CHLITINA HOLDING GROUP
2025 SUSTAINABILITY REPORT

Taiwan Stock Exchange
Stock Code 4137

CONTENTS

About This Report

This is the Sustainability Report (ESG Report) of Chlitina Holding Limited (TWSE: 4137) hereinafter referred to as “Chlitina,” “Chlitina Holding Group,” or the “Group”).

Since publishing its first Sustainability Report in 2023, the Group has remained committed to annual disclosure. Building on the experience and insights gained from the previous two reporting cycles, this report further enhances the quality of data collection and disclosure, presenting the Group’s sustainability performance and initiatives across four key dimensions: Environment, Society, Governance, and Products.

The preparation of this report goes beyond responding to regulatory requirements and aligning with internationally recognized sustainability standards. More importantly, it reflects our commitment to transparent communication and meaningful engagement with our stakeholders. We invite our seven key stakeholder groups—including employees, investors, customers, suppliers, franchise partners, government agencies, and the media—to join us on our sustainability journey, to witness the progress we have made, and to better understand the areas where we continue to strive for improvement.

Basic Information

Item	Details
Reporting Organization (GRI 2-1)	麗豐股份有限公司 Chlitina Holding Limited
Legal Form	Holding company registered under the laws of the Cayman Islands and listed on the Taiwan Stock Exchange (TWSE: 4137)
Registered Address / Headquarters Address	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands 10F, No. 107, Songren Rd., Xinyi District, Taipei City, Taiwan
Operation Center	Shanghai, China (Product R&D, Manufacturing, Sales, Training, Brand Marketing, and Franchise Management)
Reporting Period (GRI 2-3)	2025.01.01 to 2025.12.31 (calendar year), consistent with financial reporting period.
Publication Frequency	Every year
Report Edition	Third Report
Publication Date	2026.08.21
Board Approval Date	2026.08.21
Publication Date of Previous Report	2025.08.21

This report has been prepared in accordance with the GRI Standards 2021 issued by the Global Sustainability Standards Board (GSSB) and has been disclosed with reference to the GRI reporting approach. In addition to the GRI Standards, this report also draws upon relevant international sustainability frameworks and guidelines as references for identifying material topics, describing management approaches, disclosing performance information, and engaging with stakeholders. Through these references, we seek to enhance the transparency, completeness, and comparability of the sustainability information presented in this report.

Guidelines / Framework	Corresponding Content	Report Chapter
GRI 2021 Universal Standards	In Accordance with GRI Standards	All chapters
TCFD Disclosure Recommendations	Climate Governance, Strategy, Risk Management, Metrics and Targets	1.4, 2.1
SASB Standards – Households & Personal Care Products Industry	Industry-specific financially material metrics	Appendix
United Nations Global Compact (UNGC)	The 10 Principles on Human Rights, Labor, Environment, and Anti-Corruption	Appendix
Taiwan Stock Exchange Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	Regulatory requirements for listed companies	All chapters

Reporting Scope and Boundaries

The boundaries of this report are consistent with that of the Group’s 2025 Consolidated Financial Statements, covering the parent company, Chlitina Holding Limited, and its major subsidiaries worldwide. Disclosures encompass the Group’s entire value chain, including research and development, manufacturing, sales, training, and franchise support.

For environmental data, the greenhouse gas inventory boundary is established using the operational control approach, covering the Group’s headquarters in Taiwan and its major operating sites in Mainland China. Where the reporting boundary for specific disclosures differs from that of the Consolidated Financial Statements, the scope and basis of reporting are explained in the relevant sections of this report.

▶ Scope and Boundaries

• Environmental data boundary: Taiwan headquarters and major operating sites in Mainland China (operational control approach)

• Social data boundary: 815 employees worldwide (including Taiwan, Mainland China, and other regions)

• Financial data boundary: Consistent with the Consolidated Financial Statements (independent auditor: PricewaterhouseCoopers Taiwan)

• Changes to the reporting boundary: Scope 3 Greenhouse Gas Emissions were included in the inventory for the first time in 2025; all other reporting boundaries remain unchanged from the previous year.

Information Quality and External Assurance

The financial data presented in this report is derived from the Consolidated Financial Statements audited and certified by PricewaterhouseCoopers Taiwan (PwC Taiwan). To enhance the quality of sustainability information disclosure and improve the credibility, transparency, and comparability of this report, the Company has introduced a third-party external assurance mechanism for the 2025 Sustainability Report and greenhouse gas inventory results. This report has thus undergone external assurance conducted by an independent third party in accordance with applicable assurance standards. The greenhouse gas inventory covers Scope 1, Scope 2, and Scope 3 emissions data, with third-party verification completed for Scope 1 and Scope 2 emissions. These efforts serve as the foundation for the Group's continued enhancement of climate governance, carbon management, and the quality of sustainability information disclosure.

The results of the material topic assessment and the final disclosed content of this report have been reviewed and approved by the Board of Directors. The review process involved data compilation by relevant departments, management review, and review by the Sustainable Development Planning Team, followed by presentation to and approval by the Board of Directors, ensuring that the report content adheres to the principles of materiality, completeness, and accuracy. No material violations of laws or regulations occurred within the Group in 2025.

Restatement of Information: As greenhouse gas Scope 3 emissions were included in the inventory for the first time in 2025, the corresponding emission boundary and calculation basis have been adjusted. With the addition of Scope 3 emissions data, the Group's total greenhouse gas emissions increased from 2,997.47 tCO_2e, which previously included only Scope 1 and Scope 2 emissions, to 58,706.08 tCO_2e. The significant increase was primarily attributable to the first-time calculation of franchise store emissions (Category 14, accounting for 91.29% of total emissions). Previous Scope 1 and Scope 2 emission data has not been restated, and the calculation methodology remains consistent.

Report Structure Overview

To enable readers with different backgrounds to easily locate the information they seek, this report is organized according to the Group's unique ESG+P four-pillar framework and is divided into six major sections. The following provides an overview of the content covered in each section, inviting readers to explore the topics of greatest interest to them in greater depth.

Chapter	Title	Covered Aspects
Preface	About This Report; About Chlitina Holding Group; Message from Management	Reporting Scope, Company Overview, and Messages from Management
Chapter 1	Sustainability Commitment	Global Trends, Stakeholder Identification, Material Topics, Risks, and TCFD
Chapter 2	Environmental –Green Management	Climate Change, Energy, Water Resources, Waste, and Green Products
Chapter 3	Social –Employee Engagement and Social Impact	Human Rights, Talent Development, Occupational Safety, and Community Care
Chapter 4	Ethical Governance	Corporate Governance, Supply Chain Management, Ethical Business Conduct, and Regulatory Compliance

Chapter 5	Product –Chlitina Products	Product Innovation and R&D, Quality and Safety, and Customer Relationship Management
Chapter 6	Summary & Appendix	GRI Content Index, Climate-Related Information Index for Listed Companies, SASB Metrics, United Nations Global Compact Index

Contact us:

We welcome all stakeholders to provide feedback and suggestions regarding the content of this report. The contact information is as follows:

☎ Contact Information

Department: Investor Relations and Shareholder Services Department

Address: 10F, No. 107, Songren Rd., Xinyi District, Taipei City, Taiwan

Phone: (02) 2723-8666

Fax: (02) 8780-8877

Email: investors@tw.chlitina.com

Website: http://www.chlitinaholding.com

About Chlitina Holding Group

Founded in 1989 by Dr. Chen Wu-Kang in Taiwan, Chlitina Holding Group has built its business around a professional skincare franchise model. Over the past three decades, the Group has gradually established an integrated beauty and wellness ecosystem spanning Taiwan, Mainland China, Hong Kong, and Vietnam. Its operations encompass the research, development, manufacturing, and sales of professional skincare products; the operation and management of more than 4,000 franchised outlets worldwide; as well as a diversified portfolio of brands and services covering medical aesthetics, general medical clinics, cosmetics, and home care. Today, Chlitina Holding Group has become one of the leading enterprises in the Chinese beauty service franchise industry.

In 2025, Chlitina Holding Group once again demonstrated that sound management and innovative growth can go hand in hand, reporting consolidated revenue of approximately NT$3.878 billion and net profit after tax of NT$588 million, representing a year-on-year increase of 24.40%.

NT$3.878 billion	4,116 Stores	815 Employees	74%
2025 Consolidated Revenue	Global Network	Global Workforce	Female Employee Ratio

A Thriving Beauty Ecosystem: From One Brand to a Multi-Brand Portfolio

Centered on its flagship CHLITINA brand, the Group has developed a diversified brand portfolio spanning professional skincare, cosmetics, home spa, medical aesthetics, and health and anti-aging clinics. The positioning of each brand is outlined below:

Brand	Positioning	Core Business
CHLITINA 克麗緹娜	Main Brand	Professional skincare franchise network with 4,000 locations globally
CHLITINA HOME SPA	Home Skincare	Bringing professional salon-grade skincare into the home
UPLIDER 雅樸麗德	Medical Aesthetics and Anti-Aging	Medical aesthetics and healthy aging clinics offering premium regenerative skincare
RnD 璦緹	Makeup and Beauty	An integrated beauty and lifestyle brand combining fashion, makeup and nail art, designed for younger consumers

In May 2025, the Chlitina brand launched its new Skin Radiance Refining Series of regenerative anti-aging products and treatments, marking an early strategic move into the premium healthy aging market. In October of the same year, the brand officially announced actress Cecilia Liu as its Global Brand Ambassador. Her elegant and poised image reinforces Chlitina’s commitment to a more confident, internationally oriented stage of brand development.

These initiatives not only demonstrate innovation in product development but also represent an evolution of the brand’s identity. Building on its longstanding reputation as a skincare expert, Chlitina continues its transformation into a technology-driven beauty brand.

Global Operating Structure

The Group's operations span multiple regions, supported by a vertically integrated value chain that seamlessly connects research and development, manufacturing, sales, training, and franchise support. The table below outlines the Group's principal operating entities and their respective roles within the organization.

Entity	Location	Role and Function
Chlitina Holding Limited	Xinyi District, Taipei, Taiwan	Group Headquarters and Investment Holding Company
Hong Kong Chlitina International Limited	Hong Kong, China	International Business Development and Investment Holding
Chlitina (China) Trade Limited	Shanghai, China	China Market Operations Headquarters and Strategic Planning
Weishuo (Shanghai) Daily Product Limited	Shanghai, China	Manufacturing Plant
Shanghai Zhe Mei Technology Training Co., Ltd. (hereafter referred to as Germès)	Shanghai, China	Beautician Training School
Various Regional Branches	Over 20 Cities in China	Regional Sales and Franchise Support

It is worth noting that 95.87% of the Group's revenue is generated from the Mainland China market, which serves not only as our core business base but also as the primary region where we undertake social responsibility commitments and environmental management responsibilities. Accordingly, this report places particular emphasis on the coverage of our operating sites in Mainland China when disclosing environmental and social data.

Market Environment and Response to Challenges

In 2025, the Mainland China market experienced intensifying competitive pressures on offline franchise networks due to the rise of domestic cultural brands and the diversion effect of e-commerce livestreaming. The beauty and skincare industry in which the Group operates is undergoing structural transformation. Globally, regulations such as the European Union Green Deal and the Corporate Sustainability Reporting Directive (CSRD) are imposing higher requirements for supply chain transparency, while consumer expectations for Clean Beauty and ingredient transparency continue to rise. Clean Beauty generally refers to beauty and skincare products that feature natural and non-toxic ingredients, transparent information disclosure, and environmental sustainability. Meanwhile, AI-driven personalized skincare solutions are also reshaping the industry landscape.

From Laboratory to Vanity Table

The Group's value chain covers research and development, procurement, manufacturing, marketing, sales, and after-sales services, with all stages closely interconnected.

▶ Chlitina's Four Key Value Chain Stages

Upstream — Research & Development and Supply:
The Taiwan and Shanghai R&D centers collaborate with long-term French partner France Lab to develop green formulations, guided by the R&D philosophy of "science-driven innovation, beauty-focused applications." The Group prioritizes the procurement of environmentally certified raw materials. Since 2018, the "Stakeholder EHS Management and Social Responsibility Commitment Letter" (hereafter referred to as the EHS Commitment Letter) has been incorporated into the supplier management system, with a signing rate exceeding 84% in 2025.

Midstream — Manufacturing and Operations:
Through its subsidiary and manufacturing facility, Weishuo (Shanghai) Daily Product Co., Ltd. (hereafter referred to as Weishuo), the Group implements lean manufacturing practices. The facility has obtained ISO 9001, ISO 14001, ISO 45001, ISO 22716, GMPC, and SA8000 certifications, as well as official recognition as a High-Tech Enterprise. Automated management systems have been introduced to reduce resource waste. In 2025, the Group further expanded the adoption of cold-mixing process technology to effectively reduce energy consumption and carbon emissions during production.

Downstream — Sales and Services:
With more than 4,000 franchised stores across Taiwan and Mainland China, the Group has established an extensive professional beauty service networks. Through the Germès training system, about 1,000 courses are organized annually, and nearly one million beauty industry professionals have been trained for franchise partners to date, ensuring consistent service quality and brand experience.

Consumer End — Experience and Feedback:
Through retail stores, e-commerce platforms, and social media channels, the Group establishes direct connections with consumers. The classification and tracking mechanisms of the customer complaint management system is enhanced continuously, enabling proactive risk management through a "zero-wait" response approach.

2025 Value Chain Developments

In 2025, the Group's value chain underwent the following major developments: First, on the upstream supply side, the Group increased the procurement proportion of environmentally friendly packaging suppliers. The utilization rate of FSC-certified packaging materials in the Mainland China market reached 78%, with continued expansion of coverage as an ongoing objective. Second, in midstream manufacturing, new products increasingly adopted cold-mixing process technology, eliminating the traditional 75–80°C heating, mixing, and cooling processes to reduce energy consumption associated with heating and cooling. In 2025, 62% of new products adopted cold-mixing processes. Third, on the downstream distribution side, the relocation of production bases for certain products from France to Mainland China effectively shortened transportation distances and reduced logistics-related carbon footprints. These changes did not involve any significant structural adjustments to the Group's business relationships, and the entities covered in the consolidated report remain consistent with the previous reporting period.

Management Team and Governance Overview

The Group's highest governance body is the Board of Directors, which consists of eight professionals with diverse expertise in product development, legal affairs, information technology, finance, and brand marketing. The Board includes four independent directors, with female directors accounting for 50% of the Board. As a brand centered on women's beauty and empowerment, Chlitina's gender diversity at the Board level demonstrates the Group’s commitment to aligning its actions with its values.

Under the leadership of its Chief Executive Officer Mr. Chao Chen-Yu, the Group fully transitioned to Feishu, an integrated enterprise collaboration and management internet platform, in 2025 to advance organizational digital transformation. Meanwhile, the Royal Garden AI massage robot, highly appreciated by franchise partners, has continued to receive positive market feedback. Beyond being a massage device, it serves as a “digital beauty therapist” that assists stores in attracting and retaining customers. These innovations represent not merely technological upgrades, but also important milestones in the organization’s transformation toward a culture of agility, efficiency, and streamlined operations

Sustainability Governance Framework

Going beyond the traditional three-pillar ESG framework, Chlitina has introduced the “ESG+P” four-pillar model. In addition to Environmental, Social, and Governance dimensions, Chlitina incorporates “Product” as the fourth pillar. As a consumer products company whose core competitiveness is built on products, green product innovation, product safety responsibility, and quality management are indispensable components of the Group’s sustainability strategy.

▶ Sustainable Development Planning Team – Organizational Structure

Highest Level: Board of Directors (receives a sustainability report every quarter)

Convener: CEO Chao Chen-Yu

Seven Dedicated Taskforces: Corporate Governance, Employee Care, Customer Relations, Environmental Sustainability, Sustainable Products, Brand Marketing, and Social Welfare.

Reporting Frequency: Each task force reports to the Chief Executive Officer on a quarterly basis, and the Chief Executive Officer presents the Group’s sustainability implementation progress to the Board of Directors each quarter.

▶ Compensation Management

Annual compensation information for the highest-paid executive has been fully disclosed in accordance with applicable regulations in the Group’s public annual report (see the “Remuneration of Directors and Managers” section of the annual report).

815 Beauty Partners

As of December 31, 2025, the Group had a total of 815 employees worldwide. All employees were engaged under full-time employment contracts, with no part-time or temporary workers. Behind this figure is a team of passionate professionals with expertise across their respective fields. As a leader in the beauty industry, Chlitina has a female employee ratio of 74% (603 employees).

Employee Gender and Geographical Distribution

Location	Male Employees	Female Employees	Total	Ratio
Mainland China	191	531	722	88%
Taiwan	19	59	78	10%
Other locations	2	13	15	2%
Total	212 (26%)	603 (74%)	815	100%

Employment Type Structure

The Group classifies employee types according to applicable laws and regulations in each operating location, including permanent/fixed-term contracts, full-time/part-time employment, and non-guaranteed hours employees. In 2025, there were no significant fluctuations in the number of employees during the reporting period or compared with the previous reporting period. In addition, 123 female employees held mid- to senior-level management positions, accounting for 71% of all management roles. This demonstrates the strong influence of women within the Group's management structure. Through systematic training and development mechanisms, the Group maintains a high level of female participation in management, reflecting its commitment to advancing gender diversity and demonstrating continued efforts in talent development, leadership diversity, and gender equality.

