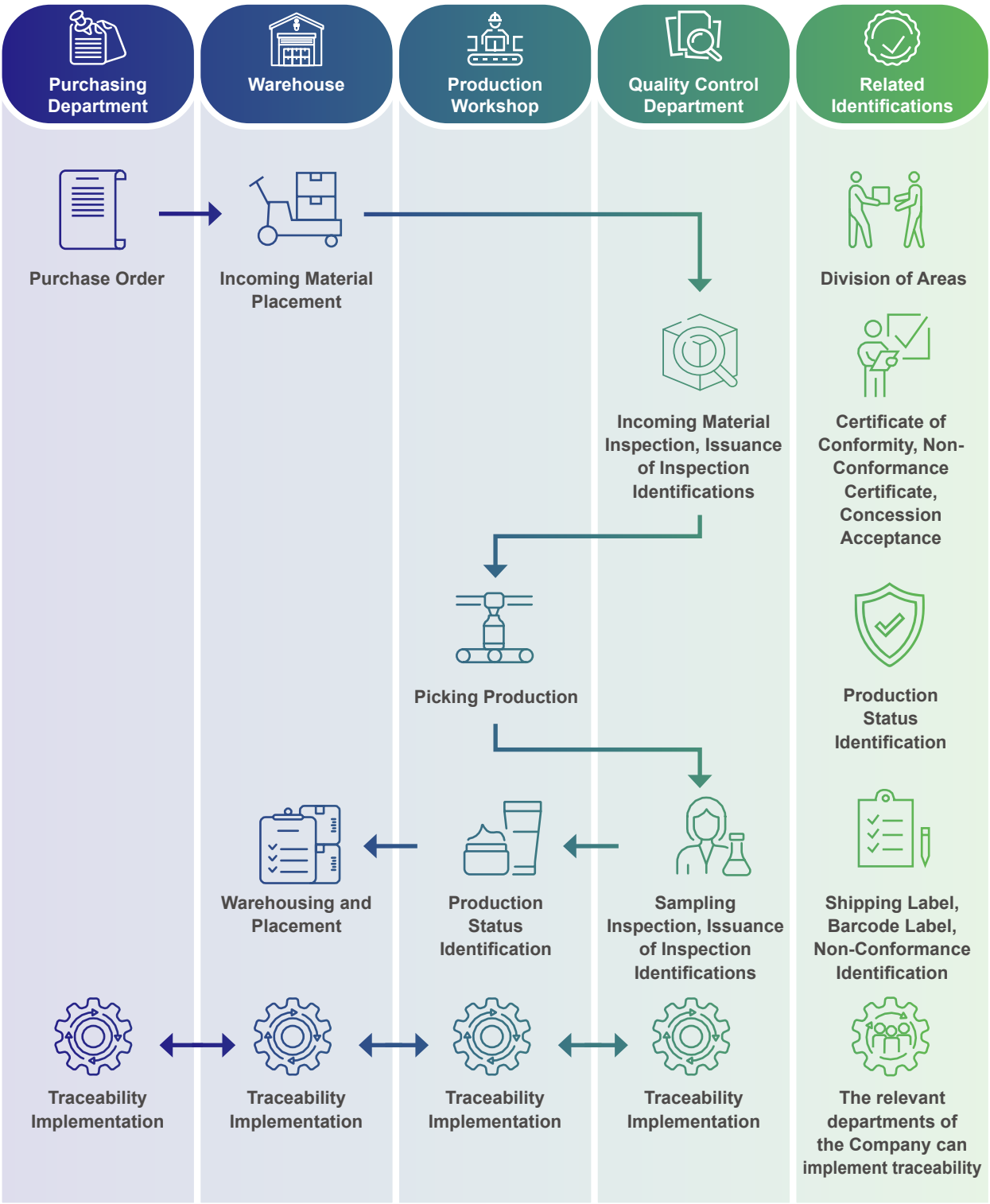
Key performance

In 2024, the Company **had no** major safety or quality incidents related to its products or services.

Quality Risk Control

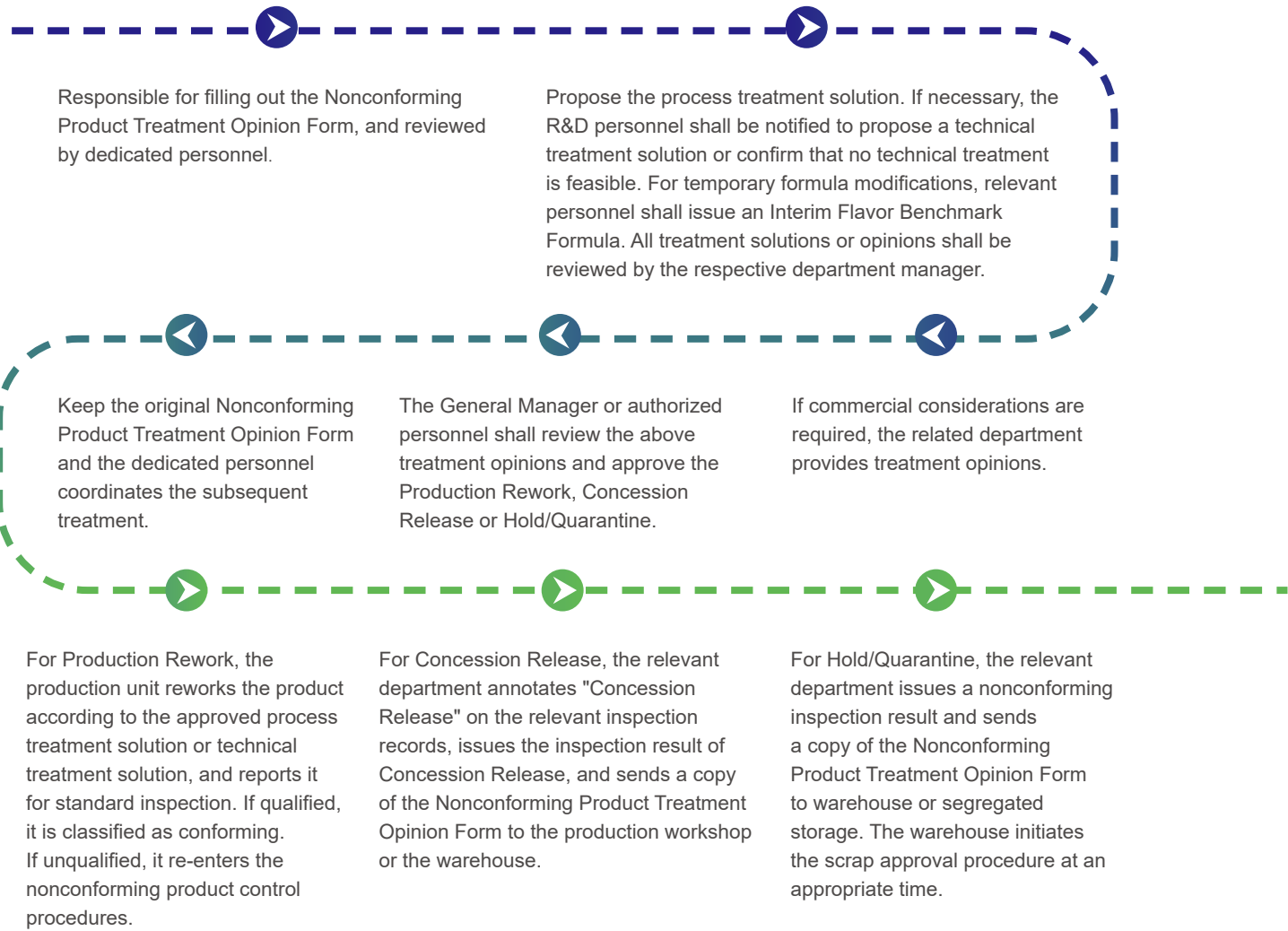
The Company has established a well-designed *Product Quality Traceability Management Procedures* to maintain detailed records of the entire production process, including the receipt of raw and auxiliary materials, workshop production, finished product warehousing, and final delivery, ensuring full traceability and transparency.

Product Quality Traceability Management Process



Furthermore, during the production process, strict treatment procedures are adopted for any nonconforming products, including finished products, re-inspected products, or outgoing products that fail to meet the Company's inspection standards. Through this series of management and control processes, the Company not only effectively prevents and reduces potential quality risks, but also ensures product consistency and compliance, thereby significantly increasing customer trust and satisfaction.

Category II Nonconforming Products (Finished Products, Outgoing Products, or Re-Inspected Products Failing Internal Inspection Standards) Treatment Process



Furthermore, to ensure that products with corporate logos can enter the investigation procedure as effectively, quickly, and completely as possible when recalled from the market at any time, the Company has developed the *Notification and Recall Control Procedures*. It analyzes the collected information on nonconforming products using the *Nonconforming Product Control Procedures*, assesses the extent of potential public health risks, and determines the scope and depth of recalls. In the event of a voluntary or involuntary product withdrawal or recall, the Company promptly communicates all relevant information to affected customers.

Lean Production

Lean management is an important means for the Company to enhance efficiency, stimulate vitality and build core competitiveness. Across the organization, the Company actively implements the lean production management concept, continuously improves its lean production management system, raises management levels, and ensures the orderly implementation of lean production work. The Company continues to encourage employees to participate in continuous improvement activities, put forward improvement project proposals, and use innovative thinking and scientific methods to eliminate waste, improve resource utilization efficiency, and jointly drive the transformation of production methods toward greater efficiency and sustainability. This approach not only increases productivity but also improves the Company's competitiveness.

Lean Production Initiatives at Jiangxi H&K



Visual Display Board for Lean Production at Jiangxi H&K



Case: Yingtan Huabao Launched Lean Management

In April 2024, Yingtan Huabao held a lean production management kick-off meeting, marking the full launch of its lean management initiative. This effort aims to enhance production efficiency, reduce costs, and solidify core competitiveness. By forming a lean management working group and signing the *Lean Management Commitment Letter*, the Company engages all employees in driving the implementation of the lean production concept. This initiative will optimize production processes, eliminate waste, and raise management levels, which helps Yingtan Huabao better respond to market demands, improve product quality, support Huabao Flavours & Fragrances' internationalization strategy, and strengthen the Company's long-term competitive advantage.



Yingtan Huabao Lean Production Management Kickoff Meeting

Customer Service

Since its establishment, Huabao Flavours & Fragrances has always adhered to the consumer service concept of customer first. To deliver high-quality services and safeguard customer interests, the Company has formulated management systems and procedures, including the *After-Sales Management System*, *Customer Communication Control Procedure*, *Customer Satisfaction Evaluation Procedure*, *Corrective and Preventive Measures Procedure*, and *Risk and Opportunity Response Control Procedure*. These protocols apply to both the Company and its subsidiaries, systematically strengthening customer service management across all operations.

The Company clearly defines the responsibilities of its Technical Center, Marketing Center, and Operations Service Center. The Operations Service Center is responsible for assessing customer satisfaction and handling customer complaints. Non-product-related complaints are investigated and verified by relevant departments, while product-related complaints are handled by customer service through information gathering and collaboration with the Quality Control Department and Technical Center. This operational framework enables the Company to provide premium customized products while maintaining service excellence through rapid, coordinated responses to diverse customer needs for its products.



Customer First

Always put the customer first, and commit to understanding and meeting their needs in order to provide an exceptional service experience.



Professional and Highly Efficient

Our team has extensive professional knowledge and skills, and they can quickly and accurately solve consumers' problems and needs to ensure efficient service.



Listening to Needs and Innovative Experience

Deeply understand consumers' needs and desires, and then use innovative service thinking to provide them with a unique service experience that meets their increasingly diverse needs.



Continuous Improvement

We use customer feedback to drive service improvements. We are constantly improving our service level by collecting and analyzing feedback and optimizing our services on an ongoing basis.



After-sales Service System Certification Certificate



In terms of the product recall procedure, to ensure that products with corporate logos can enter the investigation procedure as effectively, quickly, and completely as possible when recalled from the market at any time, the Company has developed the *Notification and Recall Control Procedures* to clarify the division of responsibilities of each department. Product identification allows the Company to trace the product's production date or batch number. At the same time, it has established a product identification system for all packaging and analyzes the collected information on nonconforming products using the *Nonconforming Product Control Procedures*, assesses the extent of potential public health risks, and determines the scope and depth of recalls. In the event of a voluntary or involuntary product withdrawal or recall, the Company promptly communicates all relevant information to affected customers.

The Company always prioritizes customer satisfaction and product quality, attaches importance to product quality and safety control, ensures that the products produced meet the relevant national and industry standards, verifies, handles and resolves any customer complaints as soon as possible, and is committed to providing customers with high-quality products and excellent after-sales service.

Huabao Flavours & Fragrances Customer Handling Procedures for Customer Complaints Related to Nonconforming Products



A customer complains that a product provided by the Company is nonconforming



The customer service staff records the customer name, complainant, time, complaint content, and so on in the Customer Complaint Handling Form



The related department leads in the investigation, testing, and verification in accordance with the Customer Complaint Handling Form, and then releases the investigation process and conclusions



If the product is conforming, the customer service staff will coordinate and communicate with the customer. If the product is nonconforming, the General Manager or authorized person will issue instructions and arrange for business staff to handle it, while including it in the nonconforming product handling procedure.