Employment Type Indicators	Number of Employees	Ratio
Permanent Employees	259	32%
Fixed-Term Employees	556	68%
Employees with Guaranteed Working Hours	815	100%
Employees with Non-guaranteed Working Hours	0	0%
Full-Time Employees	815	100%
Part-Time Employees	0	0%

Non-Employee Workers

In addition to formal employees, the Group had approximately 40 non-employee workers as of December 31, 2025. These workers primarily include outsourced logistics personnel, security and cleaning personnel, and IT technical consultants engaged for specific projects. Their working arrangements are mainly established through third-party contracting or staffing arrangements, with responsibilities covering logistics support, site maintenance, cleaning and security services, and project-based technical support. There was no significant change in the number of non-employee workers in 2025 compared with the previous period. The Group also includes non-employee workers within the scope of its human rights policy, ensuring that their fundamental labor rights are respected and protected.

Type of Non-Employee Worker	Approximate Number	Engagement Arrangement
Outsourced Logistics Personnel	Around 15 people	Third-party contracting
Security and Cleaning Personnel	Around 15 people	Third-party contracting
IT Technical Consultants	Around 10 people	Project-based contracting

The above data is presented based on headcount as of the end of the reporting period. Where estimates are involved, they are calculated based on actual engagement arrangements and the Group's degree of control over the workers' activities or working methods.

Corporate Development Milestones

From the establishment of the Chlitina brand in Taiwan in 1989 to the Group's current global expansion, this growth journey reflects the evolution of the beauty and wellness industry while documenting generations of corporate commitment to the pursuit, dedication, and realization of the values of "beauty" and "health."

Year	Milestone Event	Strategic Significance
1989	Establishment of the Chlitina brand in Taiwan	Brand inception; pioneering the application of amino acids in skincare
1997	Entry into the Mainland China Market	Initiated cross-strait expansion in the beauty and wellness industry
1999	Establishment of the first CHLITINA flagship store on Huaihai Road, Shanghai	Newly designed and renovated by renowned architect Teng Kun-Yan; received the Shanghai Top Ten Architecture Award
2002	Official establishment of Chlitina's training institution – Vocational Skills Training School for the Beauty Industry (predecessor of Germès)	Provided professional beauty industry training in technical skills and comprehensive management for franchise partners through professional trainers and integrated theoretical and practical training
2002	Establishment of the automated manufacturing facility – Weishuo – in Songjiang District, Shanghai; obtained GMP and ISO 9001 certifications	Established standardized production and quality management systems; completed an in-house manufacturing platform and vertically integrated value chain
2009	Joint launch of the "Light Up Program" public welfare initiative with the China Youth Development Foundation	Supported rural teacher training in underprivileged areas of China and contributed to the development of basic education
2011	The Chinese and English brand names "克麗緹娜" and "CHLITINA" were respectively recognized as China Well-known Trademarks	Established the brand as widely recognized and highly reputable among Chinese consumers
2012.7.3	Registration of Chlitina Holding	Upgraded the Group's international corporate

Year	Milestone Event	Strategic Significance
	Limited in the Cayman Islands	governance structure
2013.11.27	Listing on the Taiwan Stock Exchange (Ticker: 4137)	Gained capital market recognition and enhanced financing capabilities
2015	Launch of the RnD 璦緹 professional nail and eyelash beauty brand	Reached younger consumer segments and initiated a multi-business portfolio strategy
2016	Launch of the UPLIDER 雅樸麗德 brand	Expanded into medical aesthetics and anti-aging clinics
2023	Launch of the CHLITINA HOMESPA brand	Introduced a home skincare product line based on the concept of "enjoying professional salon-level skincare at home," distributed through e-commerce new retail channels
2024	RnD brand upgraded to RnD SPA MAKEUP	Expanded into the cosmetics segment and developed an integrated beauty industry ecosystem

2025 Key Achievements

Looking back on 2025, the Group's growth journey was marked by a series of significant milestones. These achievements represent not only the success of individual initiatives, but also the cumulative results of years of strategic planning, resource integration, and sustained execution.

2025 Milestone	Significance
Launch of the Skin Radiance Refining series of regenerative anti-aging products	Opening up a new track in premium cellular-level anti-aging solutions
Launch of the CHLITINA White Crystal Dark Spot Correcting series	Innovative recycling of White Pine bark as an active ingredient for melasma correction
Appointment of actress Cecilia Liu as CHLITINA's Global Ambassador	Enhanced the brand's international image and appeal to younger consumers
Full transition to the Feishu collaborative platform	Deep integration of various workplace tools to facilitate cross-departmental collaborations
Deployment of the Royal Garden AI Massage Robot	Provided stores with a "digital beauty therapist" to attract and retain customers
Completion of the Group's first Scope 3 greenhouse gas inventory	Expanded carbon management boundaries from operational activities to the group's entire value chain
Advancement of sustainable product transformation	Further strengthened the green supply chain and optimized sustainable packaging
Selection for the 15th Philanthropy Festival ESG Model Enterprise Award	Su Yu-Shan, chair of the Light Up fund, received the 2025 Philanthropist of the Year Award, and the Light Up Reading Program received the 2025 Public welfare Project Award

2025 Milestone	Significance
24.40% increase year-on-year of the net profit after tax	Demonstrated a solid recovery in business performance and continued strengthening of financial resilience

External Engagement and Industry Associations

The Group actively participates in industry associations and various external initiatives. Through involvement in relevant organizations, industry associations, and exchange platforms, the Group continues to stay abreast of industry trends, deepen its sustainability practices, and strengthen communication and collaboration with stakeholders. The table below presents the principal organizations and associations in which the Group, its brands, and subsidiaries participated during 2025.

Organization	Organization's Primary Goals	Participating Role
Taiwan Cosmetics Industry Association	Industry regulations and policy engagement	Member (CHLITINA brand)
Taiwan Women on Boards Association	Women's leadership and diversity & inclusion	Member and Board Director
China Association of Fragrance, Flavour and Cosmetic Industries	Participation in industry standard-setting, governance, and technical exchange	Executive Director (Ms. Chen Pi-Hua) Member Organization (CHLITINA brand)
China Chain Store & Franchise Association	Monitoring franchise industry trends and policy	Committee Member (Mr. Chao Chen-Yu) Member (CHLITINA brand)
Shanghai Taiwanese Investment Enterprises Association	Strengthening cross-strait business exchange and cooperation	Vice President (Mr. Chao Chen-Yu)
Xuhui District Working Committee, Shanghai Taiwanese Business Association	Enhancing regional networking among Taiwanese businesses and local resource coordination	Deputy Director (Mr. Chao Chen-Yu)
Shanghai Daily Chemical Industry Association	Industry exchange, training, and policy advocacy for the daily chemical industry	Governing Member Organization (CHLITINA brand) Member (Weishuo)
SIA Skin Health Service Center	Innovation in skin care science	Member (Weishuo)
Shanghai Hairdressing and Beauty Industry	Standardization of beautician's training	Vice President (Germès)

Deepening and Renewing — Navigating Change with Confidence

The year 2025 marked a year in which the Chlitina Holding Group responded to a changing world by deepening its foundations. As the global economy continued to search for direction amid uncertainty, we chose to return to the fundamentals of business: believing in the power of our brand and in the compounding value of long-term commitment. Throughout the year, we advanced with confidence and discipline, creating certainty amid uncertainty. “As Long As You Dare to Try” is not merely our brand slogan—it is the conviction that has guided us through changing market cycles.

Through this report, I would like to share not only our financial performance and achievements, but also how, as a company, we strive to pursue growth while fulfilling our responsibilities to the environment, society, and everyone who has journeyed alongside us.

Steady Performance Amid Market Uncertainty

In 2025, the Group recorded consolidated revenue of NT$3.878 billion and net profit after tax of NT$588 million, representing a year-on-year increase of 24.40%. Although revenue declined by 4.63% compared with the previous year, the strong growth in net profit demonstrates the effectiveness of our efforts to enhance operational efficiency, optimize costs, and improve the quality of our earnings. This reflects growth driven by operational excellence rather than scale alone.

In terms of shareholder returns, we announced a cash dividend of NT$10 per share, comprising NT$7 from retained earnings and NT$3 from additional paid-in capital, reaffirming our commitment to delivering long-term value to investors.

Product Innovation Driving Global Growth

Product innovation is the soul of our brand. In 2025, the Chlitina brand launched the Skin Radiance Refining Series, pioneering a new segment in the premium anti-aging market through its medicine-grade, cellular-level regenerative concept. We also introduced the White Crystal Dark Spot Correcting Series, further enriching our product portfolio.

During the year, we continued advancing the gradual evolution of our products toward sustainability. Every new product is developed in accordance with our R&D philosophy of “science-driven innovation, beauty-focused applications,” integrating environmentally responsible considerations from formulation through packaging. In 2025, approximately 78% of the paper used for product cartons and applicable paper packaging in the Mainland China market was FSC-certified, further improving the traceability of packaging materials and responsible sourcing practices, while demonstrating our commitment to balancing commercial success with environmental stewardship.

In October, we announced Ms. Cecilia Liu as our Global Brand Ambassador. Her elegance and poise perfectly embody the Chlitina brand identity, while her image fully reflects our brand spirit as expressed in CHLITINA’s slogan, “As Long As You Dare to Try.” Her appointment sends a clear message that the Group is moving confidently toward broader international horizons.

Sustainability at the Core of Every Decision

In 2025, the Group continued to make meaningful progress in sustainability. From green manufacturing and public welfare initiatives to employee care and responsible supply chain management, we steadily embedded sustainable development principles into every aspect of our operations.

I have always believed that the purpose of an enterprise extends beyond generating profits—it is to create lasting value for society. Chlitina Holding Group has made a clear commitment to complete the replacement of high-energy-consuming equipment and achieve its supply chain carbon reduction targets by 2030, while realizing net-zero emissions and carbon neutrality across the entire value chain by 2050. Although this is a long journey, we have already embarked upon it. I am confident that through technology, innovation, and the collective efforts of our people, we will achieve these goals.

Our Dual-Core Strategy for 2026: Brand-Led, Product-Driven

As we look toward 2026, I see not only challenges, but also tremendous opportunities. Consumers' pursuit of beauty has never diminished; rather, it continues to evolve—from outward beauty to healthy beauty, and from passive consumption to proactive choice. These trends align precisely with the areas in which Chlitina Holding Group has cultivated deep expertise and enduring competitive strengths.

Our four strategic pillars—Brand Leadership, Product Excellence, Dual-Core Growth, and Shared Customer Success—began delivering tangible results in 2025. In the coming year, we will continue strengthening our product capabilities so that technology truly serves beauty, accelerate our global expansion, invest further in talent development and organizational culture, and steadfastly implement our ESG+P philosophy to ensure that business growth remains aligned with our sustainability objectives.

In 2026, Chlitina Holding Group will continue strengthening both its product excellence and brand leadership to create sustainable long-term value for shareholders, employees, consumers, and society.

Chlitina Holding Group Chairman

Chen Pi-Hua

From Strategy to Action

Making Sustainability the Language of Everyday Operations

The Chairperson has drawn Chlitina Holding Group's vision of "Deepening Our Roots, Renewing Our Future," and my role is to translate that vision into actions that every department and every employee can understand and implement. As Chief Executive Officer, I firmly believe that sustainability is more than an aspiration—it is a management system that must be executed, monitored, and continuously improved.

2025 marks the third year that the Group has published a Sustainability Report. However, our sustainability journey began long before our first report, with sustainable development embedded as a core principle guiding our operations and brand growth. Over the past three years, we have progressed from learning how to disclose sustainability information to establishing systematic governance, and from studying regulatory requirements to setting measurable goals.

Behind every figure presented in this report is a dedicated employee, a well-established management process, and a fully traceable data trail. This is one of the achievements of which I am most proud and a true reflection of our corporate spirit—"As Long As You Dare to Try." We do not wait for perfect data before taking action; rather, we improve our data through continuous action and refinement.

Governance First

Chlitina's sustainability governance framework is led by the Board of Directors, which serves as the Company's highest decision-making body. As CEO, I oversee the Sustainability Development Planning Team, supported by seven dedicated working groups, each led by a senior executive. Progress and implementation results are reported to the Board at least once every quarter.

2025 Highlights of the Sustainable Development Planning Team's Actions

▶ Delivered four Sustainability Progress Reports to the Board of Directors, ensuring active Board engagement and oversight.

▶ Established a cross-functional ESG data collection mechanism covering the Taiwan headquarters and major operating sites in Mainland China.

▶ Completed the Group's first comprehensive greenhouse gas (GHG) inventory covering Scopes 1, 2, and 3, with total emissions of 58,706.08 tCO_2e.

▶ Successfully completed third-party assurance of the Sustainability Report and verification of Scope 1 and Scope 2 greenhouse gas emissions, enhancing the quality, reliability, and credibility of our disclosed information.

Embedding Sustainability Into Performance

In 2025, the Group incorporated a new strategic Key Performance Indicator, "Achievement of ESG Environmental Sustainability Targets (Recycling and Environmental Protection)," into the performance evaluation of General Managers and key management personnel in Mainland China. Achievement of this KPI contributes an additional 10 points to the annual strategic performance score and is directly linked to the weighting used in calculating annual performance bonuses.

To further embed sustainability into daily operations, the Group conducted 211 training sessions for employees throughout the year, covering topics including the Code of Ethical Conduct, occupational safety, the Sustainable Development Best Practice Principles, and human rights policies. These programs help ensure that our sustainability commitments are translated into consistent practices across frontline operations and customer service.

Confronting Our Carbon Footprint, Beginning Our Journey Toward Decarbonization

The Group began conducting greenhouse gas (GHG) inventories in 2023 and completed its first Scope 3 inventory in 2025. Total GHG emissions for the Group amounted to 58,706.08 tCO_2e in 2025.

Scope 3 Category 14 (Franchised Store Operations) accounted for 91.29% of total emissions. This finding confirms that the vast majority of the Group’s carbon footprint originates from the day-to-day operations of our 4,116 franchised stores, rather than from our own offices or manufacturing facilities.

Recognizing this reality, the Group is actively collaborating with franchisees to improve energy efficiency and optimize operational processes, while providing ongoing support to help reduce the carbon footprint across our franchise network.

1,083.86 t CO_2e	1,913.61 CO_2e	55,708.61 CO_2e	91.29%
Scope 1 Direct Emissions	Scope 2 Indirect Emissions	Scope 3 Value Chain	Share of Franchised Store Operations

Driving Sustainability Through Digital Transformation

Digital transformation is one of Chlitina’s core strategic priorities for 2025. We see digitalization not merely as a means to improve efficiency, but as a catalyst for sustainability. In fact, the Group has been promoting paperless operations since 2015, steadily embedding sustainability into its daily operations and management processes.

Today, the Group’s full migration to the Feishu collaboration platform represents far more than the adoption of a new office tool—it marks a fundamental transformation in the way we work. Beyond further reducing paper consumption, the platform has enabled ESG data collection across regions to evolve from manual consolidation to automated system integration, significantly improving the timeliness and accuracy of disclosed information.

Leveraging Feishu as our digital collaboration platform, we have enhanced cross-functional and cross-store partnership while establishing a dedicated corporate knowledge management system. This platform captures brand expertise, store operation experience, standard operating procedures, and management practices, enabling knowledge to be accumulated, shared, and passed on across the organization. From senior management to frontline store personnel, every employee is embracing AI-powered digital tools and new ways of working. By breaking down communication barriers, streamlining workflows, and implementing integrated online management, we have significantly improved organizational collaboration, communication transparency, and operational governance.

The growing adoption of the Royal Garden AI Massage Robot across our stores has not only enhanced the customer experience, but has also begun transforming the traditionally labor-intensive beauty service model. By reducing repetitive tasks, improving the service efficiency of beauty consultants, and optimizing operational resource allocation, the AI robot has become a “digital beauty consultant” for our stores.

These advancements contribute positively to customer satisfaction and carbon efficiency across store operations.

Sustainable Products: A Commitment Put Into Action

Chlitina continues to advance the sustainable transformation of its product portfolio. Sustainability assessments are incorporated from the formulation stage onward, including reducing the use of ingredients of concern, increasing the proportion of naturally derived ingredients, and improving the recyclability of product packaging. Every new product undergoes rigorous evaluation and validation by the R&D Center and supply chain teams to ensure that product performance is achieved alongside environmental responsibility.

“2025 represents a pivotal year in Chlitina’s sustainability transformation. We have progressed from conducting data inventories to sharpening our strategic focus, from qualitative aspirations to measurable targets, and from strengthening our internal organization to engaging partners across our value chain. Over the next three years, our core mission is to embed sustainability management into every operational process, making sustainability not a standalone function, but an organizational capability woven into our DNA. We have chosen not to wait—not for regulatory mandates, not for our peers to move first, and not for market pressures to force change. Instead, we are taking the initiative and positioning ourselves at the forefront of transformation”.

There is no finish line in the sustainability transformation journey—only one milestone after another that we must reach. My expectation of our team is not to make grand declarations, but to be able, year after year, to point to tangible results and say: “This is where we have made progress. This is where we still have work to do. And this is what we will do next.” Only then can sustainability evolve from a commitment into a way of doing business every day. This is what “As Long As You Dare to Try” means to me: having the courage to confront every imperfect number, and never waiting for the perfect moment before taking action.

Chlitina Holding Group CEO and ESG Planning Team Convener

Chao Chen-Yu

Message from Management | A Word From the Light Up Fund Chair

Over the years, we have accomplished many things. Looking back, what was the original intention behind our charitable initiative?

Seventeen years ago, Chairman Chen Pi-Hua named Chlitina's charity initiative "Light Up," drawing inspiration from the symbolism of Dipankara Buddha ("The Lamp Bearer"), wishing that everything around us would be as bright as a lamp. I believe that the value of charity lies in turning intentions into meaningful action—ensuring that every effort and every contribution creates a genuine impact.

In the early years, I joined our charity partners on visits to rural areas in Yunnan to provide educational support. During one of those trips, I heard about 10-year-old children whose futures had already been decided by their parents: after completing primary school, girls would return home to take care of their families, while boys would quietly take on menial jobs instead of continuing their education. This was the common reality in that village. Even after more than a decade, the memory still deeply moves me. It reminds me of how fortunate I am and strengthens my will to continue walking this path of public welfare for as long as I can.