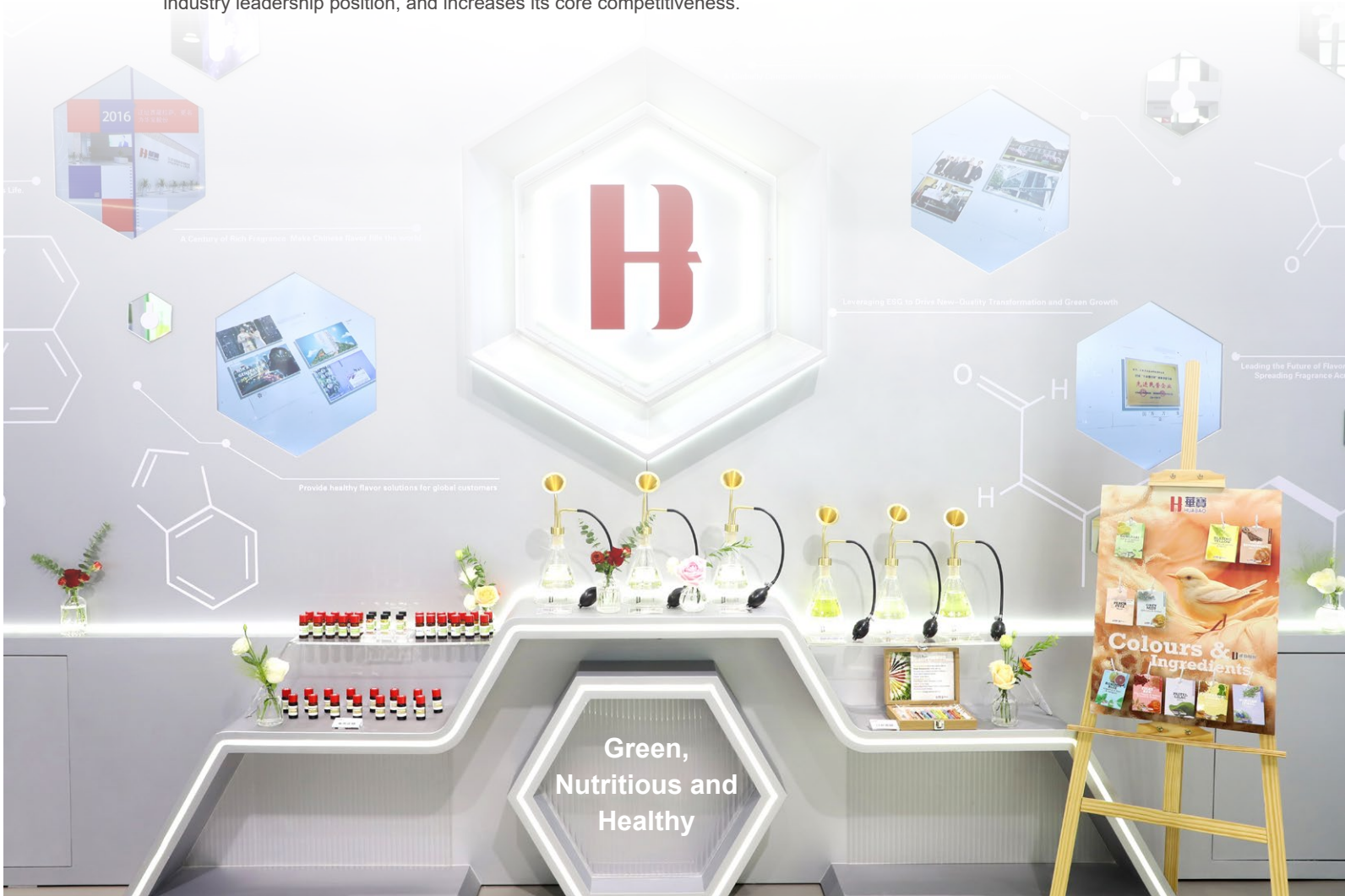
Key performance

In 2024, customer satisfaction was **95.87%**.

Product Availability

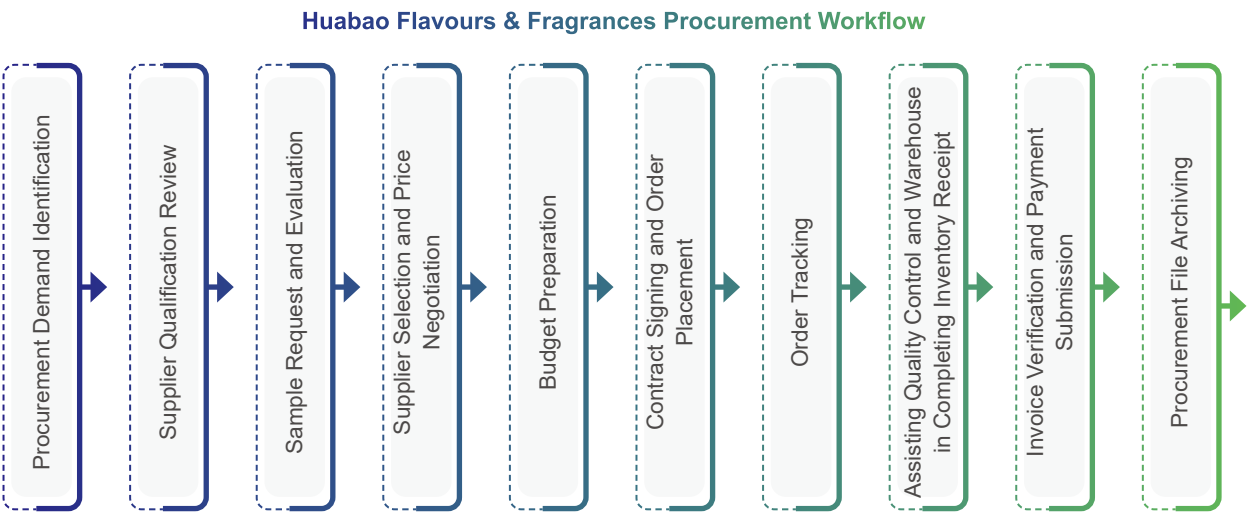
By proactively providing product upgrades and innovative solutions to its rapidly developing customers, Huabao Flavours & Fragrances has achieved tangible results from its diversified market segmentation strategy. The diversified development of flavors and categories such as catering channels, functional beverages, and snacks has driven the demand growth for food flavorings and ingredient solutions. Through this process, the Company continuously accumulates and enhances the core competitiveness of its business areas, providing customers with one-stop innovative products and services. This strategic shift from "product designer and manufacturer" to "solution provider" allows the Company to seize the initiative in competition and development and lead the new direction of the industry's development.

Based on market demand, the Company deeply explores emerging trends, technologies, and sectors in the development of the domestic and foreign flavor industry. It is constantly optimizing its product portfolio to accelerate upgrades to customers' existing products, thereby increasing their market penetration rates. At the same time, the Company capitalizes on the opportunity of consumption transformation by leveraging consumer insights to identify new market opportunities for clients. Through integrated solutions, the Company expands into new product and business markets. By continuing to improve its core product structure and diversify product lines, the Company meets the diverse needs of its customers, consolidates its industry leadership position, and increases its core competitiveness.



Supply Chain Management

Huabao Flavours & Fragrances regards supply chain management as an important cornerstone of sustainable development. It builds a transparent, efficient and responsible supply chain system through rigorous access, evaluation and exit mechanisms. The Company evaluates suppliers based not only on product quality and cost but also on environmental compliance, occupational health and safety, labor human rights protection, and other factors. This approach encourages both upstream and downstream supply chain participants to practice the concept of sustainable development collaboratively. At the same time, the Company strengthened the transparent procurement mechanism by requiring procurement personnel to sign the *Employee Integrity and Self-Discipline Commitment Letter* and sign the *Integrity Agreement* with suppliers, ensuring the fairness and transparency of the procurement process. Through systematic and standardized supply chain management, Huabao Flavours & Fragrances leads the industry towards a higher standard of responsible supply chains and contributes to the creation of a sustainable industrial ecology.



Supplier Access

The Company selects suppliers through inquiry, competitive negotiation, bidding or single-source procurement. In principle, qualified suppliers and procurement prices are determined by comparing at least three suppliers based on material cost analysis. The Procurement Department is responsible for screening potential suppliers and identifying candidate suppliers through evaluating samples, and conducting on-site assessments (applicable to certain raw materials). The final approval strictly adheres to established protocols, and a supplier directory is maintained. To guarantee supply chain stability, the Company initiates a backup supplier development process when existing suppliers are unable to supply goods, thus ensuring supply chain continuity and reliability.

The Company imposes strict requirements on supplier admission and evaluation, reviewing their qualifications such as environmental management system certification, examining their compliance with environmental regulations, environmental monitoring compliance, records of environmental administrative penalties, integrity and probity records, financial stability, and tax compliance, as well as screening for negative risks such as money laundering and monopoly, to ensure no major illegal records within the past three years.

Meanwhile, the Company's commercial contracts must be accompanied by the *Employee Integrity and Self-Discipline Commitment Letter* and the *Integrity Agreement*, and suppliers are required to sign the *Environmental, Occupational Health Safety, and Labor Human Rights Commitment Letter*, fulfilling their responsibilities in environmental protection, occupational health and safety, as well as labor and human rights. Suppliers must employ workers legally, eliminating child labor, forced labor, and discrimination, safeguarding rights such as compensation, benefits, and vacations, maintaining employee physical and mental health and occupational safety, and respecting internationally recognized human rights standards. Additionally, suppliers must comply with the company's relevant rules and regulations and accept irregular supervisory inspections.

Supplier Evaluation

Huabao Flavours & Fragrances has established a supervision and evaluation mechanism to regularly evaluate the performance and compliance of suppliers. This helps identify and resolve potential issues promptly, ensuring suppliers consistently deliver high-quality products and services. The Company encourages suppliers to continuously improve their service levels through an incentive mechanism that involves granting priority purchasing rights.

Huabao Flavours & Fragrances Supplier Evaluation Requirements

Supplier	Supplier Annual Evaluation Requirements
Category A Suppliers	Every year, the Company's procurement department must conduct a written evaluation.
Category B Suppliers	Every two years, Huabao Flavours & Fragrances and its subsidiaries' procurement departments must conduct a written evaluation. If the materials supplied pose significant environmental, social, or quality risks, an on-site evaluation is required.
Excellent suppliers with evaluation results ≥ 85 will be given priority in procurement, and unqualified suppliers with evaluation results < 70 will have their supplier qualifications revoked by Huabao Flavours & Fragrances and its subsidiaries' procurement departments after approval.	

Supplier Exit

Huabao Flavours & Fragrances strictly controls the supplier exit process. Suppliers who fail to meet evaluation standards even after rectification, disrupt normal material supply, or experience major quality or safety incidents will have their qualified supplier qualifications revoked. When the qualification is revoked after approval, Huabao Flavours & Fragrances and its subsidiaries' procurement departments will immediately remove the supplier from the *Qualified Supplier Directory* and either select a backup supplier or develop a new supplier.

Transparent Procurement

Under the leadership of the Company's anti-fraud leadership group, all relevant personnel responsible for procurement across the Company's departments and subsidiaries are required to sign the *Employee Integrity and Self-discipline Commitment Letter*, and suppliers are required to sign the *Integrity Agreement*. This is done to improve internal control in the procurement process, prevent fraudulent activities, and ultimately create a long-term, robust, and sustainable supply chain ecosystem.

Key performance

By 2024, **92%** of suppliers signed the *Integrity Agreement*.

Equal Treatment of SMEs

The Company adheres to the principles of fairness and impartiality, treating all partners, including small and medium-sized enterprises (SMEs), equally. It strictly complies with legal and regulatory requirements to ensure the compliance of supply chain cooperation. During the reporting period, the Company did not encounter any instances of overdue payments to SMEs.

04 Green Guardian Painting a Beautiful Picture of the Earth Together

The ecological environment is the material source and living space foundation for human survival and development, and it is our home planet where we live and protect together. Huabao Flavours & Fragrances is committed to the green and high-quality development, actively embraces carbon peak and carbon neutrality initiatives, continues to build a modern environmental management system, adheres to efficient energy management, and resolutely fights the battle against pollution. It is committed to becoming a practitioner of environmental protection governance, a promoter of ecological civilization, and a builder of a beautiful China.

- Environmental Management
- Climate Response
- Waste Management
- Green Production and Operation

SDGs Benchmarking



Environmental Management

In strict compliance with environmental protection laws, regulations and system requirements, Huabao Flavours & Fragrances has established a complete environmental management system, and compiled the environmental chapter in the *Environmental and Occupational Health and Safety Management Manual*, as well as internal rules and regulations such as the *Eight Provisions on Environmental Protection*, providing solid institutional support for the environmental management of the Company and its subsidiaries. On this basis, the Company has established a full-time safety and environmental management organization, fully responsible for core tasks such as safety, environmental protection and fire management to ensure the effective operation of the environmental management system. During the reporting period, the Company did not incur any significant administrative penalties or criminal liabilities from environmental events imposed by relevant environmental authorities.

For the purpose of further improving the level of environmental management, the Company has successfully passed the energy management system, environment and occupational health management system and other certifications and obtained corresponding certificates. As of the end of the reporting period, Huabao Flavours & Fragrances, Shanghai Branch, Yingtan Huabao, Guangzhou Huafang, Yunnan Tianhong, and Guangzhou Owada have passed the ISO 14001 environmental management system certification and formulated a series of control procedures in accordance with the system requirements. Through identification, prevention, correction, monitoring and other methods, they have reduced the impact of operations on the environment in a comprehensive and multi-dimensional manner, and put the concept of sustainable development into practice with practical actions.

Selected ISO 14001 Environmental Management System Certifications:
Huabao Flavours & Fragrances, Shanghai Branch and Yingtan Huabao



Environmental Management Goals and Progress

Environmental management objectives	Indicator	Accomplishment
Complete waste sorting and treatment	100% recycling of hazardous waste	Accomplished
Fire preventing	The number of fires is 0	
Energy resource consumption reduction	The average annual consumption of water, electricity and fuel per unit of output not exceeding the consumption in the previous year	
Up-to-standard discharge of sewage from wastewater treatment plant	Sewage from wastewater treatment plant meets standard requirements after treatment	
Up-to-standard emission of boiler exhaust	Boiler exhaust meets the emission standards for Class II areas in Period II of GB 13271	

Environmental Risk Assessment and Emergency Plan

The Company systematically analyzed the geographical location and surrounding environment of each factory area, carried out environmental risk identification and assessment, and formulated risk prevention measures for identified risk factors such as fire and explosion, accidental emissions of waste gas, and accidental emissions of wastewater. The Company has prepared emergency plans for various natural disasters and emergencies, and established a complete accident emergency system, covering the clarification of the responsibilities of department heads, emergency material management, rescue team formation, scenario analysis of various possible sudden environmental events, employee training, regular safety inspections, and the establishment an emergency rescue system of "activating plans, organizing evacuations, treating the wounded, maintaining contact, and arranging life", so as to effectively reduce hazards and ensure the Company's production and operation.



Jiangxi Yifang's Emergency Environmental Risk Assessment and Response

Accident type	Scenario analysis	Risk prevention and control and emergency resources
Leakage, fire and explosion accidents	Production equipment area	<ul style="list-style-type: none">Improper collection of waste gas generated during the production process causes waste gas concentration in the workshop to reach the limit, causing harm to personnel health;Fire or explosion caused by lightning, static electricity, collision, man-made fire source or production operation error;
	Chemical warehouse	<ul style="list-style-type: none">Due to the leakage of liquid materials, ethanol spontaneously combusted, resulting in a fire accident;
Environmental risk prevention and control measures fail or are not operating normally	Rainwater pipes are not blocked in time	<ul style="list-style-type: none">Risk prevention and control: directly sent to the wastewater conditioning tank through the ditch.Emergency resources: fire hydrants and fire extinguishers installed inside and outside the workshop; All employee are equipped with personal protective equipment;
	Failure of exhaust gas collection facilities	<ul style="list-style-type: none">When a fire occurs, the fire tail water flows into the rainwater pipe network. If the rainwater pipe is not blocked in time, the fire tail water will flow into the nearby river through the rainwater pipe network, polluting the water body and endangering aquatic organisms and plants;Risk prevention and control: the Emergency Management Office regularly inspects emergency supplies;
	Failure of sewage treatment and discharge measures	<ul style="list-style-type: none">When the exhaust gas purification and recovery device fails, the exhaust gas generated during the production process cannot be collected and treated, but escapes into the workshop, causing the concentration in the workshop to exceed the limit, causing physical harm to personnel;Stop operation and conduct repairs in time;
Various natural disasters, extreme weather or adverse meteorological conditions	Failure of sewage treatment and discharge measures	<ul style="list-style-type: none">When the sewage station's various tanks and storage boxes are damaged and leak, sewage may flow into the rainwater pipe network through the roadside rainwater collection wells. If not properly handled, when it rains, it will flow out of the factory boundary together with the rainwater and pollute the surrounding water bodies;Stop operation, stop draining, and perform repairs in time;
	Take rainstorm weather as an example	<ul style="list-style-type: none">There was a sudden rainstorm and the rainfall lasted for a long time. The employees failed to report the situation in the factory to the Emergency Rescue Command in a timely manner as they did not foresee the change in the situation. Water accumulated in the factory and the water level reached a certain height in the workshop. The flood destroyed the material yard or production facilities, which may cause material leakage. The leaked materials were discharged into nearby water bodies with rainwater, polluting the environment and endangering aquatic life.All materials are stored indoors and rainwater pipes are installed in the factory area.



Case: Guangzhou Huafang Organized Annual Fire Drill

In November 2024, Guangzhou Huafang, a subsidiary of Huabao Flavours & Fragrances, conducted a fire emergency drill. At the beginning of the drill, all drill working groups quickly arrived at their locations, and in the workshop, stairwells and emergency exits, the evacuation command team in the shortest possible time, used commands and gestures to direct employee to evacuate in an orderly manner along designated routes. After gathering, all employee carefully learned the classification and use of fire extinguishers, fire-fighting precautions, and analysis and explanation of recent fire cases, and conducted practical fire-fighting drills. The emergency plan drill achieved the expected goals, the emergency plan was reasonable and effective, and any non-standard aspects were corrected on site in a timely manner.



Fire Extinguisher Practice Drill



Contributing to Biodiversity Conservation

The Company actively promotes biodiversity conservation and has always been committed to protecting the green ecology. To protect the biodiversity where the Company is located, it has adopted a series of policies and actions to regularly organize employees to participate in various ecological protection volunteer activities by using efficient purification equipment and innovative processes with the focus on the conservation and restoration of surrounding natural habitats, so that every employee is a practitioner of protecting biodiversity.



Case: Securing Production Materials and Promoting Biodiversity

To further contribute to the diversity of species and ecosystems, the Company grows a rich variety of fruit and vegetable ingredients such as lemons, mulberries, grapefruits, blueberries, and oranges in Ji'an, Jiangxi province. After several years of careful cultivation, the bumper harvest of the base-grown fruits provides raw material support for the Company's production and processing, laying a solid foundation for subsequent production and processing links. While the Company's own forest land helps ensure product quality, it is also of great significance to promote biodiversity, help promote the stability and anti-interference ability of the forest ecosystem, and provide rich food resources for insects, birds and other animals in the forest, contributing to the vigorous development of biodiversity.



Climate Response

As the common and only habitat for mankind, the Earth is facing multiple interrelated crises such as climate change, environmental pollution and loss of biodiversity. Huabao Flavours & Fragrances deeply recognizes the urgency of the climate crisis and the necessity of participating in global climate governance. While considering the risks brought by climate change, it also considers the opportunities that responding to climate change will bring to its development. Referring to the *International Financial Reporting Sustainability Disclosure Standard No. 2 - Climate-related Disclosures*, the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)* and other cutting-edge domestic and international standards on climate information disclosure, the Company monitors its business environment, operating conditions and the implementation of risk response measures in a bid to identify various risks and provide early warnings, thereby enhancing its own climate resilience.

Climate Governance Framework

Actively responding to the country's "dual carbon" strategic goals, the Company formally established the ESG climate project working group in 2024, and fully launched the ESG climate risk management project to systematically enhance its responsibility for environmental protection and climate governance. The working group is responsible for formulating annual climate risk management action plans and implementation plans, coordinating the collection of climate-related information and data analysis, conducting in-depth assessments of the potential impacts of climate risks, and identifying climate-related opportunities. The working group also regularly prepares climate risk project progress reports, organizes internal training, and continuously improves the climate risk awareness and management capabilities of all employees, providing strong support for the Company to build a sound climate governance system. During the reporting period, the Company has completed the identification of climate risks and opportunities and formulated targeted response strategies.

Climate Response Strategies

To further analyze the impact of climate-related risks and opportunities on each link in the Company value chain and implement corresponding measures to reduce the impact on business operations, the Company qualitatively assesses climate impacts and develops climate response strategies. It adopts climate change mitigation measures such as reducing carbon emissions and improving energy efficiency, and also conducts continuous monitoring of the climate change and socio-economic development to make the related management measures better.



Identification and Response to Climate Risks

Risk category		Risk description	Impact cycle ²	Countermeasures
Physical risks	Acute risks	Extreme weather such as precipitation, high temperatures, and typhoons are more frequent and more intense, affecting the stability of the Company's operations and supply chain, and causing fixed asset losses	Short-, medium- and long-term	<ul style="list-style-type: none">• In response to foreseeable acute climate risks such as extreme heat and extreme precipitation, regularly inspect and reinforce related facilities to ensure that rain protection measures are in place, and use meteorological monitoring platforms to adjust production plans in a timely manner• Reasonably arrange employees' work during high temperature periods and provide necessary heatstroke prevention and cooling facilities and materials• Develop emergency response plans for extreme weather events such as extreme precipitation, and explore flexible operation and delivery models
	Chronic risks	The increase in high temperature hours and water pressure has led to an increase in the Company's energy, resource consumption and equipment maintenance costs; abnormal global climate and abnormal fluctuations in natural raw material procurement prices have affected the stability of the supply chain	Short-, medium- and long-term	<ul style="list-style-type: none">• Adhere to water and energy conservation in operations to improve the Company's resilience to chronic climate risks• Strengthen employees' awareness of climate risks, improve their emergency response capabilities through training, and enhance their awareness of climate change mitigation
Transformation risks	Policy and legal risks	Countries or regions introduce stricter climate policies, such as imposing carbon emission restrictions on the Company and implementing carbon pricing mechanisms, which leads to an increase in the Company's input costs	Medium- and long-term	<ul style="list-style-type: none">• Continue to carry out greenhouse gas emissions accounting and continuously reduce emissions levels• Pay close attention to industry regulatory trends and make compliance preparations in advance
	Technological risks	In low-carbon transition, as energy, information and other technologies are upgraded, the Company may need to update the products and services purchased, resulting in increased technology investment	Short-, medium- and long-term	<ul style="list-style-type: none">• Continuously improve our digital level and equipment energy efficiency to create a green and low-carbon supply chain
	Market risks	As consumers' demand for low-carbon transformation-related services is increasing, and their requirements are improving, the Company needs to continuously innovate products and improve service quality	Short-, medium- and long-term	<ul style="list-style-type: none">• Pay attention to consumers' demand for low-carbon products and continuously optimize the Company's products and services; expand into the field of low-carbon food ingredients, promote the research and development and application of low-carbon technologies, use enzymatic hydrolysis technology to produce low-carbon products, and actively explore the potential application of synthetic biology• Prioritize the use of renewable raw materials and packaging• Strengthen low-carbon product marketing and enhance consumer awareness
	Reputation risks	External stakeholders have higher requirements for the Company's climate-related governance performance and information disclosure. If the expectations of stakeholders are not met, the Company's reputation may be damaged, leading to the loss of consumers and investors	Short-, medium- and long-term	<ul style="list-style-type: none">• Maintain close communication with stakeholders and improve the disclosure of climate-related information• Establish an ESG management system to improve sustainable development performance

² Time definition: short-term (0-3 years), medium-term (3-10 years), long-term (more than 10 years)

Identification and Response to Climate Opportunities

Opportunity category	Opportunity description	Impact cycle ³	Countermeasures
Driving market growth for green and healthy products	The global market demand for low-carbon food ingredients continues to grow, consumers' awareness of health and environmental protection has significantly improved, and low-carbon products such as natural flavor bases have clear market prospects. The Company has made deployments for the enzymatic hydrolysis technology and sought to research and develop synthetic biology to provide technical support for the green upgrade of products	Short- and medium-term	Deepen the research and development of enzymatic hydrolysis technology, explore the application of synthetic biotechnology, promote the production of environmentally friendly fragrance-based products, and accelerate the industrialization layout of green products
Developing clean production and green technology	Stricter international environmental protection policies have driven innovation in production processes. Green processes reduce export compliance risks and enhance international customer appeal. The practices of our subsidiaries have verified their commercial value and the appeal of green technology to international customers	Short- and medium-term	Transform high-energy-consuming production links, improve energy efficiency management, promote the application of green and low-carbon technologies, and create a benchmark for clean production in the fragrance industry
Enhancing brand value and customer loyalty	Leading food and beverage companies give priority to suppliers with excellent ESG performance. Green certified products help gain market competitive advantages. Investors continue to pay more attention to leading enterprises in climate management	Medium- and long-term	Strengthen ESG information disclosure, enhance brand influence through publicity and promotion, and deepen cooperation with key customers
Expanding international markets	Green certified products have significant market access advantages in the EU and Southeast Asia. The global market demand for low-carbon products is growing. Products that meet carbon footprint requirements are more likely to enter the international market and attract high-end customers. The layout of overseas production bases provides support for market expansion	Medium- and long-term	Promote international certification relying on the overseas production base, develop an export product portfolio that meets mainstream environmental standards, and enhance overseas market competitiveness
Optimizing supply chain stability	Abnormal climate causes annual price fluctuations of natural raw materials such as orange oil. Diversified procurement and cooperation with green suppliers can enhance supply chain resilience and reduce the impact of climate-related risks	Short- and medium-term	Work with suppliers to promote sustainable procurement, establish a green supply chain management system, and ensure the stability and low-carbon development of the supply chain
Enhancing enterprise resilience and competitive advantage	Climate risk management capabilities have become one of the core competitiveness of the industry. Companies with excellent ESG performance have shown greater resilience in financing channels and market competition	Long-term	Improve the climate risk management system, establish a climate risk identification, assessment and response mechanism, and incorporate climate factors into corporate strategy and operational decision-making

Greenhouse Gas Emissions of Huabao Flavours & Fragrances

	Key performance indicators	Unit	2023	2024
Greenhouse gas emissions	Scope 1 (direct emissions)	Tons of CO ₂ equivalent	2,042	1,575
	Scope 2 (energy indirect emissions)	Tons of CO ₂ equivalent	7,476	5,765
	Total emissions	Tons of CO ₂ equivalent	9,518	7,340

³ Time definition: short-term (0-3 years), medium-term (3-10 years), long-term (more than 10 years)

Climate Mitigation Action

Huabao Flavours & Fragrances recognizes that its development environment faces many climate-related risks, but risks also contain multiple opportunities. Therefore, by continuously improving energy and resource utilization efficiency, upgrading operating models, improving energy management level, building a green and low-carbon supply chain, the Company promotes our products and services to keep pace with the times, enhances our resilience to climate change, and create more opportunities for the Company's sustainable development.

Equipment Energy Efficiency Upgrade

The Company attaches great importance to the energy efficiency performance of equipment and actively purchases various energy-saving and environmentally friendly equipment, covering multiple areas from key production links to auxiliary processes, curbing the emission of pollutants at the source. The Company gives priority to energy-saving equipment with low energy consumption in the equipment selection stage. In the selection of production equipment, low-energy and high-efficiency variable-frequency motors are selected, such as the use of energy-saving water pumps, circulating cooling towers and other equipment and facilities to save energy. In green lighting, priority is given to energy-saving lighting equipment such as compact fluorescent lamps, high-pressure sodium lamps, and low-pressure sodium lamps with high efficiency, so as to effectively reduce energy consumption and carbon emissions.

In addition, the Company has taken a series of comprehensive measures to reduce carbon emissions and save energy in using natural gas, including adding energy-saving heating devices to the boiler system to improve thermal energy conversion efficiency, using warm or hot water to preheat the boiler to shorten startup time and reduce energy consumption, installing thermal insulation film on the outside of the steam pipe to reduce heat loss, implementing automatic control of the steam pipeline to accurately adjust the flow rate, and flexibly adjusting the heating boiler model according to production needs, so as to promote the Company's transformation to a greener, lower-carbon and sustainable development model.



Frequency Conversion Energy-Saving Equipment



Case: Full Introduction of Electric Forklifts to Start Low-Carbon Energy Transformation

The Company's new plants give priority to the introduction of new energy equipment to continuously reduce their dependence on traditional fossil energy. For example, Jiangxi H&K fully adopts electric forklifts for handling operations in the warehousing process, with a total of 11 electric forklifts. Compared with traditional fuel forklifts, electric forklifts have lower energy consumption, helping the company to move steadily towards a low-carbon production model.



Electric Forklift

Low-Carbon Upgrade of Operating Model

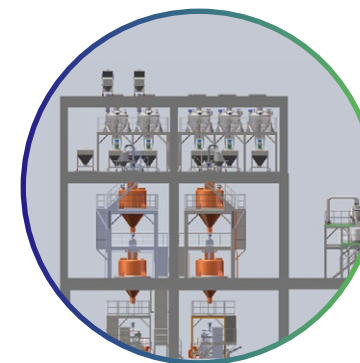
The Company actively promotes the low-carbon upgrade of its operating model through production process optimization and other means, and further improves energy efficiency by reducing greenhouse gas emissions in production, operations and management.



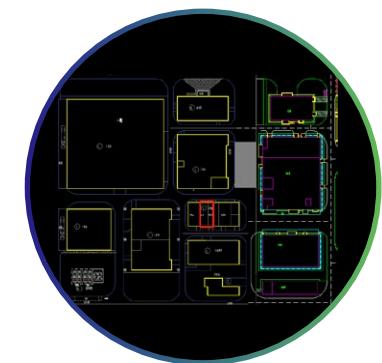
Case: Optimizing Processes and Layout to Promote Green and Low-Carbon Transformation

Jiangxi H&K innovates the material conveying method and, based on in-depth research and optimization of the production process, cleverly designs a top-down high-low position differential layout. In the material flow process, the material's own weight is fully utilized for transportation, which greatly reduces the frequency of use of material conveying pumps, realizes the integration of high efficiency and low carbonization of the production process, and provides an innovative example for energy conservation and emission reduction in the material transportation link in the industry.

Jiangxi H&K optimized the layout of power facilities and placed them in the center of the factory, reducing energy losses during transmission and ensuring that power energy is delivered to each production link in the most efficient manner, further improving energy utilization efficiency and helping to achieve low-carbon development goals.