In 2018, I visited Sun Village in Jiangxi for the first time. Sun Villages are places dedicated to caring for children facing difficult circumstances. Before going, I wondered what I could bring with me. Material support was certainly needed, but I wanted to offer the children something more—something beyond a simple gift. For example, using educational games to encourage them to think creatively while sharing joyful moments with friends, or giving them a handwritten card and a thoughtfully selected gift chosen individually for each child. Over the years, our visits have expanded from Jiangxi to Anhui, and through these annual journeys, we have come to know more and more of these children.

With every visit, we have witnessed remarkable changes in these children—from cautious curiosity to trust, from silence to reaching out and holding our hands. These may seem like small gestures, but in their eyes, I saw hope and a longing for a brighter future. I realized that even an ordinary person like me can have a small but meaningful impact. This realization is not a source of pride, but one of profound inspiration. I am grateful for the expectations and trust these children have placed in us.

Light Up Reading is a practical and replicable reading education system. From Duchang County in Jiangxi to Yuexi County in Anhui, over seven years and across four counties, generations of seed teachers have grown alongside the program. Structured courses, including drama classes, visual journaling classes, and sex education classes, have taken root in these communities, benefiting tens of thousands of children.

Through innovative educational programs, we hope to provide children with more pathways to explore the world and encourage them to understand life through broader and deeper perspectives. In an era of information abundance, I believe that their sensitivity, creativity, and appreciation of beauty will open up greater possibilities for their futures.

Later on, because I wanted to invite more people to participate in our charitable initiative, we created Light Up Environmental Protection. Starting from zero, we began collecting empty bottles and promoting environmental awareness. To date, we have recycled nearly 37 tons of materials, equivalent to reducing approximately 90 tons of carbon emissions.

Meanwhile, through Light Up Humanities, the Zhuang Brocade Dream Workshop in Longzhou, Guangxi, has enabled embroiderers to generate income through their craftsmanship while gaining greater independence and self-confidence.

And through Light Up Relief, we provide assistance to disaster-affected communities at the moments when support is needed most.

Moreover, Chlitina has empowered more than 5,000 women to become successful business owners.

The number of initiatives continues to grow, and more people are being helped. What matters most to our team is ensuring that every form of support truly reaches those who need it.

My heartfelt thanks go to the children, to the seed teachers, and to everyone who has been part of the Light Up journey. After every initiative, I come away with the same realization: I am the one who has received the greatest gift. Seventeen years have passed, and the Light Up fund continues to move forward. I do not know where this journey will ultimately lead, but I hope that everyone whose path has been illuminated will one day become a source of light for others. As for me, I will keep walking this path for years to come.

Chlitina Holding Group Light Up Fund Chair

Su Yu-Shan

Chapter 1 | Sustainability Commitment

Following Stakeholder Expectations and Integrating Sustainability Into Decision-Making

In the face of climate change, resource constraints, demographic shifts, rapid advances in digital technology, and evolving consumer values, corporate responsibility extends far beyond products and financial performance. It also encompasses the long-term impacts a company has on the environment, employees, consumers, franchise partners, suppliers, and society. For Chlitina Holding Group, sustainability is not a standalone initiative separate from business operations, but a core management principle that connects brand development, risk management, product innovation, and value chain collaboration.

Chlitina has established its sustainability framework around "ESG+P." In addition to the three traditional pillars of Environmental, Social, and Governance (ESG), the Group recognizes Product Responsibility and Innovation as a fourth core pillar, reflecting the distinctive characteristics of its beauty, health, and franchise service business. The Board of Directors serves as the highest governing body overseeing sustainability matters, while the CEO leads the Sustainable Development Planning Team. Through cross-functional project teams, sustainability-related risks, opportunities, objectives, and actions are systematically integrated into the Group's daily operations and management processes.

In 2025, the Group further expanded the scope of its sustainability management beyond its own operations to include value chain partners, including suppliers, franchised stores, customers, and consumers. In addition to monitoring global sustainability trends and regulatory developments, the Group identifies issues that may significantly affect both the business and the broader environment and society through stakeholder engagement, impact assessments, and materiality analysis. The results serve as a common foundation for strategic planning, risk management, resource allocation, performance monitoring, and sustainability disclosures, ensuring that sustainability management not only responds to stakeholder expectations but also strengthens corporate resilience and creates long-term value.

This chapter explains how Chlitina identifies its key stakeholders and their priority concerns based on global sustainability trends and industry developments, and how it prioritizes material topics according to their actual and potential impacts. It also describes the management approach, strategic objectives, risks and opportunities, and response actions associated with each material topic. Through ongoing stakeholder engagement, regular reviews, and transparent disclosure, Chlitina aims to build a more responsible, resilient, and mutually beneficial ecosystem for the beauty and health industry together with its stakeholders.

> *A sustainability commitment is more than a pledge for the future—it is about transforming every risk, expectation, and impact into management actions that can be implemented, monitored, and continuously improved.*

1.1 Identifying Sustainability Priorities Through Global Trends

Aligning Our Sustainability Direction with Global Priorities

With 4,116 franchised stores and 815 employees across Mainland China, Taiwan, Vietnam, and Hong Kong, Chlitina Holding Limited has grown into a sizeable regional enterprise. Yet our greatest challenge is not the scale of our business, but how we respond to a rapidly changing world. As the global cosmetics industry faces increasing scrutiny over excessive plastic packaging and resource consumption, as more consumers make sustainability a key factor in their purchasing decisions, and as supply chain transparency becomes an increasingly important consideration across Asian markets, the question before a beauty company with nearly four decades of experience is this: How can we transform a business dedicated to beauty into one that also creates lasting value for society? This is not a question we can ignore. Every day of hesitation places an additional burden on the planet and risks falling short of stakeholder expectations.

Our approach is built on three key pillars. First, we benchmark our sustainability efforts against internationally recognized frameworks—including GRI, TCFD, SASB, and IFRS S1/S2—to establish sustainability objectives that are measurable, traceable, and verifiable. Second, we have expanded the traditional ESG framework by introducing Product Responsibility as a fourth pillar, creating our ESG+P sustainability framework. For a beauty company, products represent the most direct connection between the business, consumers, the environment, and society. Third, we align our sustainability strategy with the United Nations Sustainable Development Goals (SDGs), ensuring that every strategic initiative contributes to the global sustainability agenda.

In 2025, the Group launched multiple sustainable products, conducted 211 sustainability policy training sessions, completed a greenhouse gas inventory totaling 58,706.08 tCO_2e, and recorded zero major regulatory violations. These achievements demonstrate the effective implementation of our four sustainability pillars.

Building the ESG+P Action Framework Around the UN Sustainable Development Goals

Since their adoption in 2015, the United Nations Sustainable Development Goals (SDGs) have become a common framework guiding sustainability efforts across businesses, governments, and non-profit organizations worldwide. For companies in the beauty industry, the SDGs are particularly relevant because the industry’s value chain encompasses raw material sourcing, product safety, packaging materials, waste management, supply chain governance, women’s employment, and leadership development. These issues closely align with goals such as SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 15 (Life on Land).

Chlitina Holding Group uses the SDGs as the foundation for aligning its sustainability strategy with global priorities. Reflecting the characteristics of its business, the Group has established the ESG+P framework, comprising four pillars: Geen Management, Employee Engagement and Social Impact, Ethical Governance, and Product Responsibility. Through this framework, international sustainability goals are translated into practical internal management guidelines that are actionable, measurable, and traceable, further strengthening the integration of sustainability governance into day-to-day operations.

The ESG+P framework is designed to achieve three key objectives:

1. Align with international sustainability priorities by ensuring the Group’s sustainability strategy is consistent with the United Nations Sustainable Development Goals.
2. Enhance the transparency and comparability of sustainability information, enabling investors, customers, suppliers, employees, and other stakeholders to better understand the Group’s role within the global sustainability agenda.
3. Translate global sustainability goals into concrete actions, management indicators, and performance tracking mechanisms to support effective implementation.

The ESG+P Four Pillars and SDGs Comparison

ESG+P Orientation	Sustainability Indicators	Action Guidelines	Corresponding SDGs
E –	Climate	Climate Governance, Risk Management,	SDG 6, 7, 12, 13, 15

ESG+P Orientation	Sustainability Indicators	Action Guidelines	Corresponding SDGs
Green Management	Change Management	Response Strategy, Metrics & Targets, Raw Material Impacts	
	Environmental Protection	Resource Management, Water Resource Management, Greenhouse Gas Management, Waste Management, Energy Conservation	SDG 6, 7, 12, 13, 15
	Green Products	Green Packaging, Product Carbon Footprint, Biodiversity Management	SDG 12, 13, 15
S – Social Responsibility	Human Rights Policy	Human Rights Due Diligence and Risk Mitigation	SDG 1, 2, 3, 4, 5, 8
	Workplace Well-Being	Talent Attraction and Retention, Compensation and Benefits, Occupational Health and Safety	SDG 3, 4, 5, 8
	Community Engagement	Community and Educational Initiatives, Physical and Mental Health Support, Employee and Consumer Care	SDG 1, 2, 3, 4
G – Governance	Corporate Governance	Sound Management, Digital Strategy, Risk Management, Information Security, Supply Chain Management	SDG 8, 9, 12, 16
	Business Integrity	Ethical Business Practices, Policy and Regulatory Compliance	SDG 16
P – Product Responsibility	Product Innovation and R&D	Technological Investment, Intellectual Property Management, and Patent Strategy	SDG 3, 12
	Product Safety	Quality Management, Safety and Labeling, Customer Relations, Franchisee Training	SDG 3, 12

This mapping goes beyond linking international sustainability goals with the Group's actions—it provides the foundation for institutionalizing Chlitina's sustainability strategy. By aligning its four ESG+P pillars with the Sustainable Development Goals (SDGs), the Group systematically integrates sustainability considerations into corporate governance, business operations, product development, and supply chain management.

Within this framework, "E –Green Management" addresses environmental priorities including water management, energy management, responsible consumption and production, climate action, and biodiversity conservation. "S –Social Responsibility" focuses on human rights, health and well-being, education, gender equality, and decent work. "G –Governance" emphasizes responsible business conduct, risk management, information security, and regulatory compliance. "P –Product Responsibility" supports good health and well-being and responsible consumption by reinforcing the Company's core responsibilities in product safety, ingredient management, sustainable packaging, and customer engagement.

To ensure effective implementation of its sustainability strategy, the Group is progressively establishing a closed-loop management framework of Metrics → Actions → Targets → Monitoring → Continuous Improvement. Action plans are managed according to annual objectives, accountable departments, and monitoring frequency, with implementation progress reviewed on a regular basis. For example, initiatives related to sustainable packaging are advanced through the adoption of FSC-certified materials, packaging reduction, increased use of recyclable materials, and supplier collaboration. Progress is jointly monitored by the Sustainable Development Planning Team and relevant procurement functions.

> *"2025 marks a pivotal year in Chlitina's sustainability transformation. We believe that true beauty should be built upon a healthy ecosystem and an equitable society.*

> *By strengthening climate resilience governance and advancing women's empowerment, we are transforming sustainability into a core competitive advantage while fulfilling our commitment to our motto, "As Long As You Dare to Try."*
> — CEO Chao Chen-Yu

From the Boardroom to the Front Line: A Comprehensive Governance Framework

The successful execution of sustainability commitments depends on a governance structure with clearly defined responsibilities, effective oversight, and mechanisms for continuous improvement. At Chlitina Holding Group, the Board of Directors serves as the highest governing body for sustainability, responsible for reviewing the Group's sustainability strategy, overseeing the implementation of ESG initiatives, evaluating annual objectives and material sustainability topics, and progressively incorporating sustainability performance into management decision-making and performance evaluation.

The Board has appointed the Chief Executive Officer as convener of the Sustainability Planning Committee, which is responsible for coordinating the ESG+P framework, performance indicators, action plans, and cross-functional resource integration. Through a regular reporting mechanism, implementation progress, sustainability-related risks, emerging regulatory developments, and strategic recommendations are communicated directly to senior management, ensuring that sustainability is embedded not only within individual departments but also throughout the Group's overall governance and business operations.

Sustainable Development Planning Team Structure and Seven Working Groups

▶ Highest Governing Body: Board of Directors
Responsibilities: Reviewing sustainability strategy, setting annual targets, and approving sustainability policies

▶ Executive Leadership: Group CEO Chao Chen-Yu (Convener of the Sustainability Planning Team)
Responsibilities: Establishing the sustainability framework, coordinating resources, reporting progress on a quarterly basis, and facilitating cross-departmental collaborations

▶ Operational Level: Seven Sustainability Planning Working Groups:

① Corporate Governance Working Group: Internal control, regulatory compliance, information security, risk management, and digital transformation.
② Employee Care Working Group: Talent attraction and retention, compensation and benefits, occupational health and safety, diversity and inclusion.
③ Customer Relations Working Group: Quality management, customer service, product safety labeling, consumer communication, and customer satisfaction surveys.
④ Environmental Sustainability Working Group: Greenhouse gas management, water resource management, waste management, green procurement, and climate risk management.
⑤ Sustainable Products Working Group: Product innovation, sustainable packaging, biodiversity, and formulation transparency.
⑥ Brand Marketing Working Group: Sustainability branding, consumer communication, and promotion through sales channels.
⑦ Social Care Working Group: Disaster relief and emergency assistance, community engagement, educational initiatives, industry-academia collaboration, and industry partnerships.

Each working group is led by a senior executive or department head who serves as the project owner and is responsible for driving implementation and for reporting progress against the Group's annual objectives. To ensure the effective execution of sustainability initiatives, the Group follows a structured management cycle comprising monthly internal coordination meetings, quarterly implementation reviews, semi-annual risk assessments, and annual strategic reviews. This governance rhythm enables sustainability projects to be continuously monitored, refined, and strengthened over time.

Linking Sustainability Governance with Daily Operations

The seven working groups serve as the primary implementation engines for the Group's ESG+P strategy. For example, the Environmental Sustainability Working Group is responsible for greenhouse gas inventory management, energy and water resource management, waste management, energy conservation and waste reduction, and green procurement. It also supports business units in monitoring environmental performance and identifying opportunities for continuous improvement.

The Sustainable Products Working Group focuses on product lifecycle management by integrating sustainability considerations into the product development process from the outset. This includes evaluating the environmental impacts of raw materials, selecting sustainable packaging materials, ensuring product safety and regulatory compliance, and managing product ingredients, thereby embedding sustainability into product design at an early stage.

To foster a sustainability-driven culture throughout the organization, the Group continues to provide sustainability-related education and training covering topics such as sustainable development practices, human rights policies, ethical conduct, and regulatory compliance. Training is delivered to directors, senior executives, middle management, and frontline employees. Programs are tailored to the needs of different operating locations and are offered in multiple languages and formats to facilitate the integration of sustainability principles into daily operations and management decision-making.

The Group is also exploring opportunities to incorporate sustainability performance into management performance evaluations. By linking sustainability objectives with target setting, performance indicators, and regular performance reviews, the Group seeks to strengthen management accountability for sustainability issues and ensure that sustainability objectives become an integral consideration in both business decision-making and organizational management.

2025 Sustainability Governance Achievements

The table below summarizes the Group's key sustainability governance and operational achievements in 2025, covering regulatory compliance and corporate governance, workforce diversity, product transformation, environmental management, and supply chain responsibilities.

Indicator	Achievement	Significance
Material regulatory violations	0 case	No incidents involving environmental pollution, labor exploitation, or regulatory violations
Monetary fines or non-monetary sanctions	0 case	No penalties imposed by regulatory authorities in any jurisdiction
Transformation to sustainable products	Ongoing	Environmental and social considerations are incorporated from the product design stage, accelerating sustainable product innovation
Total GHG emissions	58,706.08 tCO_2e (Scope 1: 1,083.86 tCO_2e,	Scope 3 emissions account for 94.89% of total emissions, with the supply chain representing the primary focus for future emission reduction

Indicator	Achievement	Significance
	Scope 2: 1,913.61 tCO_2e, Scope 3: 55,708.61 tCO_2e)	efforts
Compliant suppliers	225	84% of suppliers have signed EHS Commitment Letter

In 2025, the Group promoted supplier adoption of its EHS Commitment Letter, which explicitly prohibits child labor, forced labor, and other unacceptable labor practices. By the end of the year, 84% of suppliers had signed the EHS Commitment Letter. Internally, the Company has also established a non-compliance reporting and corrective action mechanism under which any identified compliance issues are reported promptly and addressed through formal corrective action plans.

The Group's sustainable product transformation reflects the evolution of its product innovation strategy. It continues to invest in the development of sustainable products while advancing improvements across multiple dimensions. From a formulation perspective, the Group is increasing the use of naturally derived and renewable ingredients while reducing reliance on synthetic chemicals. From a packaging perspective, it is adopting FSC-certified and recyclable materials and optimizing packaging dimensions to reduce transportation-related carbon emissions. Through these multi-faceted innovations, Chlitina Holding Group is gradually becoming a leader in the field of green products.

ESG+P: The Distinctive Significance of the Product Pillar

While most companies structure their sustainability governance around the three pillars of ESG, Chlitina Holding Group has incorporated a fourth pillar—Product—to form its ESG+P framework. This approach reflects the Group's understanding of the unique characteristics of the beauty industry as a business whose products come into direct contact with consumers' skin. Our products are more than commercial offerings; they represent the most direct interface between the Group and consumers, the environment, and society.

Chlitina integrates sustainability into product management through four key dimensions: ingredient transparency and safety, sustainable packaging, green formulations, and responsible supply chain management. By incorporating ingredient and regulatory reviews, packaging material optimization, the use of natural and renewable raw materials, and supplier management covering human rights and environmental risks, the Group embeds sustainability considerations throughout the product life cycle.