Material Conveying by Its Own Weight



Power Facility in the Center

Energy Management and Green Operations

Huabao Flavours & Fragrances strictly abides by the *Energy Conservation Law*, ISO 50001:2018 and other relevant laws and regulations and standards, continuously optimizes its energy management system, and formulates management regulations such as the *Electricity Conservation Management System*, the *Resource and Energy Conservation Management Regulations*, and the *Energy Management System* to implement and continuously improve the energy management system, and has passed the energy management system certification. The Company has established an energy management system working group to strictly implement its energy management regulations across work teams and individuals, fully enhance the energy-saving awareness of all employees, and convey our energy management requirements to all relevant parties. During the reporting period, Yingtan Huabao has acquired the Energy Management System Certification ISO 50001:2018.

Yingtan Huabao Energy Management System Working Group



Energy Management Office

- Responsible for establishing energy benchmarks, energy targets and energy management implementation plans;
- Responsible for monitoring, measuring and analyzing energy performance;
- Responsible for fully considering energy performance improvement opportunities when designing new, modified and expanded project sites;
- Responsible for the energy management during the construction process of departmental technical improvement projects;
- Responsible for giving priority to purchasing energy-saving equipment in the equipment purchase review process;
- Responsible for evaluating the impact of newly purchased equipment on energy use, energy consumption, and energy efficiency.



Major energy-consuming departments

- Responsible for departmental energy review;
- Responsible for the completion of departmental energy indicators and the implementation of the energy management implementation plan;
- Responsible for monitoring, measuring and analyzing departmental energy performance;
- Responsible for formulating departmental economic operation plan;
- Responsible for the departmental non-compliance correction and corrective and preventive actions.



Technology Department

- Responsible for the preparation, revision, management and control of energy management system documents;
- Responsible for the internal audit of the energy management system;
- Responsible for assisting top management in conducting management reviews;
- Responsible for the collection and compliance evaluation of laws, regulations and related requirements applicable to the company;
- Responsible for the control of nonconformity, corrective and preventive actions.



Administration and HR Department

- Responsible for organizing relevant skills training for major energy users;
- Responsible for the allocation and adjustment of human resources;
- Responsible for providing evidence that personnel in various positions are competent;
- Responsible for the supervision and management of personnel training plans, establishing training files, and confirming training results.

Energy Management, Energy-Saving and Cost-Reducing measures of Huabao Flavours & Fragrances

Daily Electricity Management

- The Company actively advocates energy conservation and requires employees to turn off lights when leaving office and shut down personal computers and desktop office equipment during non-office hours to reduce standby power consumption.
- Promote the use of energy-saving lamps and energy-saving control devices.
- The lighting system uses segmented control switches to facilitate partial opening and avoid waste of large-area lighting.
- Five minutes before work and after work, department heads are responsible for turning on or off lighting and electrical appliances, such as air conditioners, fans, lighting, and computers, to prevent electricity waste when no one is working.
- During the lunch break, except in special circumstances, all lighting and electrical appliances must be turned off.

Air Conditioning Management

- The air conditioners are set to a unified temperature standard, no lower than 26°C in summer and no higher than 20°C in winter.
- When the room temperature is below 25°C, it is encouraged to open windows for ventilation and avoid turning on air conditioning.
- Maintenance personnel regularly check the operation of the air conditioner to ensure timely maintenance.

New Equipment Selection

- When purchasing new equipment, all departments should give priority to energy-saving and water-saving equipment under the same conditions.
- During use, water and electricity should be used rationally and equipment maintenance should be done properly.

Energy Management and Monitoring

- Responsible for the equipment and maintenance of the Company's water and electricity metering instruments, and conduct monthly metering statistics.
- Regularly optimize and inspect energy supply and transmission lines to ensure their normal operation.
- Strengthen electricity management and strictly control the electricity consumption of each department

Energy Usage of Huabao Flavours & Fragrances

Key performance indicators	Unit	2023	2024
Petrol	Liter	62,361	35,874
Diesel	Liter	113,362	24,126
Natural gas	Cubic meter (m³)	741,728	662,218
Electricity	Megawatt hour (MWh)	13,109.64	10,742.97

Waste Management

Huabao Flavours & Fragrances strictly abides by the *Law on the Prevention and Control of Atmospheric Pollution*, the *Law on the Prevention and Control of Water Pollution* and other laws and regulations in the places where it operates. It actively carries out environmental pollution control and waste emission management, regularly monitors the emission of major pollutants such as waste gas and wastewater, and actively reduces waste generation. In 2024, the Company had no major emissions or leakage violations, and no significant administrative penalties or criminal liabilities incurred due to pollutant emissions.

Waste Gas Management

The Company has formulated regulations such as the *Waste Gas Pollution Management Regulations* and the *Waste Gas Management Control Procedures* to handle organized and unorganized waste gases in strict accordance with national and local laws and regulations and the emission standards stipulated in the Pollution Discharge Permit. Taking the subsidiary Yingtan Huabao as an example, Yingtan Huabao strictly implements the emission standards of *Emission Standard of Air Pollutants for Boiler* (GB13271-2014), *Integrated Emission Standard of Air Pollutants* (GB 16297-1996), and *Emission Standards for Odor Pollutants* (GB 14554-1993) for boiler flue gas, non-methane total hydrocarbons, volatile organic compounds, and odor to ensure that emissions comply with national regulations.

In addition, all subsidiaries have taken a series of waste gas management measures based on the conditions of their respective production lines. For example, Yingtan Huabao uses activated carbon + 15m exhaust pipe to discharge distillation waste gas; Guangzhou Owada places the process where the odor of ingredients is generated in a small closed workshop, with a wind collection hood installed and a special disposal facility adopted for activated carbon adsorption; Jiangxi H&K regularly inspects environmental protection facilities and updates corresponding accessories. For the unorganized waste gas generated in the production process, each factory area strengthens workshop production management to reduce the amount of waste gas escape, and reduces the impact of unorganized waste gas on the surrounding environment through daily equipment maintenance, workshop ventilation, and factory greening absorption.



Jiangxi H&K Regularly Checks and Replaces Activated Carbon



Jiangxi H&K Regularly Checks and Replaces Failed UV Light Oxygen

Waste Gas Emissions of Huabao Flavours & Fragrances

Key performance indicators	Unit	2023	2024
NO _x emissions	kg	0	4
SO _x emissions	kg	231	450

Wastewater Management

The Company's wastewater includes production wastewater and domestic wastewater. Production wastewater mainly comes from vacuum wastewater and equipment cleaning wastewater in each workshop. Domestic wastewater mainly comes from canteen catering domestic sewage and office domestic sewage. All wastewater is subject to the national and local regulations and the emission standards specified in the Pollution Discharge Permit.

The Company implements a series of wastewater treatment measures, treating domestic sewage through three-stage septic tanks and grease traps, and treating it together with production wastewater through the factory sewage treatment station, and then discharging it into the sewage treatment plant for further treatment. The sewage treatment station adopts the "water collection tank + sedimentation tank + conditioning tank + anaerobic tank + biological filter" treatment process, effectively reducing the adverse impact of wastewater on the surrounding environment.

Wastewater Discharge of Huabao Flavours & Fragrances

Key performance indicators	Unit	2023	2024
Total wastewater discharge	Cubic meters	587,161	398,345

Solid Waste Management

The Company strictly implements relevant laws and regulations such as the *Law on the Prevention and Control of Environmental Pollution by Solid Waste* and the *National Catalogue of Hazardous Wastes*, formulates internal rules and procedures such as the *Waste Management Control Procedures* and the *Solid Waste Treatment Regulations*, and recycles waste that has utilization value by standardizing the treatment processes of different types of waste. Among them, domestic waste is handled by the sanitation department, and general solid waste sludge is handled by a third party with professional qualifications, with a *Solid Waste Disposal and Industrial Service Agreement* signed to ensure 100% compliance with the waste treatment rules and ensure that the waste disposal meets the *Standard for Pollution Control on the Non-Hazardous Industrial Solid Waste Storage and Landfill* (GB 18599-2020) and other national and local requirements.

The Company clearly distinguishes between hazardous waste and general waste, places an appropriate number of solid waste collection bins in the office building and each workshop, and labels them as hazardous waste (red label), recyclable waste (green label), and non-recyclable waste (blue label). Each department collects solid waste by category and stores it in the corresponding collection bins. Recyclables are handed over to the waste recycling department, and a monitoring and measurement control procedure is implemented to achieve the resource utilization, harmlessness, and reduction of various types of solid waste.



Hazardous Waste Management

In accordance with national laws and regulations, the Company has formulated a series of systems, including the *Standard Operating Procedures for Laboratory Waste Treatment* and the *Management System for Precursor Chemicals*, to strengthen the Company's chemical safety supervision and management, ensure the life and property safety of employees, and promote the Company's safe and healthy sustainable development. The Company strictly implements the *National Catalogue of Hazardous Wastes* and other relevant laws and regulations, and formulates the *Waste Management Control Procedure*, *Hazardous Waste Emergency Plan Registration System*, *Hazardous Waste Emergency Plan Hazardous Waste Storage Facility Management System*, *Hazardous Waste Storage Site Management Regulations* and other documents for the management of hazardous waste. For hazardous waste, a safety officer is designated to be responsible for the coordination and management of waste treatment. By standardizing the treatment processes of different types of waste, the waste with utilization value is recycled and treated, and subject to daily supervision, regular handover, and disposal by entrusted qualified units.



Training on Standardized Management of Hazardous Waste Generating Units



Case: Upgrading Sewage Equipment to Halve Sludge Volume

Jiangxi H&K, a subsidiary of the Company, actively upgraded the equipment of its sewage station, purchased sludge diaphragm pumps, used plate filter presses to filter the sludge, controlled the moisture content of the sludge below 73%, and moved the frame filter press to the side of the secondary sedimentation tank. The sludge is pumped into the filter press with the help of a lifting pump, and the water from the filter press is directly discharged into the biochemical pool above the middle water pool, eventually reducing the original sludge volume of about 10 tons per month to about 5 tons.



Sludge Filter Press Equipment

Waste Discharge of Huabao Flavours & Fragrances

	Key performance indicators	Unit	2023	2024
Non-hazardous waste	Domestic and commercial solid waste	Tons	48	1,028
	Industrial solid waste	Tons	225	115
Hazardous waste	Hazardous solid waste	Tons	11	10

Note: In 2024, the solid waste increased due to technological upgrades in the Company's subsidiary.

Noise Management

Huabao Flavours & Fragrances has taken a number of measures in noise management to ensure compliance with relevant standards. Its current noise sources mainly include life, transportation and boiler operation, but the factory boundary noise values meet the *Industrial Enterprise Factory Boundary Noise Emission Standards*. To actively prevent and strictly control the noise and vibration pollution generated in production and operation, the Company selected equipment with less noise and equipped the equipment with more noise with sound insulation facilities and sound insulation doors. It regularly monitors noise and provides employees with necessary hearing protection measures, thereby effectively controlling or reducing noise and ensuring that it meets the factory boundary environmental noise emission standards. During the reporting period, Huabao Flavours & Fragrances did not receive any complaints about noise.

Green Production and Operation

Huabao Flavours & Fragrances continues to optimize its resource management system, raising awareness of resource conservation among all employees by strengthening management and holding special water-saving and electricity-saving publicity activities, actively recycling packaging materials to practice the circular economy, advocating green procurement and green travel, and is committed to contributing to the cause of environmental protection.

Water Conservation

To promote the sustainable use of water resources, reduce water waste and strengthen the scientific management of water use, the Company has formulated the *Water Resources Management System* in accordance with the relevant laws and regulations of the *Water Law of the People's Republic of China*, and established a water resources management project team based on its actual situation. General managers of its subsidiaries are responsible for planning, organizing and coordinating the work of various departments and making decisions on water-saving projects.



Employee Water Conservation Initiative

- Make full use of secondary water and encourage employees to use rice washing water to water flowers, collect rainwater for watering plants and flushing the ground, and such other water-saving measures.
- Use water-saving faucets and encourage employees to reduce the flow of faucets as much as possible for their daily water use, and turn water on and off in a timely manner.
- Control the amount of boiling water in water heaters according to the number of production personnel, and reasonably determine the number of water heaters to be turned on to avoid unnecessary consumption of water resources.

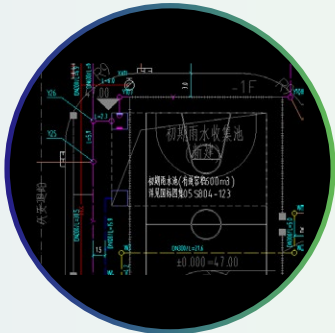


Facility Inspection and Maintenance

- Maintenance personnel are responsible for checking the water facilities on each floor every day to detect possible problems in a timely manner.
- If maintenance personnel find water leaks or damage during the inspection, they should arrange repair in time to minimize water waste and ensure the normal operation of water facilities.
- Regularly check the interconnection and blockage of rainwater and sewage pipes, and use rainwater for greening through scientific planning and layout such as rainwater and sewage diversion to reduce the use of municipal water supply and groundwater, and promote rainwater recycling.



The Company Practices Rainwater and Sewage Diversion and Checks the Rainwater and Sewage Pipes for Cross-pipe and Blockage Conditions



Jiangxi H&K's 600 Cubic Meters Rainwater Collection Tank



Case: Intelligent Liquid Level Control System Achieves Efficient Condensate Recovery

Jiangxi H&K made technical improvements to the steam condensate recovery device in the second phase of the plant by installing a liquid level sensor on the water tank level display tube and independently developing a complete set of control circuits. The system replenishes water through high and low liquid levels with intelligently controlled electromagnetic valves, while ensuring that space is reserved in the water tank for phase II condensate recovery. Condensate is replenished preferentially through liquid level settings, facilitating the recycling of approximately 100 kilograms of steam condensate per day.



Condensate Recovery Control System



Case: Water and Electricity Management Upgraded in the Park Achieves Remarkable Results in Water Saving and Power Reducing

In 2024, Guangzhou Owada further updated the water meter statistics, analysis and investigation mechanism in the Park, numbered and registered each of the 40 water and electricity meters, strengthened inspections and analysis, and uniformly upgraded and renovated all corroded and leaking water pipes in the 6 guest rooms in the Park to ensure that not a drop of water or a kilowatt-hour of electricity is wasted, and that leakages are completely prohibited. By solving a series of problems at the source, water expenditures was effectively reduced, helping the Park reduce water consumption by 3,800 tons of new water compared to the same period, a decrease of 25%.



Unified Upgrading of Water Pipes in the Owada Park

Water Use of Huabao Flavours & Fragrances

Key performance indicators	Unit	2023	2024
Total water consumption	Tons	605,535	475,742

Green Office

Huabao Flavours & Fragrances is committed to promoting green procurement and daily environmental protection strategies. In daily office and life, it encourages and requires employees to behave from the details and practice the concept of sustainable development with practical actions. The Company actively advocates green travel and provides employees with commuter vehicles, encouraging them to use public transportation and take taxis when on business trips to reduce carbon emissions and jointly create a low-carbon, environmentally friendly working environment.

The Company advocates meal packing to reduce food waste, and strives to reduce the purchase of non-degradable disposable items. It encourages employees to use their own water cups as much as possible to reduce the use of disposable water cups, and the canteen purchases reusable tableware to reduce the generation of plastic waste. In addition, the Company calls on all departments to reduce unnecessary newspaper subscriptions, reduce paper waste, and reasonably arrange various types of trash cans to promote garbage sorting and recycling.



Environmental Protection Signs Set by the Company

Circular Economy

When selecting product packaging, we adhere to the principle of rationality, strive to be concise and efficient, and try our best to purchase reusable or recyclable packaging materials to reduce excessive use of packaging materials and the generation of packaging waste. For example, Yingtan Huabao partially uses "paper instead of plastic" new packaging materials, and sells and disposes of recyclable waste barrels such as iron barrels and plastic barrels. In 2024, Yingtan Huabao disposed of 53.52 tons of recyclable waste barrels.

In addition, Jiangxi Yifang actively uses recyclable barrels for the storage and transportation of jam, and all foreign guests in the cafeteria use degradable lunch boxes to reduce dependence on disposable containers and reduce waste generation. In 2024, the total amount of recycled waste in Jiangxi Yifang was 63.76 tons. The Company has always been committed to achieving the effective recycling and reuse of recyclable resources, and continuously contributing to promoting the sustainable development of society.



05 Talent Empowerment Building an Excellent Organization Ecology

As a core component of the Company's daily operations, Huabao Flavours & Fragrances recognizes that employees are the most valuable assets and the key driving force behind the Company's long-term growth and innovation. The Company upholds the basic rights and interests of its employees, provides ample support for their development, ensures their health and safety, and creates a warm and friendly workplace atmosphere. This enables every employee to realize their personal value and grow alongside the Company.

- Employee Rights and Interests
- Employee Development
- Responsibility and Safety
- Employee Care

SDGs Benchmarking



Employee Rights and Interests

Huabao Flavours & Fragrances strictly abides by the *Labor Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China* and other relevant laws and regulations, and has formulated the *Human Resource Management Measures* and other relevant employee management systems to promote the standardization of the Company's operation, openness of the management of the employees, and rationalization of the protection of employees.

Employee Recruitment

The Company utilizes a diverse range of recruitment channels for all positions, including online job boards and offline special recruitment fairs. Adhering to the employment standards of morality, vision, capability, and solutions, the Company is committed to hiring on the basis of both virtue and talent, and prohibits any discrimination in employment based on nationality, region, race, ethnicity, gender, age, religious beliefs, or similar factors, ensuring fair hiring practices. To prevent the occurrence of child labor or forced labor, the Company conducts background checks on the work experiences of prospective employees, verifies their basic information and health status, and ensures that all relevant personnel meet the age requirements.

The Company is committed to creating an inclusive, diverse, and respectful corporate culture that values individual differences. This commitment is reflected not only in the Company's entrepreneurial spirit, but also in its daily operations and decision-making processes. The Company firmly believes that by building a diverse employee base, it can not only enhance the team's collaboration and market competitiveness, but also promote the exchange and integration of different backgrounds and perspectives, thereby broadening the Company's vision and enriching its creativity.

The Company further regulates employment, compensation, benefits, health and safety, training, and other related matters in the Employee Handbook, strictly adhering to national laws and standards. It continuously improves the employee protection mechanism to safeguard employees' legitimate rights and interests. Additionally, the Company has clearly outlined the handling procedures for employee violations and has made the channels for reporting violations publicly available.



Case: University Students Visit Huabao

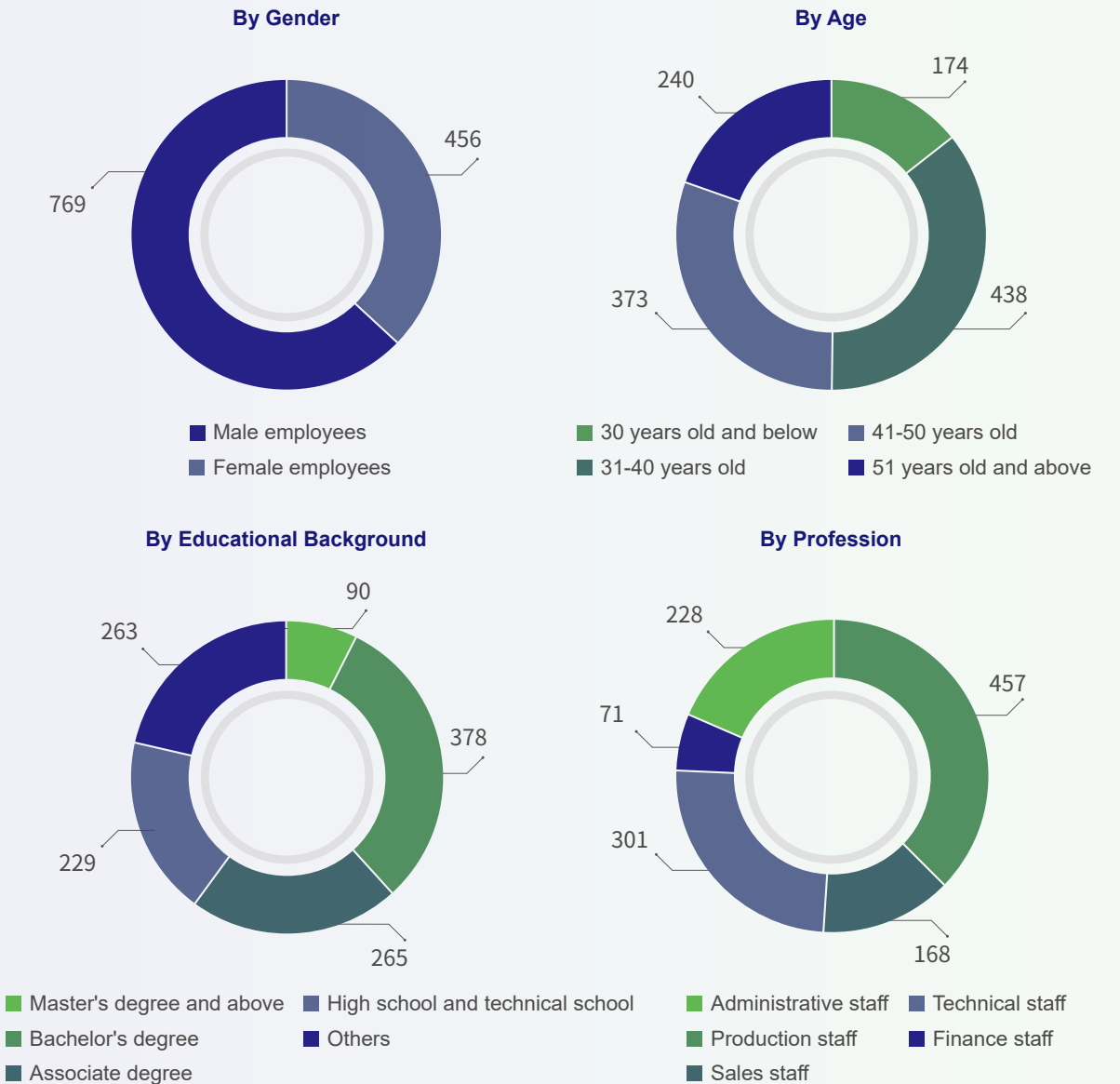
In June 2024, more than 80 college students majoring in Perfume and Aroma Technology and Engineering from Shanghai Institute of Technology visited the Shanghai Park of Huabao Flavours & Fragrances for an off-campus "Cognition Internship" course. During the event, the Company's Vice Chairman of the Joint Trade Union and Senior Manager of the HR and Administration Department warmly welcomed the teachers and students who came to visit and study. They led a tour of the Company's exhibition hall and laboratories and delivered an engaging career planning session, sharing insights on professional learning and career planning based on enterprise, industry and personal learning and growth experiences. The event enabled students to better plan their studies, careers, and futures. For many years, the Company has had a strong school-enterprise cooperation relationship with Shanghai Institute of Technology, and they interact frequently on talent development, major learning, internship and employment, and other topics, providing students with learning, internship, and employment platforms and opportunities.



Visit to Huabao

Employee Composition in 2024

During the reporting period, the Company had a total of **1,225** employees, including **178** new full-time employees.



Key performance

The Company maintains a **100%** labor contract signing rate and **100%** social insurance coverage.

The Company employs **30** ethnic minority employees, and **7** employees with disabilities.

Female employees account for **21.88%** of middle management and **37.5%** of senior management.

Compensation System Structure

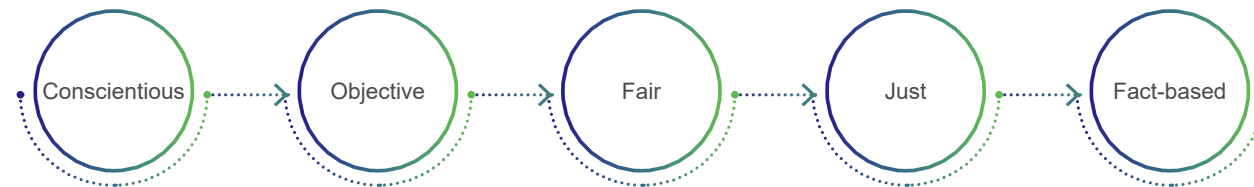
The Company strictly adheres to the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other relevant laws and regulations. It has established and implemented rules and regulations such as the *Compensation Management Regulations* to provide competitive salaries and legally mandated social insurance and housing provident funds for employees.

In line with its operational goals, the Company covers all positions in the four major categories of production, sales, technology, and operations at various levels, revising and improving performance indicators for each position. The content is combined with the characteristics of the job responsibilities of each department to improve the operability and practicality of performance indicators. This strengthens the correlation between actual employee performance and performance-based compensation, ensuring a professional and rational performance evaluation process.

The Company has formulated the *Employee Performance Evaluation Management Measures* to objectively evaluate employee performance, encourage employee work enthusiasm, train employee work skills, and promote scientific, standardized and efficient corporate management. The Company's employee integrity and safety project evaluation uses a one-vote veto system. If a related incident occurs, the evaluation will automatically halt. The superior's evaluation uses a real-name system. The reasons for each indicator's evaluation score must be briefly explained on the superior's evaluation form. Employees can also provide objective feedback on their opinions and views on the person being evaluated to the leadership team in a real-name setting.

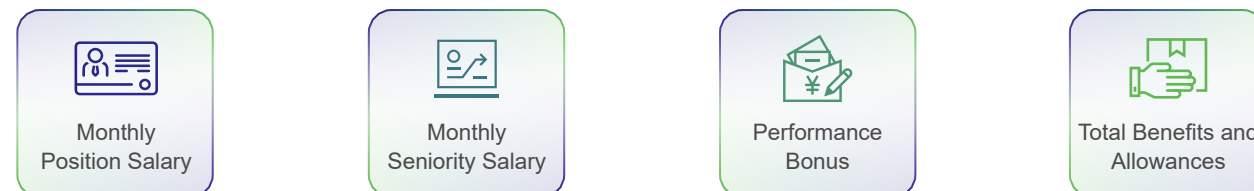
Upon the determination of performance evaluation results, the Company conducts performance feedback through two channels: direct supervisor interviews and feedback from the HR and Administration Department. The specific process is as follows: Firstly, based on the completion of assessment indicators, the results are derived and communicated to the responsible parties by the HR and Administration Department. Subsequently, the direct supervisor holds a meeting with the employee to acknowledge achievements, identify areas for improvement, and propose enhancement suggestions. If the employee has objections to the results, they may raise them through the appeal channel. The HR and Administration Department will then investigate and provide feedback on the resolution, ensuring a fair, just, and transparent evaluation process.

Performance Evaluation Principles



Furthermore, based on actual business development, the Company developed specific staff incentive systems such as the technical staff incentive system, the sales staff incentive system, the overseas staff incentive system, and the innovation project incentive system. These variable compensation schemes can motivate the Company's core employees and gather more power to promote the Company's healthy development.

Employee Compensation Structure



Democratic Management

The Company values democratic management and establishes various communication channels to facilitate exchanges. The company actively engages with its employees by establishing reporting boxes, opinion boxes, and rationalization suggestion boxes. The trade union, as a joint organization democratically elected by employees, regularly collects opinions and demands of employees and promptly communicates and reflects the employees' will and interests to the Company. The Company conducts annual employee satisfaction surveys to collect employee satisfaction with aspects such as employee health care and work environment, and promptly corrects and provides feedback for categories with low satisfaction in order to create a better workplace and corporate culture atmosphere.



Case: The Company Trade Union Held a Summary and Planning Meeting

In July 2024, Huabao Flavours & Fragrances Joint Trade Union held an expanded meeting of the "Two Committees" for the first half of 2024 in a conference room at the Shanghai Park of Huabao Flavours & Fragrances. 15 trade union committee members and department member representatives attended. This meeting summarized the work done during the first half of the year. With the understanding, support, and supervision of member employees, the trade union achieved good results and effectively implemented the Company's ESG strategy. The meeting also deployed key work tasks for the second half of the year. The trade union would carry out various tasks in an orderly manner in accordance with the deployment to serve employees and promote the development of the company, including further improving the quality of trade union services, protecting employees' rights and interests, and promoting the development of the company's business.



Trade Union Summary and Planning Meeting



Case: The Company Successfully Held the First Session of the Third Member Representative Assembly

The Huabao Flavours & Fragrances Joint Trade Union held its First Session of the Third Member Representative Assembly at its Shanghai Park in September 2024. The assembly received high attention and active participation from the Company leaders and employees, with 46 member representatives in attendance. The assembly comprehensively reviewed the trade union's achievements over the past three years in developing six systems: employee welfare, activities, care, awards, supervision, and charity. It also made several suggestions and goals for future work. The assembly used a secret ballot to elect new members of the trade union committee and the trade union fund audit committee. The elected members have a reasonable structure, cover multiple departments of the Company, and exhibit broad representation and professionalism. The successful trade union election infused new vitality into the Company's future development and the happy lives of its employees, and the trade union continues to work hard for the Company's development and employee welfare.