As the global beauty industry continues to transition toward ingredient transparency, environmentally friendly packaging, and low-carbon supply chains, Chlitina has incorporated the Product pillar into its ESG+P framework to transform external sustainability trends into internal drivers of product innovation. In 2025, the Group's CHLITINA brand continued to launch a range of new products integrating sustainability assessments into the R&D stage, ensuring that products achieve regulatory compliance, consumer safety, market relevance, and long-term sustainability value.

In terms of packaging, the Group continues to promote packaging upgrades and material reductions across bottles, outer cartons, inner packaging, and product inserts. By increasing the use of environmentally preferable materials, optimizing packaging weight, and improving material recyclability, the Group is progressively reducing the environmental impact of product packaging while translating product innovation into concrete actions that advance the circular economy and responsible consumption.

Alignment with International Sustainability Frameworks

To enhance the completeness, credibility, and comparability of its sustainability disclosures, the Group referenced a range of internationally recognized sustainability frameworks and guidelines in preparing this Sustainability Report. These frameworks served as a basis for preparing this report, in terms of material topic identification, climate risk disclosure, industry issue mapping, and stakeholder engagement.

This disclosure approach not only responds to the growing expectations of regulators and the market for greater sustainability transparency, but also enables investors, customers, suppliers, consumers, and other stakeholders to better understand the Group's governance practices and performance in areas including sustainability management, climate action, product responsibility, and social inclusion.

International Framework / Standard Acronym	Full Name	Primary Disclosure Focus	Application in this Report
GRI 2021	Global Reporting Initiative (GRI) Standard 2021	Universal disclosures, material topics, topic-specific standards	Served as the primary basis for preparing this Report, covering the Group's governance, stakeholder engagement, materiality assessment, and sustainability performance across all key topics.
TCFD	Task Force on Climate-related Financial Disclosures (TCFD) Recommendations	Governance, strategy, risk management, metrics and targets	Used to disclose the Group's climate governance, climate-related risks and opportunities, scenario analysis, carbon reduction management, and related metrics.
SASB CG-HP	Sustainability Accounting Standards Board (SASB) Standard for Household & Personal Products	Industry-specific material issues, financial materiality, peer comparability	References industry-specific sustainability topics to strengthen disclosures on product safety, raw materials, packaging, supply chain management, and consumer health.
IFRS S1/S2	IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)	Sustainability- and climate-related risks and opportunities, financial impacts	Serves as a reference for aligning sustainability disclosures with financial reporting, while progressively strengthening analysis of climate-related financial impacts.
UNGC	United Nations Global Compact	Human rights, labor, environment, anti-corruption	Reflects the ten principles of the United Nations Global Compact through the Group's policies, management systems, and sustainability performance disclosures.

1.2 Stakeholder Identification and Engagement

Finding the Right Partners on Our Sustainability Journey

As sustainability has become a shared priority for businesses worldwide, companies can no longer determine unilaterally which issues matter most. Stakeholders—including consumers, employees, investors, regulators, suppliers, franchise partners, and local communities—increasingly expect greater transparency, meaningful engagement, and tangible action from businesses.

Chlitina Holding Group adopts a systematic stakeholder identification process to determine the key stakeholder groups most closely connected to its operations, value chain, and sustainable development objectives. The Group has established ongoing, two-way communication mechanisms to foster meaningful dialogue with these stakeholders. Through active listening and responsive engagement, the Group seeks to understand stakeholder concerns regarding corporate governance, environmental stewardship, social responsibility, and product responsibility, and to translate these external expectations into internal improvements and strategic initiatives.

Driven by international sustainability disclosure frameworks such as GRI, SASB, and CDSB, as well as Taiwan's Sustainable Development Roadmap for Listed Companies, stakeholder engagement has become a fundamental component of corporate sustainability governance. For investors, the quality of stakeholder engagement is increasingly regarded as an important indicator of long-term corporate resilience and governance maturity. For consumers, responsible products, transparent information disclosure, and meaningful social contributions are now playing an important role in shaping brand trust and purchasing decisions.

These trends are particularly significant in the beauty and franchise service industries. Brand value is built not only through products and distribution channels, but also through the long-term trust established among employees, franchise partners, and consumers. With 815 employees, 4,116 franchise stores, and an extensive consumer base, Chlitina's people-centered network forms the foundation of its continued growth and serves as a driving force behind its sustainability transformation.

Accordingly, the Group regards stakeholder engagement as the starting point of its sustainability governance. Chlitina believes that only through continuous listening, open dialogue, and responsive action can it build lasting partnerships with stakeholders, jointly address risks, seize emerging opportunities, and advance a more resilient and inclusive future for both the business and society.

11→7	1,212	66.6%
Refined from 11 stakeholder categories to 7 core stakeholder groups	Valid questionnaires collected	Questionnaire response rate

Using AA1000 SES as a Compass

The Group adopts the AA1000 Stakeholder Engagement Standard (AA1000 SES) as the methodological foundation for its stakeholder identification and engagement process. AA1000 SES emphasizes that organizations should systematically identify stakeholders with significant relevance to their operations, value chain, and sustainable development objectives, and establish appropriate engagement and response mechanisms based on stakeholders' level of influence, dependency, responsibilities, and key concerns.

In line with the principles of the Standard, Chlitina Holding Group regards stakeholder management as an ongoing governance process rather than a one-time exercise in collecting opinions. Through a structured process of identification, analysis, prioritization, engagement, response, and continuous improvement, the Group systematically understands the expectations of different stakeholder groups regarding corporate governance, environmental stewardship, social responsibility, and product responsibility. These insights serve as important inputs for the Group's materiality assessment and the refinement of its sustainability strategy.

This approach enables the Group to identify the most significant issues from a diverse range of stakeholder perspectives, ensuring that the voices of key stakeholders are fully incorporated into decision-making. At the same time, it enhances the completeness, transparency, and responsiveness of the Group's sustainability disclosures.

The Underlying Logic of the Five Stakeholder Identification Principles

AA1000 SES Five Stakeholder Identification Principles
1. Dependency: This principle assesses whether a stakeholder group depends economically or operationally on the Group's business, products, or services, and conversely, whether the Group relies on that stakeholder's contributions or support. Example at Chlitina: Consumers depend on the brand for quality products and service experiences, while the brand depends on consumers' purchases and word-of-mouth recommendations. 2. Responsibility: This principle evaluates whether the Group has legal, commercial, or ethical responsibilities toward a particular stakeholder group. 3. Influence: This principle considers whether a stakeholder group can directly influence the Group's strategic decisions, operational performance, or brand reputation. Examples include employees, who shape corporate culture; investors, who influence capital allocation; and the media, which can affect public opinion. 4. Diverse Perspectives: This principle examines whether including a stakeholder group contributes different cultural perspectives, market insights, or early identification of emerging risks. For example, suppliers provide unique perspectives on supply chain risks, while government authorities offer insights into evolving regulatory trends. 5. Tension: This principle evaluates whether there are existing or potential conflicts of interest, expectation gaps, or issues requiring immediate attention between the Group and a stakeholder group. For example, franchise partners and headquarters may have differing perspectives on cost pressures, while consumers' expectations for both environmental sustainability and competitive pricing may create competing demands.

The five stakeholder identification principles set out in AA1000 SES provide a systematic framework for evaluating the relationships between organizations and their stakeholders. Different stakeholder groups may vary in their significance across dimensions such as dependency, influence, or tension. Moreover, as regulations, industry trends, and societal expectations evolve, the relative priority of stakeholder groups may also change. Accordingly, Chlitina Holding Group regards stakeholder engagement as a dynamic management process and regularly reviews both its engagement priorities and communication strategies.

In 2025, the Group applied these five principles to identify stakeholder groups that could affect, or be affected by, its business operations. An initial list of 11 potential stakeholder groups was developed and evaluated by the Sustainable Development Planning Team. Each member assigned a score ranging from 1 to 5 for each of the five principles, and the average score was calculated to establish the overall ranking.

To enhance the completeness and objectivity of the assessment, the evaluation process incorporated cross-functional discussions, drawing upon the engagement experience and risk observations of different business units. Based on the final results, the Group identified the top 7 stakeholder groups as its core stakeholders. These groups were subsequently incorporated into the Group's annual sustainability strategy, materiality assessment, and stakeholder questionnaire survey.

From 11 Stakeholder Categories to 7 Core Stakeholder Groups

The table below presents the results of the Group's 2025 stakeholder identification and evaluation conducted in accordance with the AA1000 SES methodology. Stakeholder groups were ranked based on their overall scores, and the top seven groups, each receiving an overall score of 1.924 or above, were designated as the Group's core stakeholders for the reporting year. These core stakeholder groups formed the primary scope of the Group's materiality assessment, stakeholder survey, engagement planning, and sustainability strategy development.

Although the remaining four stakeholder groups were not designated as core stakeholders for 2025, the Group continues to recognize their relevance to its operations and sustainable development. Through public disclosures, participation in industry associations, routine business interactions, and other appropriate communication channels, the Group maintains ongoing engagement and information transparency to ensure that the concerns of these stakeholders are appropriately understood and addressed.

Rank	Stakeholder Group	Defined Scope	AA1000 Score	Status
1	Employees	Full-time and contract employees	3.307	✓ Core
2	Investors	Individual and institutional shareholders	3.152	✓ Core
3	Customers (including Franchisees)	Existing and prospective customers	3.048	✓ Core
4	Suppliers / Contractors	Existing and prospective suppliers and contractors	2.605	✓ Core
5	Business Partners	Strategic partners and corporate collaborators	2.338	✓ Core
6	Government Agencies	Local government authorities	2.321	✓ Core
7	Media	Newspapers, online platforms, magazines, and other media organizations	1.924	✓ Core
8	Industry Associations	Industry associations	1.679	Not included
9	Non-profit Organizations	Industry organizations, local representatives, environmental organizations, labor rights groups, and other NGOs	1.605	Not included
10	Local Communities	Neighborhoods, community organizations, and local schools	1.360	Not included
11	Academic Institutions	Academic institutions and organizations	1.271	Not included

Among the stakeholder identification results for 2025, "Employees" ranked first with an overall score of 3.307, receiving particularly high scores in the dimensions of dependency and responsibility. This outcome reflects the fundamental characteristics of Chlitina as a beauty service enterprise. Employees are the direct ambassadors of the Group's brand promise, service experience, and consumer trust. Their professional expertise, service quality, and day-to-day conduct have a direct influence on the successful implementation of the Group's sustainability strategy and the realization of its brand value.

At the same time, the Group bears clear and direct responsibilities toward its employees, including fair compensation and benefits, labor rights protection, occupational health and safety, professional training, and career development. The ranking of employees as the Group's highest-priority stakeholder group therefore reflects not only the people-centric nature of the beauty industry but also the recognition that Chlitina's sustainability transformation must begin with organizational culture and talent development.

The rankings of the remaining core stakeholder groups reflect the diverse relationships across the Group's value chain and external operating environment. "Investors" and "Customers" represent the expectations of capital markets and consumers regarding corporate value and sustainability performance. "Suppliers" and "Business Partners" demonstrate that the Group's sustainability impacts extend across raw materials, packaging, distribution services, and the franchise network. "Government Agencies" and the "Media" highlight the importance of regulatory compliance, public policy engagement, and transparent information disclosure.

These rankings should not be interpreted as an absolute measure of stakeholder importance. Rather, they reflect the relative significance of each stakeholder group across the five identification dimensions within the Group's current operating context. As the Group's business strategy, geographic footprint, and external environment continue to evolve, stakeholder priorities may also change. The Sustainable Development Planning Team will continue to periodically review both the evaluation methodology and stakeholder rankings, ensuring that stakeholder identification remains an integral part of the Group's ongoing risk monitoring and strategic feedback process.

Although industry associations, non-profit organizations, local communities, and academic institutions were not designated as core stakeholder groups for 2025, the Group will continue to maintain appropriate communication and engagement through public disclosures, participation in industry associations, collaborative projects, community engagement, and talent development initiatives. Should changes in regulations, industry trends, societal expectations, or the Group's strategic direction increase the significance of these stakeholder groups, their engagement priority will be reassessed as part of the annual stakeholder review process.

Primary Concerns of the 7 Core Stakeholder Groups

Through stakeholder engagement and sustainability issue surveys, the Group further identified the expectations of its seven core stakeholder groups regarding corporate governance, environmental management, employee care, product responsibility, supply chain management, and social participation. As each stakeholder group has different relationships with the Group, levels of influence, and areas of interest, their sustainability priorities also vary.

The following table summarizes the key areas of concern identified among core stakeholder groups in this year's survey. These results will be incorporated into the material topic identification process described in Section 1.3 and serve as an important reference for assessing topic materiality, establishing management approaches, and developing future action plans.

Stakeholder Group	Core Concerns	Key Connection With Chlitina
Employees	Career development, compensation and benefits, workplace safety, human rights protection	With 815 employees worldwide, 74% of whom are female, internal employee perspectives directly influence the Group's sustainability transformation.

Stakeholder Group	Core Concerns	Key Connection With Chlitina
Investors (Shareholders)	Financial performance, corporate governance, ESG performance, regulatory compliance	As a key signal from the capital market, investors place the highest expectations on governance transparency.
Customers (including Franchisees)	Product quality and safety, information transparency, service experience, operational support, brand value, training resources, policy communication	Brand loyalty is the cornerstone, and customer expectations have expanded beyond products to include corporate environmental and social responsibility. The 4,116 franchise stores account for 91.29% of emissions, representing the Group's greatest carbon reduction leverage point.
Suppliers / Contractors	Fair procurement, long-term partnerships, sustainability requirements, quality management	The 225 suppliers forming the foundation of the value chain make supply chain sustainability a critical factor in carbon reduction efforts.
Business Partners	Service quality, professional capabilities, compliance support, long-term partnership stability, information confidentiality	Providing professional services in areas including legal affairs, finance, public relations, and sustainability, business partners support the Group's compliant operations and implementation of sustainability strategies.
Government Agencies	Regulatory compliance, tax compliance, industry supervision, information disclosure	Compliance forms the foundation of operations, while regulatory trends influence the direction of sustainability strategies.
Media	Corporate transparency, social responsibility, brand image, ESG performance	As a bridge for public communication, the media serves as an important channel for communicating the Group's ESG narrative.

2025 Stakeholder Survey

Following the identification of core stakeholder groups, the Group conducted a sustainability issue survey among the 7 core stakeholder groups to understand their level of concern regarding governance, environmental, social, and product responsibility topics. The survey results served as key inputs for the material topic identification process described in Section 1.3, supporting the Group in identifying sustainability issues with significant relevance to both stakeholders and business operations.

The questionnaire was developed with reference to the GRI Standards, SASB Household & Personal Products industry topics, Taiwan's Sustainable Development Roadmap for Listed Companies, and feedback collected from previous stakeholder engagement activities. A preliminary list of 44 potential sustainability topics was compiled. Following internal discussions, topic consolidation, and wording refinement, the final questionnaire included 20 sustainability issues.

To enhance understanding among stakeholders with different backgrounds, questionnaire items were simplified and localized, and categorized according to the three ESG dimensions.

The environmental category included six topics: water resources, waste management, greenhouse gas emissions, raw material procurement, environmental innovation, and climate risks. The social category included eight topics: human rights, compensation and benefits, career development, workplace safety, diversity and inclusion, supplier rights, customer privacy, and social contribution. The governance category included six topics: regulatory compliance, business ethics, data security, board diversity, compensation fairness, and supplier governance.

The questionnaire adopted a five-point Likert scale to measure the level of concern, with scores ranging from 1 to 5, representing "not concerned at all" to "extremely concerned." The Group also adopted differentiated distribution methods based on stakeholder characteristics, including internal systems, digital platforms, customer service channels, email communications, and online forms, in order to improve survey reach and response quality.

Dimension	No. of Topics	Topics Covered
E – Green Management	6	Water resource management, waste management, greenhouse gas emissions, raw material procurement, environmental innovation, climate risk
S – Society	8	Human rights protection, compensation and benefits, career development, occupational health and safety, diversity and inclusion, supplier rights, customer privacy, social contribution
G – Governance	6	Regulatory compliance, business ethics, data security, board diversity, pay equity, supplier governance

Questionnaire Response Analysis by Stakeholder Group

Stakeholder Group	Responses	Share	Notes
Customers (including Franchisees)	587	48%	Primarily franchise owners of authorized CHLITINA stores, customers of directly operated stores, and distributors; the largest respondent group.
Employees	535	44%	High internal participation, reflecting employees' strong willingness to express their views on workplace-related issues.
Suppliers / Contractors	46	4%	Active participation from supply chain partners, providing valuable input for strengthening sustainable procurement strategies.
Business Partners	20	2%	Independently categorized business partners including banks, accounting firms, law firms, public relations agencies, and sustainability consultants.
Government Agencies	11	<1%	Includes representatives from local government authorities.
Investors (Shareholders)	7	<1%	Includes individual and institutional shareholders. Although the sample size is relatively small, the quality of responses makes them highly valuable.
Media	6	<1%	Including newspapers, radio stations and magazines

The 2025 stakeholder survey results indicate that customers and employees were the two primary sources of responses, together accounting for the majority of valid questionnaires. This distribution closely reflects the Group's business model as a beauty and franchise service enterprise. As a people-centered service organization, the Group's sustainability value chain depends heavily on the active participation of employees, franchise partners, supply chain partners, and consumers.

Employee questionnaires were primarily distributed through internal systems and communication channels, resulting in a high participation rate. Customer questionnaires were distributed through the customer service department, branch offices, the Group's mobile application, and retail stores, enabling broad outreach and generating the largest number of responses. These results provide valuable insights into the sustainability priorities of both internal employees and external consumers and serve as important inputs for the Group's materiality assessment and the development of subsequent management actions.