Member Representative Assembly

Employee Development

Talent is the driving force for the sustainable development of Huabao Flavours & Fragrances. The Company actively encourages employees to improve their skills and focuses on providing them with a variety of career development opportunities and training programs. Through systematic career development plans, the Company assists employees in achieving comprehensive personal and professional growth. The Company is committed to creating a working environment that encourages and inspires employee innovation, keeping the team at the forefront of the industry and laying a solid foundation for the Company's long-term success.

Employee Training

The company has established relevant employee training systems and places a high value on employee training and skill improvement. It offers a variety of training options, including onboarding training, role transition training, job-specific skills training (both internal and external), special job training, and so on, based on employees' professional needs and job positions. Following the training, assessments and evaluations are conducted to determine whether the training produced the desired results. To help employees grow holistically, the company focuses on three key areas of employee development: business capabilities, leadership, and adaptability to overseas assignments.

Training Program Proposal and Implementation



Training Plan Development

Departments submit training proposals based on operational needs to the HR and Administration Department. The HR and Administration Department consolidates these requests with corporate strategic objectives to formulate the annual training plan by the end of December each year.



Training Implementation

The HR and Administration Department monitors and tracks the execution of the annual training plan.



Training Plan Adjustments

Mid-year adjustments to the training plan require departmental submission of a revised proposal, approval by the General Manager, archival by the HR and Administration Department, and synchronization with the updated annual plan.

Types of Company Training

- Onboarding Training** Mandatory for all new hires, covering corporate culture, organizational structure, policies, employee code of conduct, role-specific responsibilities, skills, workflows, and safety protocols.
- Transfer Training** Required for employees moving to roles with significant differences from their previous positions, focusing on new knowledge and skills.
- Job-Skill Training** Based on the Company's development plans and the operational needs of various departments, employees receive job-specific skill training tailored to their professional specializations. Job-skill training is categorized into internal training and off-site training according to different formats, and these may be combined based on actual circumstances.
- Specialized Role Training** Personnel in specialized roles (e.g., electricians, inspectors, warehouse custodians, internal auditors) must complete industry-specific training, pass assessments, and obtain certification before assuming duties.

The Company encourages employees to actively apply for job-related titles and academic degree certificates in their spare time through self-study or relevant training, in order to improve employees' personal professional and technical levels and the Company's industry competitiveness. Within a month prior to the exam date, employees can apply for two days of paid leave per exam subject to review without interfering with their primary work. This allows them to prepare for the exam. Employees who take the exam on a weekday can get one day of paid exam leave.

Key performance

During the reporting period, the Company invested RMB **500,000** in employee training, conducting **15,000** hours of training across **65** sessions, covering **92%** of employees. The average training time per employee was **15.5** hours.



Case study: "Training Camp in Africa" empowers local sales teams

In December 2024, Huabao Flavours & Fragrances held an HR and Administration Work Summary Meeting at its Shanghai Park. The meeting brought together the Company's HR and administration teams, as well as HR and administration staff from its subsidiaries, to conduct in-depth discussions and experience exchanges on a number of key employee management and development topics. The Company invited a number of external professional lecturers to share their perspectives, focusing on the ESG concept, conducting in-depth analyses of human capital development indicators based on the Company's situation, and explaining in detail a variety of topics such as talent development and incentive methods, technological innovation empowering HR, and so on. This meeting provides a platform for HR and administrative personnel to exchange experiences and knowledge, improve the HR and Administration Department's management level, and prepare for the development of a more outstanding HR and administrative system.



On-site Employee Recognition



Case: The Company Held an HR and Administration Work Summary Meeting

To help the team quickly adapt to the local market, the Company carried out in July 2024 the "Training Camp in Africa" in five places in Africa, with contents focusing on daily chemical flavor knowledge, market research, sales skills, etc. The two-week training covered fragrance system analysis, daily flavor test, customer negotiation drill, etc., and combined them with field market research to enhance trainees' product awareness and market insight. Through systematic training, the team not only mastered the fragrance evaluation standards and sales methods, but also accumulated practical experience in tapping into the market and grasping customer needs, laying a solid foundation for the international expansion of the daily chemical flavor business of the Company.



Sales Team in Africa



Case: PT Huabao Food Technology Indonesia's Recognition Event Promotes Career Growth

PT Huabao Food held an annual summary and recognition event in December 2024, where elites from various overseas departments gathered to review the previous year's achievements and challenges, as well as to plan for future development. During the event, the team presented highlights and innovative solutions in 2024, demonstrating the wisdom and collaborative spirit of overseas employees. The Company awarded the "Employee of the Year" title to recognize team members who have excelled in their career development, setting a benchmark for the growth of overseas teams. This event is not only a recognition of employee efforts, but also an important step for Huabao Flavours & Fragrances in promoting the development of global talents. Through summary and recognition, the Company provides a platform for overseas employees to showcase and learn, motivating the team to continuously improve their professional capabilities and innovation awareness, and injecting new impetus into the globalization strategy.



PT Huabao Food Recognition Event



Case: Guangzhou Huafang Conducted a Special Training on Business Etiquette

In April 2024, Guangzhou Huafang, a subsidiary of Huabao Flavours & Fragrances, organized its employees to take an online "Business Etiquette" video course. The course lasted 4.57 hours. For employees to learn and refer to, the main ideas of the video were compiled into *Key Points for Business Etiquette Learning*. Following the course, Guangzhou Huafang scheduled a business etiquette test for trained employees to assess the effectiveness of the video course training and assist employees in better mastering the course's knowledge points.



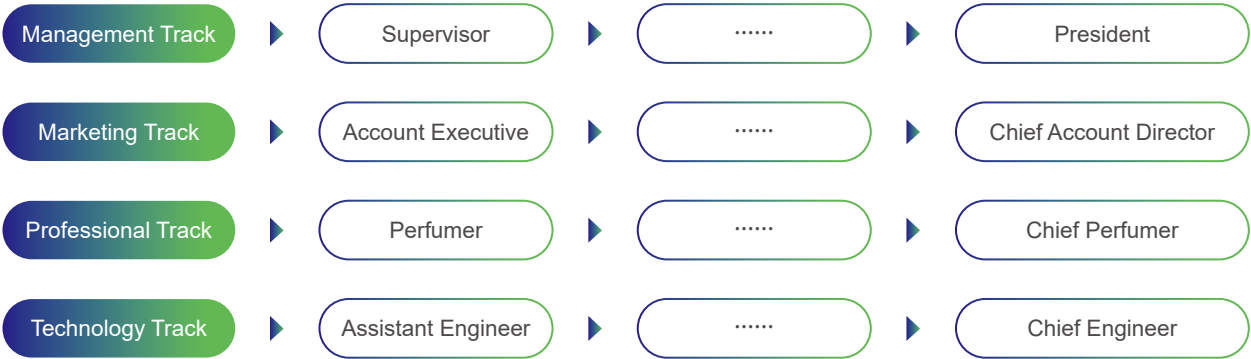
Test Site

Employee Promotion

The Company has established complete employee promotion pathways and implemented employee development incentive measures to encourage employees to achieve their personal improvement goals while also pooling wisdom and strength to achieve the Company's development goals. After employees join Huabao Flavours & Fragrances, the Company will assist them in conducting self-assessments in terms of their growth experience, educational background, personality traits, strengths, and potential. Based on the assessments and the Company's employment needs, the Company will identify the areas in which employees are most interested and qualified, analyze their career positioning, and clarify their development directions, allowing employees to fully capitalize on their strengths.

The company provides distinct career development pathways for different tracks of positions, such as technology and management, and it implements regular promotions and salary increases. It also allows for job rotation and track switching, and encourages employees to select development pathways based on their own development needs and career goals.

Multi-Track Promotion Pathways



Responsibility and Safety

Occupational health and safety production serve as the operational cornerstones of Huabao Flavours & Fragrances' high-quality development. The Company adheres to the safety-first production policy, continues to publicize the safety-first production concept, and provides employees with a safe and healthy working environment.

Occupational Health Management

The Company strictly adheres to the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and other laws, regulations, guidelines, and policies. It has established a management system based on the Company's operation conditions to ensure that the occupational health management system functions effectively. The Company thoroughly reviews the corresponding work procedures and steps in the declaration and approval process of personal injury protection at all stages of new, modified, and expanded projects to ensure that they run smoothly. During the reporting period, the Company's headquarters, Shanghai branch, and subsidiaries Yingtan Huabao, and Guangzhou Huafang all obtained the ISO 45001 occupational health and safety management system certification. They established a set of control procedures in accordance with the system requirements, including *Environmental and Occupational Health and Safety Objectives and Management Program Control Procedures* and *Environmental and Occupational Health and Safety Behavior Control Procedures for Related Parties*. They also tested occupational disease hazards in the workplace on a regular basis, and through identification, prevention, correction, monitoring, and other methods, they reduced the health damage to employees caused by operations from all angles and perspectives. The remaining subsidiaries all follow this system and will actively conduct certification work.

Selected ISO 45001 Certification Certificates of Huabao Flavours & Fragrances Shanghai Branch, Yingtan Huabao



Key performance

In 2024, the Company allocated a total of RMB **453,200** for employees' work-related injury insurance, achieving a **100%** coverage rate. The coverage rate for occupational health examinations among employees also reached **100%**. Additionally, **0** occupational diseases occurred, **1** work-related injury occurred, no work-related fatalities occurred, and the total number of lost workdays due to injuries was **32**.

Employee representatives represent their colleagues' interests in occupational health and safety. The company listens to employee feedback on a timely basis. To increase employee awareness of health and safety issues, improve the operational skills of employees in key positions related to environmental and occupational diseases, and efficiently carry out specific occupational health and safety production management tasks, the Company regularly organizes health lectures and health examinations for all personnel who have an impact on the Company's environmental and occupational health safety performance, including temporary employees and staff from related parties.



Case: The Company Organized A Health Education Lecture

In April 2024, Huabao Flavours & Fragrances hosted a health education lecture on "Daily Protection of Cervical and Lumbar Diseases" at its Shanghai Park, and invited doctors from a community health service center to share common knowledge and preventive measures for cervical and lumbar diseases with employees. The doctor in charge thoroughly examined the symptoms of neck, shoulder, waist, and leg pain, shared health information with the employees present, and led them through cervical exercises. He encouraged employees to exercise during work breaks to relieve tension and strain in their neck and waist muscles. Following the lecture, some employees asked the doctors questions, which they answered one by one, offering specific suggestions and solutions. This lecture is concerned with the physical and mental health of employees and increases their awareness of cervical and lumbar diseases, as well as their self-prevention capabilities.



Health Education Lecture



Case: The Company Conducted an Eye Health Check-up Activity

In July 2024, Huabao Flavours & Fragrances held an eye health check-up activity at its Shanghai Park, inviting the eye health service team of a professional ophthalmology hospital to bring instruments and equipment to provide eye health services to employees. The ophthalmologist began the activity by giving employees a lecture on eye health knowledge, detailing daily techniques for protecting eye health. Employees learned the value of regular eye check-ups and became more aware of how to protect their vision in everyday life as a result of the lectures. Employees were then given an eye check-up to assess the overall health of their eyes. The hospital has created detailed eye health files for each employee based on their check-up results to ensure that everyone is aware of their eye condition in a timely manner.



Eye Health Check-up

广州华芳急救知识专项培训



Safety Production Management

The Company always prioritizes safety management, strictly follows national safety laws and regulations, establishes and improves the safety management system, formulates and improves the *Safety Production Management Regulations*, the *Safety Production Responsibility System* and other systems, and forms a safety management committee and a safety management working group to ensure that safety production responsibilities are fulfilled in every position. At the same time, the Company conducts regular safety training, special inspections, and emergency drills to fully improve employee safety awareness and emergency response capabilities. The Company employs systematic and refined safety management measures to cover daily operations as well as seasonal risk prevention and control, to establish a solid safety production line, and to create a safe and stable operation environment for employees, enterprises, and related parties.



Case: Special Inspection on Summer Safety Production

In order to address the production safety risks posed by summer typhoons, thunderstorms, and high temperatures, the Company conducted a comprehensive special inspection on summer safety production in June 2024. The inspection focused on key areas such as the implementation of the safety production responsibility system, the investigation of major hazard sources, fire safety, hazardous chemical management, special equipment safety, emergency management, and operation management during high-temperature seasons. The inspection was divided into two phases: self-inspection and self-correction, followed by company review. Through hidden danger detection, rectification and implementation, and summary and feedback, the Company's production safety management level was comprehensively improved, ensuring the achievement of the "zero production safety accidents" goal. This demonstrates the Company's high regard for safe production.



Case: The Company Held a Safety Management Training Session

The company held a special training session for all employees in June 2024 to raise safety awareness. A safety accident case study, A *Safety Manager's Annual Summary* video learning, and an introduction to the three main safety laws were among the multi-angle materials that the Company's lecturers shared during the training. The training, as well as the test and feedback following the training, raise employee safety awareness, strengthen safety management abilities, and ensure the Company's safe operation and production.



Safety Management Training



Case: African Factory Renovation

In 2024, the Company completed a comprehensive renovation of the F&G Botswana factory in Africa to improve working environment and employee safety. The factory's overall appearance has been completely renewed through systematic renovations such as the refurbishment of building facades and roofs, ground hardening, and the laying of square brick paths, significantly improving the working environment and employee traffic conditions, thereby reducing safety hazards. Furthermore, the newly built spare parts warehouse not only meets storage requirements, but also ensures future production expansion, further optimizing the production process' safety.

At the same time, environmental protection facilities have been enhanced. The rectification of the alcohol distillation tower has significantly increased the alcohol recovery rate, laying a solid foundation for subsequent sewage treatment and safety production. This renovation not only improved the factory's overall image, but it also provided a safe and comfortable working environment for employees, setting a new benchmark for the Company's safety production management.