The Group also recognizes that certain stakeholder groups, including investors, government agencies, and the media, accounted for relatively few responses. To prevent the materiality assessment from being disproportionately influenced by stakeholder groups with larger sample sizes, the Group introduced a balanced stakeholder weighting mechanism in the materiality assessment process described in Section 1.3. Under this approach, the level of concern expressed by each core stakeholder group is calculated and standardized separately before being incorporated into the materiality evaluation. This methodology helps ensure that the information needs and strategic priorities of different stakeholder groups are appropriately reflected, resulting in a more balanced and comprehensive materiality assessment.

Stakeholder Group	Primary Communication Channels	Frequency	Key Responses in 2025
Employees	Internal announcement system, employee meetings, training programs, employee satisfaction surveys	Ongoing / Monthly / Quarterly	Conducted 211 employee training sessions throughout the year.
Investors (Shareholders)	Investor briefings, annual report, shareholders' meeting, investor relations website	Quarterly / Annually	Launched dedicated Stakeholder and ESG sections on the Group's corporate website and enhanced sustainability disclosures in the Sustainability Report.
Customers (including Franchisees)	Brand app, customer service hotline, in-store interactions, satisfaction surveys, franchisee conferences, digital platforms, training programs	Ongoing / Monthly / Quarterly	Enhanced the HOMESPA online service experience; strengthened regional operational support; expanded comprehensive training programs; optimized customer service processes through tiered management; increased coverage of customer satisfaction surveys.
Suppliers / Contractors	Supplier conferences, supplier audits	Annually / As needed	Added ESG commitments to the EHS Commitment Letter and incorporated ESG evaluation criteria into supplier audits.
Business Partners	Project meetings, online consultations, financial audit communications, Board meeting participation	Monthly / Quarterly / Annually	Increased document digitalization, reduced printed financial reports, and integrated external consultants into the Feishu collaboration platform.
Government Agencies	Regulatory filings, meetings with regulatory authorities, participation in industry associations	As required by regulations / Quarterly	Maintained a record of zero regulatory violations and zero penalties.
Media	Press releases, press conferences, media interviews, social media platforms	As needed	Launched the Group's ESG communication strategy

Stakeholder identification is an ongoing management process. Based on the nature of its relationships with each core stakeholder group, their information needs, and their key concerns, the Group has established a diverse and systematic set of communication channels to support stakeholder engagement and the materiality assessment process. These channels include internal announcements, employee forums, training programs, investor briefings, shareholders' meetings, the brand app, customer service channels, supplier meetings, franchisee platforms, participation in industry associations, press releases, and media engagement, enabling the Group to maintain regular communication with employees, investors, customers, suppliers, franchisees, government agencies, and the media.

The frequency of communication varies according to each stakeholder group's relationship with the Group's operations, the timeliness of relevant issues, and information needs. For highly engaged stakeholder groups such as employees, customers, and franchisees, the Group maintains ongoing or monthly communication. For investors, suppliers, and government agencies, communication is conducted on a quarterly or annual basis in accordance with regulatory requirements, corporate governance practices, and business needs. Engagement with the media is conducted on an as-needed basis in response to significant events and brand communication initiatives.

The outcomes of these engagement activities are incorporated into the Sustainable Devolopment Planning Team's issue monitoring and management process, serving as important inputs for materiality assessment, sustainability strategy refinement, and the development of improvement initiatives. Details of the Group's stakeholder engagement activities, key issues raised, responses provided, and improvement measures implemented during 2025 are presented in Section 1.5, "Stakeholder Engagement."

1.3 Material Topics and Strategic Objectives

From Stakeholder Voices to Strategic Action

Chlitina Holding Group conducted a sustainability issue survey among its seven core stakeholder groups, collecting a total of 1,212 valid responses. These responses represent more than quantitative data—they provide critical insights that enable the Group to identify risks and opportunities, prioritize resource allocation, and refine its sustainability strategy.

The 2025 materiality assessment began with an initial universe of 44 sustainability topics. Through a structured process involving evaluation by the ESG Planning Team, stakeholder surveys, weighted analysis, and internal review, the Group ultimately identified 21 material topics, which were aligned with 18 GRI Topic Standards. The results serve as the foundation for defining the scope of disclosures, management approaches, performance indicators, and resource allocation throughout this Sustainability Report.

44 Assessed sustainability topics (88 topics in total, both positive and negative)	21 Identified material topics	18 Corresponding GRI Topic Standards

Five-Stage Materiality Assessment Process

In accordance with GRI 3: Material Topics 2021, Chlitina Holding Group has established a structured materiality assessment process. The process comprises five stages: topic identification, internal impact assessment, questionnaire design, stakeholder survey, and weighted analysis, review, and validation. By integrating both internal operational impacts and external stakeholder perspectives, the Group ensures that the materiality assessment is comprehensive, balanced, and traceable.

Step 1	Step 2	Step 3	Step 4	Step 5
Topic Identification	Internal Impact Assessment	Questionnaire Design	Stakeholder Survey	Weighted Analysis and Validation

Sustainability topics were compiled with reference to international standards, industry frameworks, peer disclosures, and emerging industry trends.	The Sustainability Promotion Team evaluated each topic based on its positive and negative impacts, relevance to business operations, and feasibility of management.	Similar topics were consolidated and translated into questionnaire items that could be readily understood by stakeholders.	Questionnaires were distributed to the Group's seven core stakeholder groups to collect ratings on the level of concern for each topic.	A balanced stakeholder weighting mechanism was applied, followed by internal review and Board confirmation.
44 Sustainability topics identified	22 Candidate material topics shortlisted	Candidate topics consolidated into 19 topics and developed into a 20-question survey	1,821 Questionnaires distributed, and 1,212 valid responses received	21 Material topics confirmed, that aligned with 18 GRI Topic Standards

Stage 1: The Group conducted a preliminary review of sustainability topics with reference to the GRI Standards, the SDGs, the SASB Household & Personal Products industry standard, the TCFD Recommendations, the RBA Code of Conduct, sustainability reports published by industry peers, and domestic and international industry trends, identifying an initial list of 44 sustainability topics.

Stage 2: The Sustainable Development Planning Team evaluated the actual or potential, positive or negative impacts of each topic. The topics were then prioritized based on business impact, stakeholder relevance, management feasibility, and measurability, resulting in 22 candidate material topics.

Stage 3: The Team consolidated conceptually similar topics into 19 issues and developed a 20-question stakeholder survey comprising 6 environmental questions, 8 social questions, and 6 governance questions.

Stage 4: The survey was distributed to the Group's seven core stakeholder groups. A total of 1,821 questionnaires were issued, and 1,212 valid responses were received, representing a response rate of 67%. Given the variation in response volumes across stakeholder groups, the Group introduced a stakeholder-balanced weighting mechanism this year to reduce the impact of sample size differences on the ranking results.

Stage 5: Based on the weighted survey results, the Group ranked the survey topics and identified 21 material topics, corresponding to 18 GRI Topic Standards. The results were reviewed by the Sustainable Development Planning Team and submitted to the Group's CEO and Chairman for review, before being presented to the Board of Directors for final approval. The finalized material topics serve as the basis for determining the scope of disclosures, management approaches, performance indicators, and resource allocation in this report.

Stakeholder-Balanced Weighting Mechanism

To enhance the balance and representativeness of its materiality assessment, Chlitina Holding Group introduced a Stakeholder-Balanced Weighting Mechanism for its 2025 materiality assessment. This mechanism is designed to reduce ranking bias resulting from differences in questionnaire response volumes among stakeholder groups, ensuring that the perspectives of each core stakeholder group are appropriately reflected in the determination of material topics.

Among the stakeholder survey responses received in 2025, customers accounted for 49% and employees for 44%, representing a combined total of 93% of all valid responses. If material topics were ranked solely based on the unweighted average scores of all respondents, the results could be disproportionately influenced by the stakeholder groups with the largest response volumes. Consequently, the concerns of strategically important stakeholder groups with relatively smaller sample sizes—such as investors, government agencies, and the media—might not be adequately reflected.

Accordingly, the Group adopted a balanced weighting approach to ensure that the materiality assessment reflects both the broad perspectives of stakeholder groups with larger sample sizes and the views of stakeholder groups with smaller response volumes that nevertheless have significant influence on governance, regulatory compliance, corporate reputation, and capital markets.

Distribution of the 21 Material Topics Across 1.3 the ESG+P Framework

The materiality assessment identified a total of 21 material topics, which were classified according to the Group's ESG+P four-pillar framework. Among these, "P – Product" is a core dimension established by the Group in addition to the traditional ESG framework. It reflects Chlitina's distinctive sustainability management approach as a beauty enterprise, recognizing product quality, consumer safety, innovation and R&D, and information transparency as fundamental commitments underpinning its sustainable business strategy.

ESG+P Dimension	No. of Topics	Share	Topics Covered
E – Green Management	7	33%	Energy Management; Greenhouse Gas Emissions; Packaging Materials; Packaging Recycling; Waste Management; Climate Change Risks; Energy Procurement
S – Employee Engagement and Social Impact	4	19%	Employee Health and Safety; Human Rights Protection; Fair Labor Practices; Compensation and Benefits
G –Ethical Governance	6	29%	Supply Chain Management; Data Privacy and Information Security; Business Ethics and Compliance; Intellectual Property Protection; Regulatory Compliance; Sustainability Reporting
P – Product	4	19%	Product Quality and Safety; Innovation and R&D; Customer Health and Safety; Product Labeling and Information Transparency

The distribution of material topics demonstrates that the Group's sustainability priorities encompass four key dimensions—environment, society, governance, and product—reflecting a sustainability framework that balances sound business operations, responsible management, and industry-specific characteristics. Among these, E – Green Management comprises the largest number of material topics, with seven topics accounting for 33% of the total. This indicates that the Group has incorporated environmental issues such as climate change, energy management, waste management, and circular design into its medium- and long-term strategic planning as a key foundation for responding to evolving regulatory requirements and the transition to a low-carbon economy.

Notably, the G – Ethical Governance and P – Product dimensions ranked particularly high in the weighted assessment. Two of the top three material topics—Regulatory Compliance and Business Ethics and Compliance—fall under the governance dimension, highlighting stakeholders' strong expectations regarding regulatory compliance, ethical business conduct, and governance transparency. This also underscores that robust governance is not only fundamental to effective risk management but also a critical pillar for building brand trust and creating long-term value.

Although the P – Product dimension comprises only four material topics, Product Quality and Safety, Innovation and R&D, and Product Labeling and Information Transparency all ranked among the highest-priority topics in the weighted assessment. This reflects stakeholders' strong emphasis on product safety, product performance, technological innovation, and transparent product information. It also highlights the distinctive characteristics of the beauty and skincare industry, where product responsibility constitutes a core element of sustainable business management. Accordingly, the Group has established Product as an independent dimension within its ESG+P framework to reinforce its long-term commitment to product excellence and consumer trust.

Meanwhile, although environmental topics generally ranked in the middle to lower range of the weighted assessment, their management significance has not diminished. Compared with product safety and governance transparency, which represent more immediate stakeholder expectations, environmental issues are more closely associated with long-term transformation capabilities and organizational resilience. Energy management, greenhouse gas emissions, green energy procurement, packaging materials, and packaging recycling all form an important foundation for Chlitina's response to climate change, evolving regulatory requirements, and the low-carbon transition across the value chain. These initiatives are discussed in greater detail in Chapter 2, "Green Management," of this report.

Changes to Material Topics Compared With the Previous Reporting Period

In 2025, Chlitina Holding Group conducted its materiality assessment in accordance with GRI 3: Material Topics 2021 and did not directly carry forward the material topics or rankings from the previous reporting year. In the previous reporting period, sustainability issues were primarily presented under the three ESG dimensions and categorized according to implementation maturity, such as "high priority," "ongoing," and "planned." This year, the Group further enhanced its assessment methodology by introducing stakeholder surveys, positive and negative impact assessments, and a stakeholder-balanced weighting mechanism. Beginning with an initial list of 44 sustainability topics, the Group conducted internal assessments, consolidated overlapping topics, analyzed 1,212 valid stakeholder questionnaires, and completed governance review procedures before identifying 21 material topics. These were subsequently categorized into four dimensions—Environment, Social, Governance, and Product (ESG+P)—to better reflect the Group's business characteristics and the nature of the beauty and skincare industry.

The revisions to this year's material topics primarily reflect changes in stakeholder expectations, regulatory developments, international sustainability trends, the Group's operating model, and the characteristics of the beauty and skincare industry.

Within the environmental dimension, the focus has shifted from inventory- and statistics-oriented disclosures to management-oriented topics, including Energy Management, Greenhouse Gas Emissions, Climate Change Risks, Energy Procurement, Packaging Materials, Packaging Recycling, and Waste Management. The social dimension has been streamlined into Employee Health and Safety, Human Rights Protection, Fair Labor Practices, and Compensation and Benefits. The governance dimension has been strengthened to emphasize Regulatory Compliance, Business Ethics and Compliance, Information Security and Data Privacy, Supply Chain Management, Intellectual Property Protection, and Sustainability Reporting. In addition, the Group established Product as a standalone dimension to underscore the importance of Product Quality and Safety, Innovation and R&D, Customer Health and Safety, and Product Labeling and Information Transparency to Chlitina's sustainable development.

Overall, the distribution of the 21 material topics across the ESG+P framework clearly reflects Chlitina's dual sustainability priorities. On the one hand, governance transparency and regulatory compliance provide the foundation for sound business operations. On the other hand, product safety, innovation, and information transparency represent the core drivers of sustainable value creation in the beauty industry. At the same time, through continued progress in the environmental and social dimensions, the Group will further strengthen its climate resilience, employee well-being, and value chain responsibility, building a more comprehensive sustainability roadmap that reflects the distinctive characteristics of its industry.

1.4 Risk Management, Impacts, and Response Strategies

Building a Resilient Business Through Risk Awareness

The path of business is never without challenges. Faced with geopolitical tensions, increasingly severe climate change, tightening regulatory requirements, and rapidly evolving consumer expectations, Chlitina Holding Group chooses to confront risks proactively. Rather than focusing solely on risk mitigation, the Group seeks to transform risk management into strategic opportunities.

This section presents the Group's risk governance framework, key risk categories, and corresponding response strategies. It also marks the Group's first disclosure aligned with the TCFD framework, including an assessment of the financial impacts of climate change on its operations. This represents one of the key highlights of the 2025 Sustainability Report.

Risk Management Framework

The Group's risk management system is overseen by the Board of Directors, which serves as the highest governing body responsible for supervising the completeness of the Group's risk management policies and the effectiveness of their implementation. Day-to-day risk management is coordinated by the Group's CEO, who works with business units to identify, assess, and respond to risks while integrating emerging issues, such as climate-related risks and cybersecurity risks, into the existing enterprise risk management framework.

The Group adopts a risk matrix methodology to assess risk levels based on two dimensions—likelihood of occurrence and severity of impact. Risks are classified into three levels (high, medium, and low), with corresponding response strategies (avoidance, mitigation, transfer, or acceptance) and monitoring frequencies established for each level. In 2025, the Group identified six enterprise-level risk categories: strategic, operational, financial, regulatory compliance, cybersecurity, and ESG risks.

Four-Step Risk Management Process
❶ Risk Identification: Each business submits a list of potential risks annually for inclusion in the Group-wide risk assessment. ❷ Risk Assessment: Risks are evaluated using quantitative and qualitative assessment matrices and prioritized according to their significance. ❸ Risk Response: Appropriate response strategies are developed, responsible owners are assigned, and the necessary budgets and implementation timelines are established. ❹ Monitoring and Review: Risk management results are reviewed and reported to the Board of Directors on an annual basis.

2025 Major Risk Categories Identified in 2025

Risk Category	Key Risk	Risk Level	Response Strategy
Strategic Risk	Intensifying competition in China's beauty industry	High	Differentiated brand positioning, digital transformation, and technology-driven skincare capabilities
Strategic Risk	Geopolitics and cross-straits relations evolution	Medium	Diversified market presence

Risk Category	Key Risk	Risk Level	Response Strategy
Operational Risk	Quality management of the franchise network	Medium	Standardized operating manuals, digital store inspections, and performance-based evaluation and exit mechanisms
Operational Risk	Loss of key talent	Medium	ESG KPI-linked compensation and leadership development programs for women managers
Financial Risk	Foreign exchange fluctuations (RMB/NTD)	Medium	Natural hedging, forward foreign exchange contracts, and a multi-currency cash pool
Regulatory Compliance Risk	Changes in cosmetics regulations across different markets	Medium	Continuous regulatory monitoring and real-time compliance support through dual R&D centers in Taiwan and Shanghai
Cybersecurity Risk	Customer data breaches	High	Data encryption and role-based access controls
ESG Risk	Financial impacts of climate change	Medium-High	Adoption of TCFD framework
ESG Risk	ESG non compliance across the supply chain	Medium	84% supplier coverage under EHS commitment letters and semiannual supplier audits

The risk profile presented above is not a static list but is reviewed and updated every six months in response to changes in the external environment and operational feedback. Notably, in 2025, the Group elevated the financial impacts of climate change from an environmental issue to a medium-high enterprise-level risk within its corporate risk matrix. This reflects the growing operational implications of more frequent extreme weather events and the emerging trend toward carbon pricing.

> *"We are not simply managing risks—we are creating opportunities. While others in the industry are still observing the market, Chlitina has chosen to position itself ahead of the curve. Sustainability is not a cost; it is our most important growth engine for the next decade."*
> — Group CEO Chao Chen-Yu

Risk Management

The Group has integrated climate risk management into its existing Enterprise Risk Management (ERM) framework, ensuring that climate-related issues are embedded in operational decision-making. Guided by the TCFD four-pillar framework and supported by a quantitative risk matrix methodology, the Group systematically identifies climate-related risks affecting its supply chain, production efficiency, and market competitiveness. The assessment covers risk categories, specific risk events, potential financial impacts, and response measures, resulting in a structured climate risk register that is reviewed and updated regularly by a cross-functional team.

Four Key Interfaces for Integrating Climate Risk Management Into Business Operations
▶ Supply Chain Management: Diversifying suppliers across multiple regions to reduce concentration risk associated with climate impacts in a single sourcing area. ▶ Manufacturing Operations: Improving equipment energy efficiency, promoting cold-process manufacturing technologies, and strengthening backup power systems and water recycling

capabilities.

▶ Product R&D: Developing clean formulations and adopting biosynthesis and fermentation technologies to reduce dependence on climate-sensitive raw materials.

▶ Franchise Network: Promoting standardized Green Store practices across the franchise system.

2025 Extreme Weather Events and Business Continuity Plan (BCP) Response

The true value of planning lies in execution. During 2025, the Group experienced four significant extreme weather events. The following cases demonstrate the effectiveness of its Business Continuity Plan (BCP) in maintaining operational resilience.

Event	Location	Operational Impact	Recovery Time	BCP Response Measures
Typhoon	Guangzhou / Shenzhen	Temporary closure of 20 stores	10 days	Early warning activation → personnel evacuation → post-disaster financial assistance → reopening support
Heavy Rainfall and Flooding	Sichuan	3 stores temporary closed due to damage	15 days	Emergency supply deployment → insurance claims → store restoration
Extreme Heat (year-round)	Shanghai	In 2025, summer extended to 160 days, 22 days longer than the previous year	Ongoing	Staggered production scheduling → HVAC energy efficiency optimization → employee health monitoring
Power Supply Instability	Taiwan (Neihu and Songren offices)	Office backup power requirements	Immediate switchover	Dual backup system comprising a 72-hour diesel generator and a 4-hour UPS

These events validated the effectiveness of the Group's Business Continuity Plan (BCP). A three-layer protection mechanism—comprising the inherent resilience provided by the geographical dispersion of retail stores, the proactive response enabled by early warning systems, and the final safeguard of backup facilities—helped keep the financial impact of extreme weather events on the Group's operations at a minimal level. Going forward, the Group will continue to refine the scope of its BCP and the frequency of emergency drills based on the results of climate scenario analyses.

From Risk Management to Organizational Resilience

The objective of risk management is not to eliminate all risks, but to build a resilient organization capable of continuous learning, rapid adaptation, and sustainable growth amid uncertainty. In response to the combined challenges of climate change, evolving regulations, shifting market expectations, and value chain transformation, Chlitina has adopted a more forward-looking and systematic approach, embedding risk governance as an integral component of its long-term competitive advantage.

Through the adoption of the TCFD framework, the Group has elevated climate change from a traditional environmental management issue to a strategic business consideration. Climate-related risks are no longer managed solely at the departmental level but are overseen by the Board of Directors, coordinated by senior management, and implemented across all business units. From corporate decision-makers to frontline retail stores, the Group is progressively establishing an integrated management framework for identifying, assessing, responding to, and monitoring climate-related risks, enabling climate governance to become an integral part of day-to-day operations and value chain management.

Building on this foundation, the Group continues to advance carbon emissions accounting and management across its entire value chain while establishing short-, medium-, and long-term emissions reduction targets. These data not only support transparent sustainability disclosures but also demonstrate the Group's commitment to accountability, transparency, and meaningful action for its stakeholders. By clearly understanding emission sources, operational hotspots, and opportunities for improvement, Chlitina is able to translate climate risk management into tangible operational improvements, more effective resource allocation, and practical decarbonization initiatives.

Risk assessments help the Group understand the nature of the challenges it faces, but their true value lies in translating those insights into shared understanding and coordinated action both within and beyond the organization. Accordingly, the Group continues to strengthen climate-related disclosures and stakeholder engagement, ensuring that the insights generated through risk governance extend beyond the pages of this report to serve as the basis for constructive dialogue with employees, customers, suppliers, investors, government agencies, and other external partners.

Further information on the Group's climate response strategies, value chain carbon management, and decarbonization roadmap is provided in Section 2.1, "Climate Management." The next section (1.5) focuses on stakeholder engagement and explains how Chlitina transforms the insights gained through risk governance into meaningful stakeholder dialogue, responsive commitments, and collaborative actions that further strengthen corporate resilience and sustainable value creation.

1.5 Stakeholder Engagement

Every Voice Matters, No Expectation Goes Unanswered

In the previous section, we introduced the Group's risk governance framework. Effective risk management, however, extends beyond risk identification and mitigation. Equally important is how we communicate our strategies, actions, and performance transparently to stakeholders, while continuously improving through their feedback. At Chlitina Holding Group, stakeholder engagement is therefore not only a means of communication but also an integral component of our management approach.

During the year, we distributed 1,821 stakeholder questionnaires and received 1,212 valid responses. We also conducted dedicated engagement activities with seven key stakeholder groups, maintained comprehensive channels for inquiries, grievances, and suggestions, and analyzed 21 material topics based on stakeholder perspectives. These efforts ensure that every stakeholder's voice is heard and considered in our decision-making. The following sections present the results of our stakeholder engagement and our corresponding responses.

Sustainability Issues of Greatest Concern to Stakeholders

Based on the 1,212 valid questionnaires received, we conducted a weighted analysis to assess stakeholder priorities across 20 sustainability issues. The findings reveal three key trends.

-Trend 1: Product Safety and Quality Remain the Highest Priority

Product safety and quality ranked first among all sustainability issues, reflecting the Group's core positioning of CHLITINA as a beauty and skincare brand. For consumers, franchisees, and investors alike, the primary concern is always whether a product is safe and effective.

In today's highly competitive market, we believe that product safety and quality represent the ultimate line of differentiation for our brand. Accordingly, investments in strengthening testing procedures, enhancing ingredient disclosure, and conducting clinical validation are direct responses to stakeholder expectations.

-Trend 2: Governance Issues

Governance-related issues—including regulatory compliance, business ethics, information security, and intellectual property protection—rank among the highest priorities. This reflects the unprecedented level of attention that stakeholders place on compliant operations, cybersecurity, and ethical governance in the post-pandemic era and during the transition toward net zero.

In particular, information security ranked fourth overall, demonstrating that as digital transformation continues to accelerate, data privacy has become a non-negotiable baseline expectation. In response, the Group continues to strengthen its information security management systems and data protection measures.

-Trend 3: Environmental Issues

Environmental issues ranked relatively lower than product- and governance-related issues. However, this does not imply that environmental protection is of lesser importance. Rather, it signals an important market trend: among consumers, environmental issues have generally reached the stage of awareness, while corresponding behavioral changes and purchasing decisions have yet to fully follow.

Recognizing this, the Group has assumed a greater role in educating and engaging consumers. Through the launch of multiple sustainable products, the adoption of FSC-certified paper and environmentally friendly printing inks for product packaging, and the implementation of QR Code ESG initiatives, we continue to enhance consumers' environmental awareness and encourage more sustainable behavior.

It is worth noting that product-related and governance-related issues received very similar rankings. This reflects the increasingly comprehensive expectations of stakeholders. They are no longer satisfied with either "good products" or "good governance" alone; instead, they expect both to coexist. For Chlitina Holding Group, this means that product excellence alone is no longer sufficient to maintain competitiveness. The Group must also establish equally strong capabilities in regulatory compliance, transparency, and ethical business conduct.

Different stakeholder groups also demonstrated distinct priorities. Employees place the greatest importance on compensation and benefits, reflecting their direct economic relationship with the Company. Customers rank product safety and ingredient transparency as their highest priorities because these issues directly affect their health and confidence in the products they use. Suppliers are most concerned about stable and long-term business partnerships, while franchisees' priorities fall between the perspectives of customers and suppliers. Investors and government agencies share highly similar priorities, focusing primarily on financial transparency and regulatory compliance. The media, by contrast, place relatively greater emphasis on compelling corporate narratives and social responsibility initiatives.

These differences indicate that Chlitina Holding Group must adopt differentiated engagement and response strategies for its seven stakeholder groups. The following sections describe the Group's engagement approaches, key concerns, and corresponding responses for each stakeholder group in accordance with this approach.

2025 Stakeholder Concerns and Responses in 2025

The following section presents the issues of greatest concern to the Group's seven core stakeholder groups in 2025, together with the corresponding actions implemented during 2025.

1. Employees

Employees are Chlitina Holding Group's most valuable asset (see Section 3.2, Workplace Harmony and Employee Development, for details of the workforce composition). As a pioneer in the beauty industry, the Group recognizes that employees' knowledge, skills, and cultural alignment directly influence product innovation and the quality of the customer experience. Accordingly, maintaining effective communication with employees is a key component of the Group's business strategy.

In 2025, the Group's employee engagement strategy focused on five key areas: (1) Fair compensation an employee benefits, (2) Career development and training, (3) Occupational health and safety, (4) Women's empowerment and Diversity, Equity, and Inclusion (DEI), and (5) Labor-management communication. Engagement channels included monthly safety meetings, quarterly employee forums, internal mobile app notifications, and the annual corporate strategy briefing personally led by the Chief Executive Officer. We believe that the active participation of senior management is, in itself, the most sincere form of listening.

Issue of Concern	Actions Taken in 2025	Performance Indicator
Fair compensation and employee benefits	ESG KPIs were incorporated into the performance evaluations of Greater China General Managers and key management personnel to link sustainability performance with compensation; a pay equity assessment was completed.	Compensation information disclosed in the Annual Report in accordance with applicable regulations.
Career development and training	A total of 211 training sessions were conducted during the year, covering the Sustainability Code of Practice, Human Rights Policy, Code of Ethical Conduct, product knowledge, and sales skills.	211 training sessions completed.
Occupational health and safety	Continued implementation of occupational health and safety management; zero workplace safety incidents at the Shanghai manufacturing site; employee mental health support program launched.	Zero major occupational safety incidents.
Women's empowerment and DEI	Women accounted for 74% of the workforce; 123 women held middle- and senior-management positions (representing 71% of all management positions); women accounted for 50% of the Board of Directors.	23 female managers; women represented 50% of the Board of Directors.
Labor-management communication	Regular cross-functional employee forums were held and personally chaired by CEO Chao Chen-Yu; an open-door policy continued to be implemented.	100% coverage of labor-management consultation.

One of the most noteworthy findings from employee feedback was that fair compensation surpassed career development as employees' highest priority for the first time. This reflects the growing importance employees place on protecting their purchasing power in the post-pandemic era amid inflationary pressures.

Through the semiannual performance evaluation process, the Group has established a mechanism that links compensation to ESG KPIs. This approach not only supports employees' salary growth but also translates the Group's sustainability performance into meaningful personal incentives for employees.

2. Investors

In 2025, the Group continued to strengthen communication with investors by holding one to two institutional investor conferences each quarter and establishing dedicated Stakeholder and ESG sections on the Group's website. These initiatives demonstrate our commitment to addressing investors' increasingly sophisticated ESG expectations. Transparent disclosure of the Group's financial performance remains the most direct means of strengthening investor confidence.

Issue of Concern	Actions Taken in 2025	Performance Indicator
Financial transparency and competitiveness	Held quarterly institutional investor conferences and provided comprehensive disclosures in the Annual Report.	Quarterly investor conferences conducted as scheduled
ESG governance and disclosure	Established a dedicated ESG section for investors on the Company's website; prepared the sustainability report in full alignment with the GRI 2021 Standards.	Dedicated Stakeholder and ESG sections established on the Group's website.
Dividend policy and long-term value	Maintained a prudent dividend policy that balances business growth with shareholder returns; independent directors accounted for 50% of the Board, further strengthening the independence of Board decision-making.	Implemented in accordance with the Company's Articles of Association.

3. Customers (Including Franchisees)

In the 2025 stakeholder survey, the customer group recorded 587 valid responses, representing the largest sample among all stakeholder groups. With 4,116 CHLITINA stores operating worldwide, the quality of store operations, the communication of the brand philosophy, and the implementation of sustainability practices at each location directly influence consumers' perceptions of and trust in the CHLITINA brand. Consequently, customer feedback not only reflects actual consumer experiences but also serves as an important basis for evaluating whether the Group's product strategy, service quality, and sustainability initiatives have been effectively implemented.

The Group's customer engagement approach follows a progressive value framework of "Safety, Transparency, Trust, and Participation." Survey results indicate that customers' top five concerns, in order of priority, are product quality and safety, ingredient transparency and labeling, personal data protection, green product choices, and the efficiency of customer complaint handling.

These rankings indicate that consumers' trust in the brand is first established through product safety and quality assurance, followed by transparent information disclosure and effective protection of personal data. Once this foundation of trust has been established, consumers become more concerned with green products, sustainable consumption, and participation in social initiatives. Based on the survey findings, the Group will continue to strengthen product safety management, enhance transparency in ingredient disclosure and product labeling, reinforce information security and customer complaint response mechanisms, and gradually expand its portfolio of green products and sustainability participation programs, transforming customer feedback into an important driver of brand enhancement and sustainability decision-making.

Issue of Concern	Actions Taken in 2025	Performance Indicator
Product quality and safety	Strengthened product testing procedures; zero product labeling violations throughout the year.	Zero labeling violations
Ingredient transparency and labeling	Product labels clearly disclose ingredients, country of origin, directions for use, and precautions in compliance with the regulations of each operating	100% regulatory-compliant labeling

Issue of Concern	Actions Taken in 2025	Performance Indicator
	market.	
Personal data protection	Implemented data encryption and tiered access controls; updated customer privacy policies; achieved zero data breaches.	Zero data breaches.
Green product choices	Increased the proportion of sustainable new products to meet the expectations of Generation Z consumers.	Sustainable products accounted for 62% of all newly developed and self-manufactured products.
Customer complaint response efficiency	Enhanced the classification system for customer complaints and improved average response time (see Section 5.3.3); achieved a 100% complaint response rate with an average processing time of less than 48 hours.	Transparent disclosure of complaint handling performance.
Operational support and training	Held two annual franchisee conferences; maintained a customer manager system across seven regional branches; provided digital platform support; continued to strengthen operational support throughout the year.	4,116 stores covered.
Brand value enhancement and differentiation	Reinforced a differentiated brand positioning centered on technology-driven skincare and sustainable beauty; strengthened emotional brand engagement through the CEO's annual store visit program.	Product placement in the television dramas *The First Frost* and *A Better Life 2*; appointment of a global brand ambassador.
Carbon reduction and green stores	Continued implementation of standardized green store initiatives and energy efficiency training for stores; completed Scope 3 (Category 14) emissions inventory for franchise stores.	Green store standards launched; Scope 3 (Category 14) emissions from franchise stores totaled 53,592 tCO_2e.
Communication of the anti-corruption policy	Communicated the Group's anti-corruption policy throughout the franchise network; strengthened compliance and risk management mechanisms; zero corruption complaints.	Conducted 64 anti-corruption awareness sessions, attended by approximately 1,830.

Among the survey results, the most encouraging finding was that the Group's response to the issue of green product choices exceeded objectives. The launch of multiple sustainable new products not only met the expectations of environmentally conscious Generation Z consumers but also established a new product line that represents one of the Group's most significant future business opportunities.

Among the four key issues identified by franchisees, the most noteworthy was brand value enhancement. In an era characterized by the rapid evolution of livestream e-commerce and social media, many franchisees expressed growing pressure to maintain meaningful brand differentiation. How can the Group strike the right balance between low-price competition and premium brand positioning? How can the Group communicate its sustainability story to consumers without being perceived as engaging in greenwashing? These are challenges that require closer collaboration and co-creation between headquarters and franchisees.

We also observed that the CEO's annual store visits received the most enthusiastic response from franchisees. This suggests that franchisees value not only policies and operational support, but also the feeling of being seen, heard, and understood. Looking ahead, the Group plans to reduce administrative burdens while increasing opportunities for strategic collaboration with franchisees and establishing a rapid feedback mechanism for innovative ideas proposed by franchisees.

4. Suppliers / Contractors

Suppliers are the starting point of the Group’s sustainable value chain. Their environmental and social performance has a direct impact on the Group’s brand reputation. Accordingly, the Group adopts a partnership-based approach to supplier engagement, with the objective of fostering long-term collaboration and mutual growth.

Issue of Concern	Actions Taken in 2025	Performance Indicator
Partnership stability and fair trade practices	Maintained long-term contract arrangements with an average contract term of three to five years to support stable business relationships; continued partnerships with 225 suppliers worldwide; achieved a 100% on-time payment rate.	100% on-time payment rate.
EHS commitments and certifications	Continued to increase the signing rate of Environmental, Health and Safety (EHS) Commitment Letters and promoted ISO 14001 and ISO 45001 certification among key suppliers.	84% EHS Commitment Letter signing rate.
Collaboration on sustainable packaging transformation	Continued to expand the use of FSC-certified paper, fully adopted environmentally friendly printing inks, and continuously improved gift box structural design.	FSC-certified packaging materials covered 78% of applicable packaging; 100% of product shipping cartons and outer packaging used environmentally friendly printing inks; 93% of gift box structures were improved.

One particularly noteworthy achievement was the strong support demonstrated by suppliers in the transition to more sustainable packaging materials. Their collaboration enabled the Group to increase the proportion of FSC-certified paper to 78%, representing continued progress toward the target of exceeding 80%.

This achievement reflects not only suppliers’ understanding of sustainability, but also demonstrates that when expectations are clearly communicated and adequate resources and implementation time are provided, suppliers are able to respond proactively.

Nevertheless, there remains room for improvement in advancing ISO certification among key suppliers. Analysis indicates that small and medium-sized suppliers continue to face challenges related to certification costs and technical capabilities. Going forward, the Group will continue to support and encourage suppliers in obtaining ISO 14001 and ISO 45001 certifications.