African Factory Before Renovation



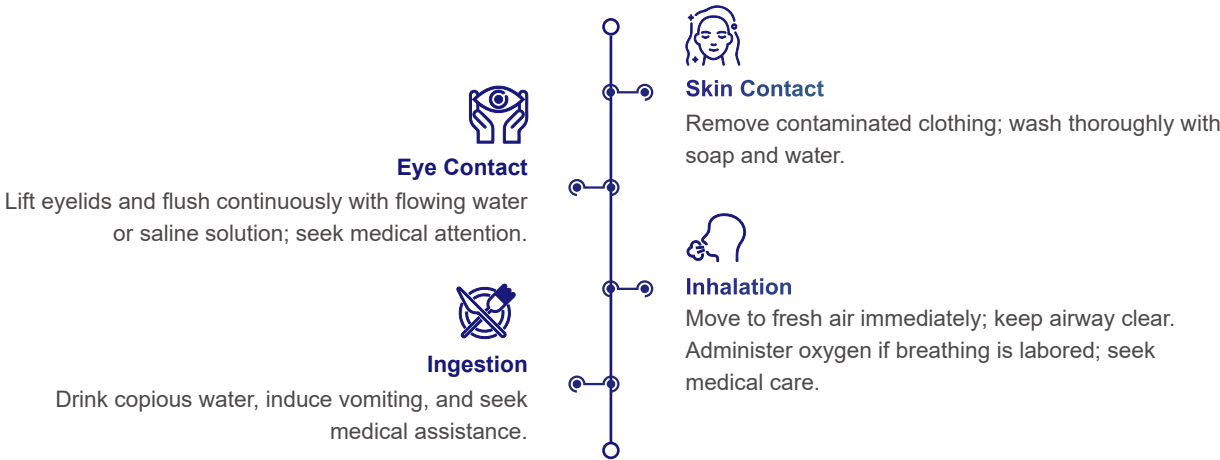
African Factory After Renovation

Chemical Management

The Company adheres to relevant national and international laws and regulations and establishes a sound chemical management system to ensure the safe use and storage of chemicals. To strengthen its chemical safety supervision and management, the company has developed detailed management methods and regulations, such as the *Standard Operating Procedures for Laboratory Waste Disposal* and the *Precursor Chemicals Management System*. These regulations govern the entire process of purchasing, transporting, storing, and disposing of hazardous chemicals, ensuring chemical use compliance and safety, and standardizing chemical emergency measures.

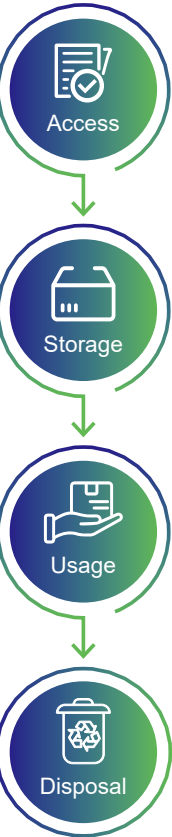
The Company has implemented a comprehensive risk assessment mechanism for chemical use. It identifies and controls potential hazards in the chemical use process through routine inspections and monitoring. It also sets up advanced safety equipment, protective measures, and labor protection supplies to prevent potential safety hazards. For positions involving chemical operations, each production department conducts regular publicity and education for employees to ensure that they are familiar with chemical safety, environmental protection, and professional protection information.

Hazardous Chemical Accident Response Procedures



During the access stage, before applying for the purchase of required chemicals, the using department determines the hazards of the required chemicals by gathering existing information. The department assigns a hazard category to the chemicals based on their hazardous properties, physical and chemical data, and regulatory requirements, and includes it in the purchase application. During the disposal stage, the using department handles the waste residues, waste liquids, waste gases, and so on that result from the use of the Company's hazardous chemicals. Environmental protection regulations shall be strictly followed to avoid dumping them indiscriminately and polluting the environment.

Chemical Safety Management Measures



- MSDS Suppliers should have MSDS
 - Relevant personnel should be familiar with relevant regulations and have the ability to use and operate hazardous chemicals.
- Comply with the Company's Precursor Chemicals Management System.
 - Strictly follow the instructions for use, prepare a solution preparation record, and store in the designated location.
- Standardize operations and specify placement.
 - All operations are strictly carried out in accordance with their usage instructions.
 - Do not store together.
- The safety officer oversees waste disposal coordination and management.
 - Hazardous waste should be stored separately.
 - Daily supervision and regular handovers.



Case: Hazardous Chemical Leak Emergency Drill

In October 2024, Jiangxi H&K held a hazardous chemical leak emergency drill in a precursor chemical warehouse. The drill simulated a concentrated sulfuric acid container leak. The drill participants wore protective gear, blocked the leak with fire sand, collected it in special barrels, and disposed of it properly. The drill is intended to help each employee improve their ability to respond to emergencies in a safe manner, clarify their responsibilities in such situations, and further understand the properties of hazardous waste.





Hazardous Chemical Leak Emergency Drill Scene

Employee Care

Guided by the corporate value of "sharing and win-win", the Company is committed to building an excellent corporate culture, attracting talent, and uniting people. The Company strives to establish a fair and just employee compensation system and a diverse employee welfare management system to improve employees' sense of belonging.

The Company provides a variety of skill training sessions, organizes diverse cultural and sporting activities, and optimizes various welfare policies, allowing employees to perceive the Company's care while devoting themselves to the Company. It strives to transform the intangible aspects of corporate culture into tangible experiences, shifting from the abstract to the concrete, so that employees can have real experience and feel connected to the company.

The Company's Employee Welfare System

-  Statutory Benefits
 - Basic pension insurance, basic medical insurance (including maternity insurance), unemployment insurance, employment injury insurance, housing provident fund, statutory leaves, etc.
-  Special Benefits
 - Health check-ups, festival allowances, birthday benefits, work meals or meal subsidies, communication subsidies, high-temperature subsidies, home visit allowances, commuter shuttle services, etc.

The Company organizes Family Day events to enhance mutual understanding between the Company, employees and their families. Team-building activities are conducted to alleviate work stress, foster collaboration, strengthen interpersonal bonds, and enrich cultural lives. For female employees, the Company has established the Huabao Care for Mothers Room and hosts women-centric events to safeguard their rights and ensure every employee feels valued and respected.





Case: Women's Day Celebration

On March 8, 2024, Huabao Flavours & Fragrances organized a Women's Day event to celebrate the 114th International Women's Day, demonstrating care for female employees. Delicate gifts were distributed, accompanied by heartfelt holiday wishes. Themed "Long Live the Girlhood Spirit," the event featured nail art DIY and floral arrangement workshops, allowing participants to unwind and experience the Company's warmth. These efforts highlight the Company and the trade union's commitment to advancing women's rights, as well as their compassionate support and humanistic care for female employees.



Women's Day Event



Case: Family Day Event

In May 2024, Huabao Flavours & Fragrances hosted its annual Family Day under the theme "Scented Moments," featuring parent-child games, garden tours, and a charity fair to strengthen employee-company ties. Over 100 employees and their families from the Shanghai Park participated. The event integrated philanthropic elements, channeling love not only to employee families but also to underprivileged communities. Family Day bridges professional and personal lives, promoting holistic well-being and harmonious development.



Family Day Event



Case: Autumn Harvest Sports Festival

In November 2024, Huabao Flavours & Fragrances launched the "Golden Autumn Rhythms, Yearning for Life" Harvest Sports Festival. This event aims to foster team collaboration and integration, demonstrate employee care and compassion, implement the Company's ESG strategy, and help employees step away from their busy work routines to relax and rejuvenate, thereby sparking innovative energy. The rice cutting and threshing activities allowed employees to personally experience both the joys and hardships of farming, while also gaining a profound appreciation for how hard-earned food truly is, demonstrating the power of team collaboration. The rewards won by the top three teams will be channeled into Huabao's "Flower Growth Initiative" public welfare education program as a charitable fund to support underprivileged families. The activities not only allow employees to immerse themselves in nature and experience the joy of harvest, but more importantly foster mutual understanding and trust through collaborative teamwork.



Autumn Harvest Sports Festival



Case: Asia-Pacific Huabao Christmas Celebration

On Christmas Eve 2024, Asia-Pacific Huabao held a Christmas celebration at its Singapore office, conveying the Company's profound care and warmth. The event enhanced mutual appreciation among employees and strengthened team cohesion through activities like blind box draws and surprise gift-giving. The event fostered cultural exchange and integration, establishing a bridge for communication across diverse cultural backgrounds to further disseminate and put into practice the Company's core values and unique culture. The celebration allowed employees to experience the warmth of a home in a relaxed and joyful atmosphere, enhancing their sense of belonging and well-being, while igniting the team's motivation to strive as the new year approaches.



Huabao Asia Pacific Christmas Celebration

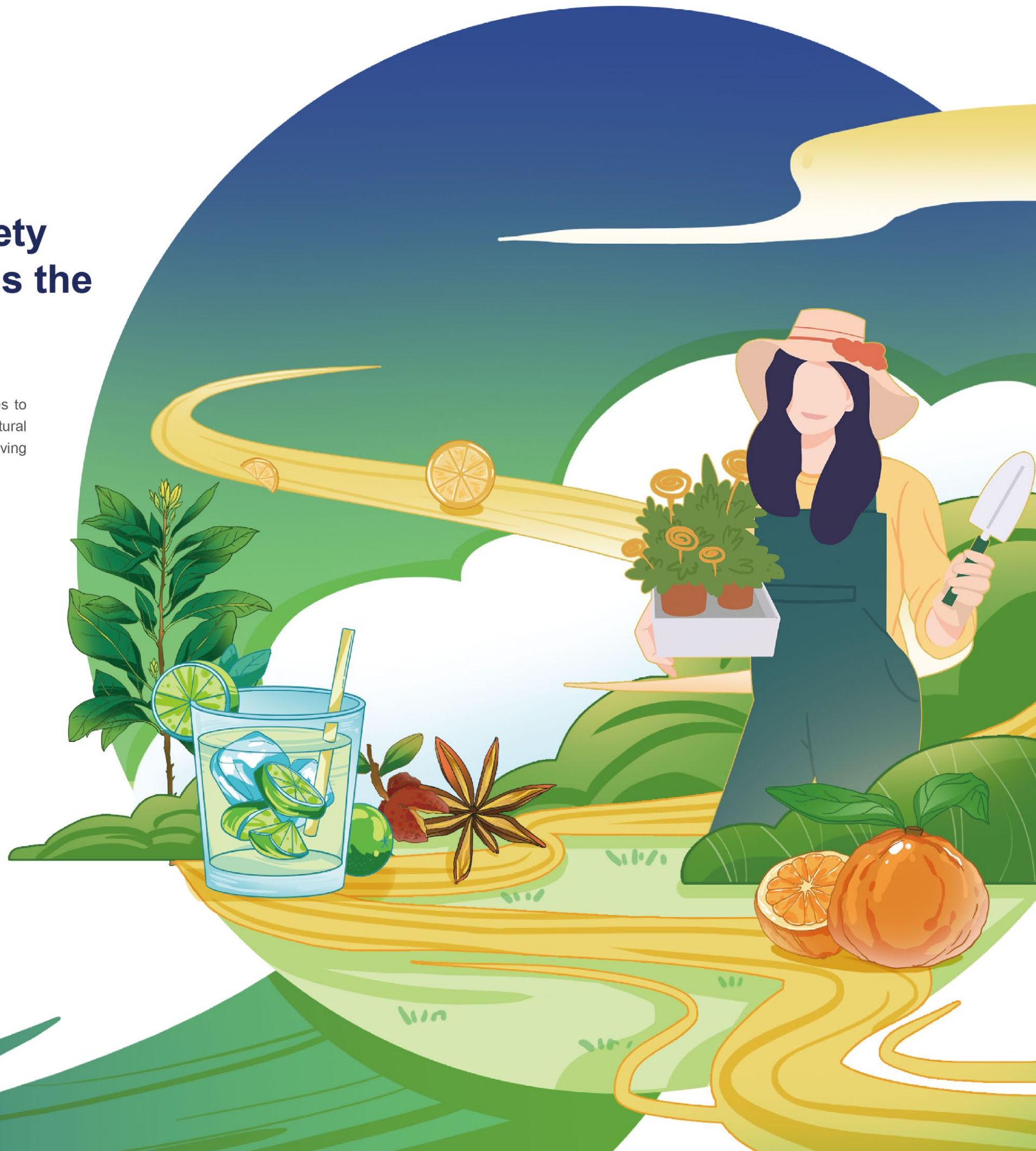
06

Giving Back to Society Accountability Makes the Future

Huabao Flavours & Fragrances assumes social responsibilities as always, and continues to support public welfare and people's livelihood undertakings. Continuing the excellent cultural heritage of the century-old national brand Huabao, we innovate under the new situation, striving for outstanding results, better service and return to society.

- Rural Revitalization
- Social Benefits

SDGs Benchmarking



Rural Revitalization

Huabao Flavours & Fragrances has always regarded rural revitalization as an important mission. Since entering Xizang in 2016, the Company has actively responded to the call of the autonomous region's government and deeply participated in the implementation of Xizang's rural revitalization strategy. Under the four-in-one assistance model of assisting students, helping farmers, revitalizing the countryside, and strengthening border areas, the Company has effectively fulfilled its corporate social responsibility. Its rural revitalization practice results have been widely recognized and successfully make it one of the Excellent Rural Revitalization Cases of Listed the Company of the China Association for Public Companies. The Company will continue to deepen its development in Xizang, actively integrate into the new pattern of high-quality development there, implement corporate social responsibility with greater efforts, and make positive contributions to the comprehensive promotion of rural revitalization.

Key performance

Since entering Xizang, Huabao Flavours & Fragrances has paid a total of RMB **712** million in taxes. A total of RMB **40** million was paid in 2024.

A total of RMB **2.0195** million has been invested in poverty alleviation and rural revitalization in the Xizang autonomous region.



Case: The Company Held a Donation Ceremony for the Practice Station

In November 2024, the donation ceremony for the New Era Civilization Practice Station project in Zangxiong Village, Tangu Township, Linzhou County, Lhasa was held at the headquarters of Huabao Flavours & Fragrances in Lhasa. The completion of the practice station has promoted Zangxiong Village to give full play to the role of the village-level organization as a stronghold, and prompted the Party learning and education to reach every household and maximize its value. This donation has brought support to Zangxiong Village. With the help of the Company, Zangxiong Village will develop more rapidly and contribute greater to the prosperity and development of Xizang.

The Company consciously links its own development with the development of Xizang and contributes nearly RMB 700 million to local tax revenue. In promoting border construction, ethnic integration and improvement of people's livelihood, the Company has demonstrated its sense of mission, donated money, donations and materials to various parts of Xizang for many times, and implemented the national strategy of rural revitalization and development with multiple measures.



The Donation Ceremony



Case: Shanghai-Yunnan Collaboration Enables "Yunnan Products Out of Yunnan"

Huabao Flavours & Fragrances actively responds to the national rural revitalization strategy. By acquiring Yunnan State Farms Plateau Food Co., Ltd., it deeply participates in the Shanghai-Yunnan cooperation and comprehensively promotes the "Yunnan Products Out of Yunnan" and "Yunnan Products Into Shanghai" campaigns. Relying on the collaborative model of "Yunnan resources + Shanghai market", the Company integrates the high-quality resources of Yunnan State Farms and the technological innovation capabilities of Huabao to create a branding and marketization path for plateau specialty agricultural products. By establishing a collaborative mechanism of "Shanghai R&D + Yunnan manufacturing", Huabao Flavours & Fragrances has not only increased the added value of Yunnan's specialty products, but also promoted the application of technologies such as plant spice extraction and flavor innovation, helping Yunnan agricultural products enter the national market.