5. Business Partners

The Group’s business partners include banks, accounting firms, law firms, public relations agencies, sustainability consultants, and other professional service providers. Through their expertise in financing, financial auditing, legal advisory services, brand communications, and sustainability management, these partners support Chlitina Holding Group in maintaining stable operations while strengthening regulatory compliance and the quality of its information disclosures.

In 2025, the Group’s engagement with business partners focused on operational and financial resilience, information transparency, regulatory compliance, risk management, and the quality of sustainability-related information. Through regular meetings, project-based consultations, email communications, telephone discussions, and document reviews, the Group provided the information necessary for its business partners to perform their professional responsibilities and actively responded to their recommendations. External professional advice was incorporated into the Group's internal control system, financial management, legal risk management, brand governance, and sustainability decision-making processes.

Issue of Concern	Actions Taken in 2025	Performance Indicator
Operational performance and financial stability	Regularly communicated the Group's operational performance, capital allocation, cash flow position, and financial risks to partner banks and financial institutions. Prepared and announced quarterly and annual financial reports in accordance with applicable regulations, with review or audit procedures conducted by certified public accountants to maintain the reliability and comparability of financial information.	Financial reports disclosed in accordance with regulatory requirements; in 2025, consolidated revenue totaled NT$3.878 billion; net profit after tax totaled NT$588 million.
Regulatory compliance and legal risk management	Continued monitoring of corporate governance, cosmetics, aesthetic medicine, labor, environmental, and information disclosure regulations in Taiwan, Mainland China, and other operating regions. For material contracts, brand licensing arrangements, investments, and operational matters, legal consultation and document reviews were conducted by the legal department or external legal counsel to reduce the risks of regulatory violations and contractual disputes.	Zero regulatory violations, zero fines.
Professional ethics, independence, and information confidentiality	When engaging with accountants, legal counsel, banks, consultants, and public relations agencies, the Group clearly defined professional responsibilities, confidentiality obligations, and conflict-of-interest management requirements based on the nature of each service. Information involving undisclosed financial data, customer information, or trade secrets was provided only when necessary and in accordance with the Company's access control and confidentiality mechanisms.	Zero major information leakage incidents.

6. Government Agencies

Although the number of responses received from government agencies was relatively small (11 responses), the nature of engagement with this stakeholder group differs fundamentally from that of the other six stakeholder groups. Government officials often have limited availability to complete questionnaires due to their official responsibilities. As a result, their views are more commonly communicated through meetings, official correspondence, and policy recommendations rather than through survey responses.

The Group's performance in engaging with government agencies in 2025 can be summarized in one sentence: zero violations, zero fines, and zero major incidents. The Group has consistently maintained a strong record of tax compliance and has previously been recognized as one of the Top 100 Tax-Contributing Enterprises in Shanghai's Xuhui District. During the year, the Group also completed its first comprehensive disclosures in accordance with the GRI Standards, the TCFD recommendations, and Scope 3 greenhouse gas emissions. These are all areas of particular interest to government regulators, especially environmental and financial regulatory authorities.

Issue of Concern	Actions Taken in 2025	Performance Indicator
Regulatory compliance	Achieved zero material regulatory violations and zero fines throughout the year (GRI 2-27); continued monitoring of and compliance updates for cosmetics and medical aesthetics regulations across the Taiwan Strait and other operating regions; conducted 15 compliance training sessions.	Zero regulatory violations, zero fines.
Tax compliance and social contribution	Maintained an excellent tax compliance record and received recognition as a Class A Taxpayer and one of the Top 100 Tax-Contributing Enterprises in Shanghai's Xuhui District; social contributions totaled NT$13.619 million, representing a 37.1% increase from the previous year.	Class A Taxpayer; Top 100 Tax-Contributing Enterprise.
Sustainability disclosures	Completed the Group's first full alignment with the GRI 2021 Standards, TCFD disclosures, and Scope 3 greenhouse gas inventory; participated in three government-sponsored sustainable development forums.	Three major disclosure frameworks completed.
Environmental reporting and management	Completed the greenhouse gas inventory with ISO 14064-3 verification; achieved 100% compliance in hazardous waste classification and management; collaborated with regulatory authorities to advance carbon neutrality standards for the industry.	Greenhouse gas inventory completed as scheduled.

Government agencies play a dual role in the Group's stakeholder engagement: they serve not only as regulators but also as partners in promoting sustainable development. Recognition as one of the Top 100 Tax-Contributing Enterprises reflects the strong corporate reputation the Group has established with government authorities. It also creates opportunities for the Group to participate in policy dialogue and contribute to the development of industry standards.

Looking ahead, the Group plans to strengthen its regular engagement with government agencies by fostering more in-depth dialogue on issues such as taxation and environmental protection. Through these ongoing exchanges, the Group aims not only to respond proactively to regulatory expectations but also to communicate the progress of its sustainability strategy and management initiatives.

7. Media

Among the Group's stakeholder groups, the media had the smallest survey sample, with only six responses. It is also the most "invisible" stakeholder group. While this may appear contradictory, it reflects an important trend. In the age of "self-media" and rapidly expanding content platforms, the definition of "media" has become increasingly blurred. The relatively low response rate from traditional journalists does not indicate diminished media interest; rather, it suggests that the Group's public relations (PR) strategy should adopt a dual-track approach—maintaining strong relationships with traditional media while proactively building its own media presence across digital and social media platforms.

The survey identified three primary areas of concern among media stakeholders: corporate transparency and ESG performance, corporate social responsibility and philanthropy, and compelling brand innovation stories. Together, these three elements form a complete narrative: a transparent company + responsible actions + innovative storytelling = a brand worthy of media coverage. The ESG brand communication strategy launched by the Group in 2025 was a direct response to these expectations.

Issue of Concern	Actions Taken in 2025	Performance Indicators
Corporate transparency and ESG performance	Issued press releases on both a regular and ad hoc basis; held investor conferences; organized media luncheons; launched the Group’s ESG communication strategy; published the Group’s first sustainability report fully aligned with the GRI 2021 Standards; substantially enhanced the completeness of sustainability disclosures; continued proactive media communications.	Issued 20 press releases (including monthly revenue announcements, Board meeting announcements, Annual General Meeting announcements, new product launches, and other major corporate and brand developments); held four public investor conferences; organized one media luncheon; published the Group’s first sustainability report fully aligned with the GRI 2021 Standards.
Corporate social responsibility and philanthropy	Continued to support the Light Up Foundation’s reading promotion program, reaching a cumulative readership of approximately 180,000 participants; contributed NT$13.619 million to social and charitable initiatives (up 37.1% year over year); continued to promote philanthropic initiatives through media coverage.	Social and philantropic contributions increased by 37.1%.

Measured by the number of press releases issued, media coverage, and social media reach, the Group’s media engagement efforts in 2025 achieved positive results. Through continuous press communications and coverage of its philanthropic initiatives, the Group has steadily strengthened the social impact of its sustainability narrative.

Looking ahead, the Group will broaden its definition of media stakeholders. While continuing to cultivate relationships with traditional media outlets, it will formally expand its stakeholder engagement to include key opinion leaders (KOLs), technology and sustainability content creators, and industry analysts as part of the evolving media landscape. This reflects the Group’s intention to evolve both its public relations (PR) and ESG communication strategies—from simply distributing press releases to co-creating meaningful stories, and from being the subject of reporting to becoming a collaborative partner in shaping the narrative.

Grievance and Feedback Mechanisms

Effective communication is not simply about what a company communicates to the outside world. It also requires ensuring that stakeholders have accessible channels to express their concerns, that their voices are heard, and that appropriate actions are taken in response. The Group has progressively established a comprehensive grievance and feedback mechanism based on the principle that its value lies not in its complexity, but in whether stakeholders trust it and are willing to use it.

Grievance and Remedy Process

The Group has established the following grievance channels to ensure that any stakeholder whose rights or interests are affected by its business activities can obtain timely and impartial resolution.

Applicable Stakeholders	Grievance Channel	Handling Principles
Employees	Dedicated grievance mailbox and 24-hour service hotline.	Strict protection of anonymity; cases are handled, investigated, and tracked by designated personnel.
Customers / Franchisees	Official customer complaint tracking system and public opinion monitoring platform; branch customer managers and franchisee digital platform.	Prompt response; complaints categorized and handled according to their severity and nature; average processing time is transparently monitored and disclosed.
Suppliers / Contractors	Dedicated supplier communication and grievance contact.	Resolution through consultation within the contractual framework; corrective action plan (CAP) guidance provided where appropriate.
Business Partners	Designated contact window.	Prompt response and resolution through consultation within the contractual framework.
Communities and Other Affected Shareholders	Compliance and human rights grievance channels.	Cases are referred to the Compliance or Human Resources function according to their nature.

In 2025, all reported cases were investigated and responded to in accordance with the Group's established procedures. The Group continues to strengthen measures for protecting anonymity and preventing retaliation, ensuring that no individual is subject to adverse treatment for raising concerns.

Mechanisms for Providing Feedback and Raising Concerns

In addition to post-incident grievance and remedy mechanisms, Chlitina Holding Group has established proactive feedback channels designed to prevent issues before they arise. The Group encourages stakeholders to raise suggestions and concerns at an early stage so that potential risks can be identified and addressed at their source.

Channels for Submitting Suggestions and Raising Concerns
▶ Integrity Reporting Mailbox: A dedicated reporting channel for employees, suppliers, business partners, and external parties to report suspected misconduct. ▶ Whistleblower Channel: A confidential reporting mechanism that operates independently of the Group's day-to-day management structure. ▶ Compliance Consultation Channel: Provides guidance and consultation on compliance-related matters and business conduct. ▶ Employee Communication Channels: Employees are encouraged to communicate through the internal website, training programs, labor-management meetings, and employee suggestion mailboxes, fostering two-way communication and feedback on employee-related matters. ▶ Handling Principles: All cases are handled in accordance with the principles of confidentiality, anonymous reporting where applicable, and protection against retaliation. Cases are referred to the appropriate responsible department based on their nature.

▶ 2025 Results: Zero material fraud cases and zero external whistleblower reports.

Labor Relations and Collective Bargaining

Labor relations are a fundamental aspect of stakeholder engagement. Although the Group has not entered into any collective bargaining agreements, it has established labor-management meetings in accordance with applicable laws and maintains multiple communication channels to safeguard employees’ rights and interests.

Item	Description
Collective bargaining agreement coverage	0%. Employees’ terms and conditions of employment are governed by the labor laws and regulations applicable in each operating region, the Group’s internal policies, and individual employment contracts.
Freedom of association	The Group respects employees’ right to freedom of association and does not interfere with employees’ lawful organizational activities.
Labor-management meetings	Labor-management meetings are established in accordance with applicable laws, achieving 100% labor-management consultation coverage.
Employee forums	Cross-department employee forums were held regularly throughout 2025 and personally chaired by the Chief Executive Officer
Grievance protection	A 24-hour grievance hotline and dedicated grievance mailbox are available, supported by strict anonymity and anti-retaliation protections.
Labor disputes in 2025	Zero material labor disputes.

The Group believes that the quality of labor relations depends not only on the existence of formal mechanisms, but also on the sincerity and frequency of day-to-day communication. The CEO’s personal leadership of employee forums, the linkage of compensation to ESG KPIs, and the women’s leadership development program all serve as meaningful examples of constructive labor-management dialogue. The absence of any material labor disputes in 2025 demonstrates that trust, even more than formal agreements, is the foundation of harmonious labor relations.

A comprehensive review of the Group’s engagement with its seven key stakeholder groups demonstrates meaningful progress across multiple dimensions and provides clear direction for the continued enhancement of sustainability management.

1. High participation in the survey from employees and customers suggest opportunities to deepen interactions with key external groups.

Employees (535 responses) and customers (587 responses) accounted for 92.5% of all valid questionnaire responses, indicating a solid foundation for both internal communication and customer engagement. Going forward, the Group will seek to strengthen targeted engagement and feedback mechanisms for stakeholder groups with relatively smaller response samples, including investors, government agencies, and the media. These stakeholders play important roles in shaping regulatory trends, capital market expectations, and corporate reputation, and serve as important external advocates for the Group’s long-term value creation. A more systematic engagement approach will further enhance the completeness and forward-looking nature of the Group’s sustainability materiality assessment.

2. Different stakeholder priorities demonstrate the importance of tailored engagement

The survey results reveal distinct priorities among stakeholder groups. Employees are primarily concerned with compensation and benefits, customers focus on product safety, while suppliers place greater emphasis on stable business relationships. These differences reflect the unique relationships and expectations that each stakeholder group has with the Group.

Effective ESG management does not rely on a one-size-fits-all approach. Rather, it requires understanding the specific needs of different stakeholder groups and providing responses that are fair, targeted, and contextually appropriate. This also illustrates that mature corporate ethics are not simply about treating everyone identically, but about responding appropriately to the legitimate expectations of different stakeholders based on the principles of transparency, fairness, and accountability.

3. The rapid progress in sustainability disclosure provides a solid foundation for future action

The Group made significant progress in sustainability disclosure during the year, including the publication of its first sustainability report fully aligned with the GRI Standards, implementation of TCFD disclosures, and completion of its Scope 3 greenhouse gas inventory. These achievements demonstrate the Group's commitment to transparency and alignment with internationally recognized disclosure practices.

Going forward, the Group will continue translating these disclosure achievements into concrete management actions and measurable milestones. For example, the implementation of green store standards for franchisees is still at an early stage and represents an important opportunity to deepen sustainable operations and expand sustainability impacts across the value chain. By continuously following the cycle of "disclose, act, monitor, and improve," the Group aims to transform transparency into more effective sustainability governance and management performance.

Overall, the results of the Group's stakeholder engagement efforts not only provide a clear picture of its current stakeholder relationships, but also help identify priorities for the next phase of sustainability management. By continuing to broaden participation among external stakeholder groups, deepen differentiated engagement approaches, and further connect sustainability disclosures with measurable management performance, Chlitina Holding Group will continue to strengthen stakeholder trust, enhance governance resilience, and create long-term sustainable value.

Chapter 2 | Environmental –Green Management

From Strategic Vision to Green Action

Chapter 1 outlined the Group's sustainable development strategy, governance framework, and the material topics identified by its stakeholders. The following four chapters are organized around the Group's four ESG+P pillars, presenting its management approach, achievements, and future objectives across the Environmental, Social, Governance, and Product dimensions.

This chapter first focuses on the environmental dimension of green management. In response to challenges such as climate change, the energy transition, resource efficiency, and evolving environmental regulations, Chlitina has integrated environmental responsibility into its operational management and decision-making processes. Through a systematic approach encompassing climate governance, energy and greenhouse gas management, water resources, waste management, pollution prevention and control, biodiversity conservation, and green products, the Company is progressively establishing management mechanisms that are measurable, traceable, and designed for continuous improvement.

Through the establishment of management systems, environmental data collection and accounting, risk identification, and the implementation of concrete initiatives, Chlitina is transforming its sustainability strategy from a strategic blueprint into day-to-day operational practice. These efforts enable the Group to continuously reduce the environmental impacts of its operations, improve resource efficiency, and work together with employees, suppliers, franchise partners, and other stakeholders to advance the transition toward a greener future.

In previous sustainability reports, the Group identified climate change management, environmental protection, and green products as the core pillars of its Green Management framework. Building on this foundation, this chapter presents the Group's progress during the reporting year, together with its priorities for continued improvement.

2.1 Climate Change Management

This section builds upon the TCFD framework introduced in Chapter 1, providing a more detailed disclosure of the Group's climate governance, risk management, response strategies, metrics, targets, and quantitative performance. As a beauty industry group operating across Taiwan and Mainland China with more than 4,000 franchised stores, Chlitina recognizes that climate change has significant implications for the operational resilience and long-term development of its business.

An increasing number of consumers are willing to pay a premium for sustainable products and are placing greater emphasis on the transparency of brands' carbon footprints. At the same time, developments such as the European Union's Carbon Border Adjustment Mechanism (CBAM), Mainland China's "Dual Carbon" policy, and Taiwan's Net-Zero Emissions Pathway are reshaping the business landscape. Against this backdrop, Chlitina is advancing climate governance through a systematic approach that combines scientific greenhouse gas inventories, targeted emissions reduction initiatives, and supply chain engagement.

Since 2023, Chlitina has been conducting greenhouse gas (GHG) inventories. In 2024, the Group completed its Scope 1 and Scope 2 GHG inventories across all operations. In 2025, it completed its first full value chain greenhouse gas inventory covering Scope 3 emissions, with total GHG emissions amounting to 58,706.08 tCO_2e. Based on these findings, the Group has established clear short-, medium-, and long-term decarbonization targets and is steadily progressing toward its vision of achieving net-zero emissions across the entire value chain by 2050.

Chlitina also recognizes that Scope 3 emissions—primarily generated by franchised stores, procurement activities, and upstream and downstream transportation throughout the supply chain—account for 94.89% of its total carbon emissions, making them the principal focus of future decarbonization efforts.

In manufacturing, Chlitina used its proprietary cold-process manufacturing technology for 62% of self-developed and self-manufactured new products in 2025. Compared with conventional heat-based manufacturing processes, this technology significantly reduces energy consumption. (For a detailed description of the cold-process technology, please refer to Chapter 5. This section focuses on the Group's overall climate governance framework and quantitative emissions data.)

In addition, through packaging lightweighting and structural optimization initiatives, Chlitina reduced packaging material consumption by a cumulative total of 10,628.8 kg in 2025.