In addition, the Company actively participated in consumer support actions and introduced Yunnan's specialty products into the Shanghai market through the Shanghai-Yunnan cooperation platform, injecting new impetus into local farmers' income growth and rural economic development. This series of measures not only deepened the industrial cooperation between the east and the west, but also provided strong support for rural revitalization and coordinated development of the regional economy, demonstrating the Company's responsibility and commitment in promoting agricultural modernization and sustainable development.



Yunnan State Farms' Products

Social Welfare

Huabao Flavours & Fragrances has always believed that caring about and dedicating oneself to education will take long-term efforts. The Company cares about education. Supporting education with practical actions is an important measure for the Company to give back to society and better fulfill its social responsibilities.

Key performance

In 2024, Huabao Flavours & Fragrances invested a total of RMB **241,100** in public welfare and charity.



Case: The Flower Growth Scheme Launched to Support the Education Industry

In August 2024, Huabao Flavours & Fragrances launched the Flower Growth Scheme, a student aid project, and officially released the Flower Growth Scheme brand and brand logo. The Company operates the public welfare student aid project in a branded manner. This effectively standardizes and systematically manages all the charity student aid activities currently carried out by the Company, enhances the influence of Huabao Charity brand, promotes the implementation of student aid work, and benefits more students.

The petals in the flower logo of the Flower Growth Scheme represent open arms to welcome future young students. Each petal is made up of a heart shape, representing the sincere love of the initiators and personnel and the public welfare nature of the project. The yellow dot in the middle connecting the petals symbolizes the sun. The students embrace the sun and live towards the sun. The entire graphic shape is inspired by the image of sunflowers, which face the sun, symbolizing happiness and beauty.



The Public Welfare Brand Flower Growth Scheme

After field visits and surveys of two rural teaching sites, the Company developed a long-term student aid plan for the Jinzhai rural teaching site. According to the plan, the Company set up Huabao Scholarships and Teaching Awards at two funded teaching sites to encourage students with good character and academic performance and to recognize teachers who stick to the front line of rural teaching. Considering the actual situation of the two schools, the Company also replaced their worn-out desks and printers, and purchased various sports supplies such as ping-pong tables. In the future, targeted updating and purchase of items will be provided based on the needs of the two teaching sites. The Company strives to establish the Flower Growth Scheme public welfare and education aid brand projects and contribute its modest efforts to rural education in more regions.



At the Donation Ceremony



Supplies Distributed to Students

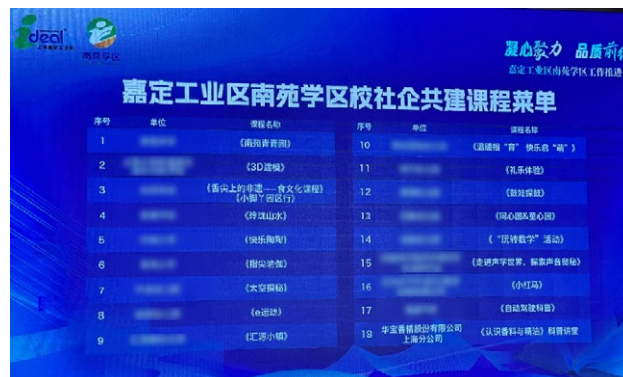


Case: Selected for Jiading Industrial Zone Dream Classroom Social Practice Base

In July 2024, the Company was selected as the sixth batch of Jiading Industrial Zone Dream Classroom student social practice activity base, providing rich social practice opportunities for students in the area. The Company actively fulfills its corporate social responsibility and promotes the development of basic education and higher education through popular science education, career guidance and other forms. In May of the same year, the popular science lecture course "Learn About Spices and Essential Oils" submitted by the Company was selected into the course menu of the school-social-enterprise co-construction of Nanyuan School District in Jiading Industrial Zone. The Company will continue to tap into its internal resources and maintain good interaction with Jiading Industrial Zone, education departments, etc. to provide students with more meaningful learning opportunities and help them grow better.



The Awarding Ceremony of the Dream Classroom Social Practice Base in Jiading Industrial Zone



序号	单位	课程名称	序号	单位	课程名称
1		《南苑青界园》	10		《道德课“时” 快乐在“唱”》
2		《3D建模》	11		《礼乐传韵》
3		《舌尖上的非遗——食文化课程》	12		《趣味编程》
4		《非遗手工坊》	13		《嗨心萌宠爱心课》
5		《快乐陶泥》	14		《“玩转数学”活动》
6		《陶泥涂鸦》	15		《古语声声入耳，声声入心》
7		《太空厨房》	16		《小红马》
8		《非遗》	17		《自动驾驶科普》
9		《汇爱小报》	18	华宝香料股份有限公司 上海分公司	《认识香料与调香》 科普讲座

The school-social-enterprise co-construction course menu

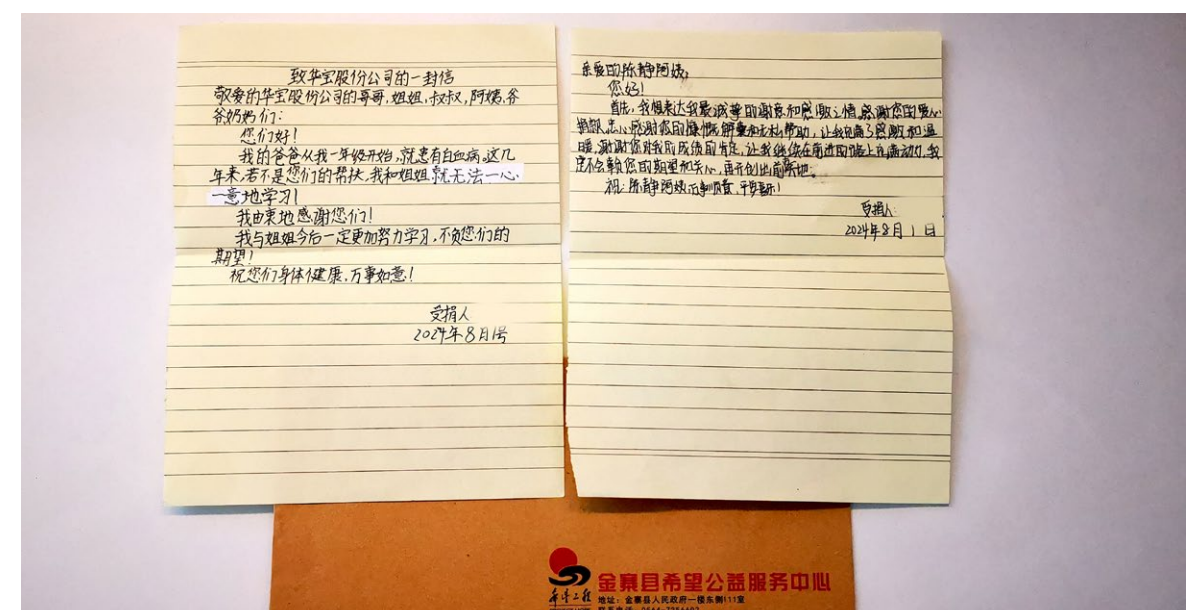


Case: The Company Made Targeted Donations to Help Needy Students

In July 2024, the vice chairman of trade union of Huabao Flavours & Fragrances and a group of employee representatives came to Jinzhai in Anhui province, to visit students who were specifically funded by the Company and trade union, and brought them scholarships provided by Huabao employees and relevant pairing families, as well as books donated by families participating in the Company Family Day "Books for Vegetables" charity event, to warm and encourage them to pursue a better life and inspire them to fight for their dreams.



At the Donation Visit



Letter of Thanks from the Students who Are Donated

ESG Key Performance Quantification Table

Indicator		Unit	2024
Business Indicators			
Operating revenue		RMB 10,000	135,679.36
Total assets		RMB 10,000	743,711.33
Governance Indicators			
Business ethics	Total number of directors covered by anti-commercial bribery and anti-fraud training	NA	9
	Percentage of directors covered by anti-commercial bribery and anti-fraud training	%	100
	Percentage of management personnel covered by anti-commercial bribery and anti-fraud training	%	100
	Number of employees who signed integrity commitment letters ⁴	NA	887
	Incidents of money laundering and insider trading violations	NA	0
	Incidents of conflict of interest violations	NA	0
Environmental Indicators			
Greenhouse gas emissions	Scope 1 greenhouse gas emissions	Tons of CO ₂ equivalent	1,575
	Scope 2 greenhouse gas emissions	Tons of CO ₂ equivalent	5,765
	Total greenhouse gas emissions	Tons of CO ₂ equivalent	7,340
	Greenhouse gas emission intensity	Tons of CO ₂ equivalent/ RMB 10,000	0.054
Exhaust emission	Sulfur oxides	Kg	4
	Nitrogen oxides	Kg	450
Non-hazardous waste	Domestic and commercial solid waste	Tons	1,028
	Industrial solid waste	Tons	115
	Wastewater	Cubic meters	398,345

⁴ Upon evaluation, the risk level for production line workers is deemed to be relatively low, and as such, coverage has not yet been extended to them.

Indicator		Unit	2024
Hazardous waste	Hazardous solid waste	Tons	10
Energy use	Electricity	kWh	10,742,966
	Diesel	Liter	24,126
	Natural gas	Cubic meters	662,218
	Petrol	Liter	35,874
Water use	Water	Cubic meters	475,742
Paper recycling	Recycled paper	Kg	433
Water recycling	Total amount of wastewater recycled/reused	Cubic meters	130,600
Solid waste recycling	Total amount of plastic recycled	Tons	52
	Total amount of metals recovered	Tons	18
Social Indicators			
R&D	R&D investment	RMB 10,000	13,652.40
	Proportion of R&D investment in operating income	%	10.06
	R&D technicians	NA	301
	Proportion of R&D personnel	%	24.57
Employee	Total employee	NA	1,225
	Employee training input	RMB 10,000	50
	Average training time per employee	Hours	15.5
	Discrimination and harassment incidents	NA	0
Social benefits	Investment in public welfare and charity	RMB 10,000	24.11
Information security	Total number of information security vulnerabilities	NA	0
	Total number of customers and employees affected by violations	NA	0

Index of Topics

Primary topics	Secondary topics	Related chapters
Climate change tackling	Manage risks and opportunities related to climate change	Climate response
	Assess the adaptability of the Company's strategy, business model, etc. to climate change	Climate response
	Transformation plans, measures and progress to address climate-related risks and opportunities	Climate response
	Disclose information on greenhouse gas emissions in different scopes by category	Climate response
	Disclose information on greenhouse gas emissions by category	Climate response
	Greenhouse gas emissions accounting method	Climate response
	Greenhouse gas emission reduction practices	Climate response
	New technologies, products and services that are conducive to reducing carbon emissions and achieving carbon neutrality	Climate response
Pollutant discharge	Pollution discharge	Waste management
	Sewage treatment	Waste management
	Emission reduction targets	Environmental management
	Impact on the group	Not disclosed
	Administrative penalties	Waste management
Waste disposal	Amount of waste	Waste management
	Processing	Waste management
	Emission reduction targets	Environmental management
Ecosystem and biodiversity protection	Exit	Not involved
	Protection measures within the region	Not involved
	Protection and restoration measures	Not involved
	Biological genetic resources	Not involved
	Product life cycle impact	Not involved

Primary topics	Secondary topics	Related chapters
Environmental compliance management	Risk management	Environmental management
	Emergency	Responsibility and safety
	Administrative penalties	Environmental management
Energy usage	Use	Climate response
	Clean energy	Not disclosed
	Saving target	Environmental management
Usage of water resources	Use	Green production and operation
	Saving target	Environmental management
Circular Economy	Goal plan	Not disclosed
	Specific measures	Green production and operation
	Progress and effect	Green production and operation
Rural revitalization	Corporate strategy	Rural revitalization
	Specific measures	Rural revitalization
	Achievement	Rural revitalization
Contributions to the society	Contribution	Social contribution
Innovation-driven	Strategic goals	Innovative R&D
	Specific situation	Innovative R&D
	Research and development results	Innovative R&D
	Innovation impact	Innovative R&D

Primary topics	Secondary topics	Related chapters
Ethics of science and technology	Field of work	Not involved
	Internal management	Not involved
	Violations	Not involved
	Training and promotion	Not involved
Supply chain security	Risk management	Supply chain management
	Safeguard measures	Supply chain management
	Improvement measures	Supply chain management
Equal treatment of small and medium-sized enterprises	Unpaid amount	Supply chain management
	Specific situation	Supply chain management
Safety and quality of products and services	Management system	Quality assurance
	Quality certification	Quality assurance
	Major accidents	Quality assurance
	After-sales service	Customer service
	Accessibility	Customer service
Data security and customer privacy protection	Management system	Digital intelligence empowerment
	Security incidents	Digital intelligence empowerment
	Customer privacy protection	Digital intelligence empowerment
	Leakage	Digital intelligence empowerment

Primary topics	Secondary topics	Related chapters
Employees	Employee recruitment	Employee rights and interests
	Occupational health and safety	Responsibility and safety
	Career development and training	Employee development
Due diligence	Due diligence progress	Material Issue Analysis
Communication with stakeholders	Communication system	Communication with stakeholders
	Suggestion channel	Corporate governance
Anti-Commercial Bribery and Anti-Corruption	Management system	Business ethics
	Risk assessment	Business ethics, Supply chain management
	Training performance	Business ethics
	Event	Business ethics
Anti-unfair competition	Management system	Business ethics
	Administrative penalties	Business ethics



Reader Feedback Form

Dear readers,

Thank you for taking time off to read the 2024 Environmental, Social and Governance (ESG) Report of Huabao Flavours & Fragrances Co., Ltd. In order to better prepare the Report and enhance the responsibility-fulfilling ability and level of the Company, we sincerely value your valuable advice and suggestions on the Report so that we can make further improvements.



1. For Huabao Flavours & Fragrances, the category of stakeholders you belong to is

☐ Government ☐ Customer ☐ Employee ☐ Partner ☐ Environmental related organization ☐ Community and the public

2. What is your overall impression of the Report?

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Bad

3. What do you think of the structural arrangement of the Report?

☐ Very reasonable ☐ Relatively reasonable ☐ Average ☐ Poor ☐ Bad

4. What do you think of the layout of the Report?

☐ Very reasonable ☐ Relatively reasonable ☐ Average ☐ Poor ☐ Bad

5. Do you think that the Report is readable?

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Bad

6. Do you think that the Report can reflect the Company's significant impact on the economy, society and environment?

☐ Yes ☐ Average ☐ No idea

7. How clear, accurate and complete do you think the information, data and indicators disclosed in the Report are?

☐ High ☐ Relatively high ☐ Average ☐ Relatively low ☐ Low

8. How do you think the Company is doing in serving customers and protecting stakeholders?

☐ Good ☐ Average ☐ Poor ☐ No idea

9. Do you have any valuable advice or suggestions on the preparation of the Report or the responsibility-fulfilling practices of the Company?