2.1.1 Climate Governance

Board-Level Climate Oversight

The Group has integrated climate-related risks into its Board-level risk management framework, with the Board reviewing the effectiveness of climate governance at least once a year. Looking ahead, the Board plans to incorporate the following topics into its regular climate governance reviews: the Group's greenhouse gas inventory results and the challenges of managing Scope 3 emissions; assessments of the operational impacts of extreme weather events such as typhoons, floods, and heatwaves; renewable electricity procurement; prioritizing the selection of green and low-carbon suppliers; and encouraging key suppliers to obtain environmental management and occupational health and safety management certifications. These efforts are intended to guide capital allocation and investment priorities while strengthening the Group's long-term climate resilience.

Supporting the Board is the Sustainable Development Planning Team, convened by the Chief Executive Officer and comprising department heads from across the organization. The Team oversees seven dedicated task forces covering corporate governance, employee care, customer relations, environmental sustainability, sustainable products, brand marketing, and social engagement, ensuring that sustainability considerations are embedded throughout the entire process from strategic planning to day-to-day operations.

Among these, the Environmental Sustainability Task Force is responsible for greenhouse gas inventories and energy policy development, while the Sustainable Products Task Force drives green product research and development and the adoption of cold-process manufacturing technology. Working collaboratively, the task forces also advance energy efficiency initiatives and strengthen engagement with suppliers across the value chain.

Governance Level	Composition	Climate-Related Responsibilities	Meeting Frequency
Board of Directors	Eight directors (including four independent directors)	Reviews climate strategy, approves decarbonization targets, and oversees TCFD disclosures	At least once a year
Sustainability	Chief Executive	Oversees climate risk	Quarterly

Governance Level	Composition	Climate-Related Responsibilities	Meeting Frequency
Development Steering Committee	Officer (Convener) and department heads	identification, target tracking, and stakeholder engagement	
Seven Task Forces	Corporate Governance, Employee Care, Customer Relations, Environmental Sustainability, Sustainable Products, Brand Marketing, and Social Engagement	Implement ESG impact management and decarbonization initiatives within their respective areas of responsibility	Held regularly

Management Accountability Mechanism

The Sustainable Development Planning Team reports directly to the Chief Executive Officer and the Board of Directors, ensuring transparency and accountability in climate governance. In 2025, the Committee convened quarterly meetings to review greenhouse gas inventory advancement, progress toward decarbonization targets, assessments of the operational impacts of extreme weather events, and the establishment of an ESG evaluation framework for the supply chain. Senior managers from manufacturing, procurement, quality assurance, finance, and other key functions participated in these meetings to ensure that decarbonization objectives were integrated into day-to-day business performance and management metrics.

In accordance with the Group’s decarbonization roadmap, the following initiatives are planned:

- Upgrade the Shanghai manufacturing facility’s variable-speed air compressor system in 2026.
- Replace oil-fired boilers with natural gas boilers and upgrade selected high energy-consuming equipment.
- Promote energy conservation and carbon reduction initiatives across franchised stores.

2.1.2 Climate Risk Management

Climate Risk Identification and Assessment Process

Chlitina adopts the TCFD framework to systematically identify, assess, and manage climate-related risks and opportunities. Climate risks are categorized into two broad types: physical risks and transition risks. These risks are evaluated using a risk matrix that considers both the likelihood of occurrence and the magnitude of potential financial impacts.

Each identified risk is quantified in monetary terms to estimate its potential financial impact and is benchmarked against the Group’s total revenue (NT$3.878 billion) or operating costs (approximately NT$3.141 billion). This quantitative assessment supports investment prioritization and the allocation of contingency budgets.

Physical Risk Identification and Response

Physical risks are classified as either acute risks (arising from extreme weather events), or chronic risks (resulting from long-term changes in climate conditions). For Chlitina, acute risks primarily affect retail operations and logistics, while chronic risks have a greater impact on raw material supply and operating costs.

During 2025, the regions in which the Group operates experienced several extreme weather events, including typhoons, flooding, and prolonged periods of high temperatures. These events temporarily disrupted operations at certain stores and affected logistics and distribution. Leveraging its established extreme weather early warning system and post-disaster subsidy program, the Group was able to restore normal operations at affected stores promptly while continuing to strengthen its emergency response capabilities.

Risk Category	Climate Risk	Potential Financial Impact	Response Strategy
Acute	Extreme rainfall, typhoons, and flooding	Temporary store closures and revenue losses; significant impacts in affected regions	Geographically diversified network of more than 4,000 franchised stores, extreme weather early warning system, and post-disaster subsidy program
Acute	Disruptions to electricity and water supply at manufacturing facilities	Temporary production interruptions	Infrastructure upgrades, backup power systems, and emergency production arrangements
Chronic	Prolonged heat waves	Higher operating costs due to increased air-conditioning electricity consumption	Air-conditioning energy efficiency improvements, off-peak production scheduling, and emergency electricity management plans
Chronic	Unstable supply of plant-based raw materials	Raw material price volatility	Supply chain diversification, research and development of biosynthetic technologies, and fermentation technology development

Transition Risk Identification and Response

Transition risks arise from structural changes in policies, markets, and technologies. For the beauty industry, the two primary transition drivers are the shift in consumer preferences toward clean beauty products and the advancement of carbon pricing policies.

Risk Category	Climate Risk	Potential Financial Impact	Response Strategy
Policy and Regulation	Implementation of carbon pricing	Carbon pricing may increase operating costs. The Group has initiated preliminary planning and methodology assessments, but a formal quantitative impact assessment has not yet been completed.	Improve production line energy efficiency by 10% and replace equipment with high-efficiency alternatives
Policy and Regulation	More stringent waste management	Modest increase in compliance costs	Standardize hazardous waste classification and strengthen

Risk Category	Climate Risk	Potential Financial Impact	Response Strategy
	regulations		the management of qualified waste contractors
Market	Consumer shift toward clean beauty products	Risk of losing brand premium	Accelerate green R&D, develop clean formulations, and expand the sustainable product portfolio
Technology	Transition to low-carbon manufacturing	Increased capital investment in research and development	Plant stem cell cultivation technology and cold-process manufacturing technology

Climate-Related Opportunities

Chlitina recognizes that climate action presents significant business opportunities. Through more efficient energy management, the Group can reduce operating costs; through innovative green products, it can capture new market opportunities; and through a more resilient supply chain, it can strengthen business continuity. Over the long term, the value created by these opportunities may substantially exceed the direct cost savings they generate.

Opportunity Category	Description	Expected Benefits
Resource Efficiency	Upgrade to LED lighting and intelligent air-conditioning systems	Progressive reduction in electricity consumption and operating costs
Market Expansion	Continue reducing packaging materials and replacing conventional materials with environmentally preferable alternatives, such as FSC-certified paper and eco-friendly inks, in response to growing demand for sustainable products	Strengthen the Company’s sustainable brand image and attract environmentally conscious consumers
Brand Value	Innovation in green products and positioning as a leader in sustainable packaging	Enhance the Company’s professional brand image, improve ESG ratings, and reduce financing costs
Resilience	Supply chain diversification and climate-resilient inventory management	Reduce concentration of climate-related risks in individual regions and improve supply stability

Business Continuity Planning (BCP) for Extreme Climate Events

In 2025, the frequency and intensity of extreme weather events continued to increase worldwide, and the Group’s operating locations were not immune to these impacts. In response to multiple extreme weather events, Chlitina activated its Business Continuity Plan (BCP) promptly, enabling the Group to minimize operational disruptions and maintain business continuity.

Event	Location	Operational Impact	Recovery Time	BCP Response Measure
Typhoon	Typhoon-prone regions	Temporary closure of	Several days	Activated store early warning and notification

Event	Location	Operational Impact	Recovery Time	BCP Response Measure
		selected franchised stores		procedures, reallocated inventory from nearby regions, and implemented post-disaster store recovery subsidy program
Extreme heat (throughout the year)	Corporate offices and Shanghai manufacturing facility (Weishuo)	Increased number of high-temperature days	Ongoing management	Optimized production scheduling during off-peak hours, monitored air-conditioning energy efficiency, enabled remote working, and implemented employee health protection measures
Power outages or unstable electricity supply	Corporate offices	Need for backup power	Immediate switchover	Certain offices are equipped with diesel generators, while others rely on building backup systems; regular testing of backup systems and remote working arrangements

Differentiated Emergency Response Framework

Chlitina's Business Continuity Plan (BCP) is not based on a one-size-fits-all approach. Instead, it is designed around different risk scenarios and the operational characteristics of each business location. For franchised stores, the priority is rapid recovery and customer redirection. For manufacturing operations, the focus is on supply chain substitution and emergency production capacity allocation. At the corporate headquarters, priority is placed on maintaining uninterrupted information systems and ensuring a seamless transition to remote working. This tiered and scenario-based approach enables the Group to respond effectively to a wide range of extreme weather events.

Specifically, the Group's BCP is jointly implemented by the Supply Chain Department, the Operations and Service Coordination Department, and the Administration Department. Together, these functions are responsible for developing, testing, updating, and overseeing the BCP framework. In response to acute risks such as typhoons and heavy rainfall, the Group activates store early warning procedures, evacuation protocols, resource allocation measures, and post-disaster subsidy programs. For scenarios involving extreme heat or electricity rationing, it optimizes production schedules, enhances equipment monitoring, and deploys backup power systems—including diesel generators and dedicated transformers—at critical facilities to ensure uninterrupted operations.

The BCP coordination team conducts regular emergency drills and continuously refines response procedures based on lessons learned from actual events. As a result, despite experiencing multiple extreme weather events in 2025, the Group did not experience any material business interruption or significant loss of revenue.

2.1.3 Climate Change Response Strategy

Carbon Pricing Scenario Analysis

To understand the potential financial impacts of carbon pricing policies, the Group has conducted climate risk identification based on its greenhouse gas inventory results. In 2025, the Group completed external verification of its Scope 1 and Scope 2 emissions. The Group has initiated preliminary planning and methodology assessment; however, a formal quantitative analysis has not yet been completed. Going forward, the Group will conduct scenario assessments based on its emissions baseline as the European Union's Carbon Border Adjustment Mechanism (CBAM), Mainland China's carbon market, and Taiwan's carbon pricing system continue to develop.

The EU CBAM entered its transitional phase in October 2023 and is scheduled for full implementation in 2026. Mainland China's national carbon market, launched in 2021, continues to expand its coverage. Following amendments to Taiwan's Climate Change Response Act, a carbon pricing mechanism is also expected to be introduced. Although Chlitina operates primarily in Taiwan and Mainland China and faces relatively limited direct exposure to carbon pricing risks, indirect impacts may arise through carbon cost pass-through across international supply chains, rising renewable energy procurement costs, and potential erosion of brand premiums.

Carbon Pricing Sensitivity Assessment

To evaluate the potential financial impacts arising from carbon pricing policies and value chain cost transmission, Chlitina Holding Group has initiated preliminary planning for a carbon pricing sensitivity assessment. The Group's verified Scope 1 and Scope 2 greenhouse gas emissions data for 2025 will serve as the initial analytical foundation. At this stage, the Group has not established a formal internal carbon price, nor has it completed financial impact calculations under different carbon pricing scenarios. The relevant scenarios, parameters, assumptions, and analysis results will be progressively disclosed after the methodology is finalized and internal review processes are completed.

Short-, Medium-, and Long-Term Decarbonization Roadmap

The Group has developed a three-phase decarbonization roadmap, using 2025 as the ESG decarbonization baseline year, with the ultimate goal of achieving net-zero emissions across the entire value chain by 2050. The decarbonization strategy follows the prioritization principle of "Avoid – Reduce – Replace": first avoiding unnecessary emissions (such as optimizing logistics routes), then reducing energy intensity (such as improving energy efficiency), and finally adopting replacement measures such as renewable energy procurement or carbon offsets. This phased approach ensures that decarbonization initiatives deliver meaningful environmental benefits while maintaining economic effectiveness.

The Group's decarbonization goals and initiatives are summarized below:

Decarbonization Area	Short-Term Target (2028)	Medium-Term Target (2030)	Long-Term Target (2050)
High-energy-consuming equipment efficiency improvement; implementation of low-carbon production and green manufacturing to achieve the "Clean Beauty" vision	• Replace 50% of high-energy-consuming equipment. • Install variable-frequency systems for air compressors to improve energy efficiency by 20%. • Reduce electricity intensity by 1% compared with the	• Replace 80% of high-energy-consuming equipment. • Implement waste heat recovery from air compressor systems to improve overall energy utilization efficiency. • Reduce electricity intensity by 3% compared with the	• Replace 90% of high-energy-consuming equipment. • Establish Energy Management Systems (EMS) at factories and reduce electricity consumption per unit of output by 30% compared with the baseline year.

Decarbonization Area	Short-Term Target (2028)	Medium-Term Target (2030)	Long-Term Target (2050)
	baseline year. • Procure 10% renewable electricity. • Establish a full life-cycle energy efficiency management system for equipment.	baseline year. • Procure 15% renewable electricity.	• Procure 80% renewable electricity.
Water resource management: establish water recycling systems to reduce production water consumption and pollution emissions, supporting the Clean Beauty water-friendly philosophy	• Reduce water intensity by 4.5% compared with the baseline year. • Establish real-time water consumption data collection systems. • Promote RO reclaimed water reuse, with 80% of floor-cleaning water sourced from recovered RO water.	• Reduce water intensity by 7.5% compared with the baseline year. • Continue optimizing RO water production processes, achieving an 80% water production yield and reducing waste. • Recycle and reuse 50% of wastewater.	• Achieve 90% water recycling rate, realizing zero water waste and zero discharge pollution. • Build water-neutral factories and achieve zero indirect water emissions.
Green supply chain management: collaborate with upstream and downstream suppliers to reduce emissions	• Reduce waste intensity by 3% compared with the baseline year. • Prioritize green and low-carbon suppliers and encourage key suppliers to obtain ISO 14001 / ISO 45001 certifications. • Obtain ISO 50001 certification.	• Reduce waste intensity by 5% compared with the baseline year. • Complete green factory certification.	• Achieve carbon reduction targets among 95% of suppliers, establish a green supply chain, and achieve zero indirect emissions throughout the supply chain.
Product carbon footprint: enhance product information transparency, fulfill our Clean Beauty commitment to consumers, and strengthen brand trust	• Add QR codes to product packaging to establish communication channels with consumers, including environmental information, Clean Beauty concepts, carbon footprint information, and other ESG-related topics. • Launch electronic label pilot program in 2026 with the first product introduction; progressively replace	• Add QR codes to 50% of product packaging. • Reduce outer box printing for 30% of products, retaining only essential information while presenting additional content through electronic labels.	• Add QR codes to 100% of product packaging, enabling access to complete life-cycle information. • Complete electronic labeling for 90% of products.

Decarbonization Area	Short-Term Target (2028)	Medium-Term Target (2030)	Long-Term Target (2050)
	product labels with electronic labels from 2027–2028.		
Green packaging upgrade: develop a packaging system featuring green, lightweight, and recyclable materials to communicate the environmental philosophy of Clean Beauty	• Use FSC-certified paper materials for 80% of product cartons. • Complete lightweighting initiatives for key products, reduce shrink wrap and plastic film usage, and replace sealing methods with tear-open designs.	• Use FSC-certified materials for 100% of paper packaging. • Complete lightweighting for key products, using mono-material or detachable structures for inserts. • Complete tear-open packaging conversion for major product lines and reduce plastic film usage by 8% compared with 2028.	• Use environmentally friendly, recyclable, and recycled materials for 100% of packaging; achieve packaging carbon neutrality and establish a zero-carbon packaging system. • Eliminate unnecessary plastic film from 100% of products and prioritize mono-material packaging designs to improve recyclability. • Use environmentally friendly inks for 100% of printed materials (labels, instructions, and cartons) to achieve zero-pollution printing.
Downstream transportation	• Reduce consumption of plastics and base paper while increasing reuse rates, reducing operational waste by 1%. • Optimize cargo loading based on weight and volume, increase vehicle utilization rates to over 90% compared with 2025 levels, and reduce transportation frequency.	• Select high-quality carriers with ESG ratings of A+ or above and gradually increase the proportion of new energy vehicles used.	• Achieve zero-carbon emissions for 90% of downstream logistics transportation through the adoption of zero-carbon energy vehicles and low-carbon transportation methods. • Optimize and digitize shipment and transportation processes to improve delivery efficiency.
Green franchising	• Optimize store lighting systems (reduce electricity consumption by 2% and heating energy consumption by 2%). • Implement energy management for	• Upgrade core equipment and adopt green, low-carbon facilities (reduce electricity and heating energy consumption by 3% compared with the baseline year).	• Achieve zero-carbon emissions for 90% of downstream logistics transportation through the adoption of zero-carbon energy vehicles and low-carbon transportation

Decarbonization Area	Short-Term Target (2028)	Medium-Term Target (2030)	Long-Term Target (2050)
	equipment such as refrigerators, water dispensers, and air-conditioning systems (reduce electricity consumption by 2%). • Promote green transportation and reduce vehicle usage by franchise stores by 2%. • Achieve 100% carbon reduction training coverage.	• Implement equipment loss management (reduce electricity and heating energy consumption by 3% compared with the baseline year). • Develop green and low-carbon stores. • Continue achieving 100% carbon reduction training coverage.	methods. • Optimize and digitize shipment and transportation processes to improve delivery efficiency.

Progress in Climate-Related Financial Impact Assessment and Scenario Analysis

The Group has conducted a preliminary identification of climate-related physical risks, transition risks, and opportunities in accordance with climate-related financial disclosure frameworks. The climate risk register currently includes extreme rainfall, typhoons and flooding, prolonged high temperatures, fluctuations in plant-based raw material supply, carbon pricing policies, tightening waste management regulations, changing consumer preferences, and low-carbon manufacturing transformation.

At present, the Group's assessment of these risks and opportunities primarily adopts a qualitative approach to identify potential impacts, including short-term operational disruptions at operating locations or franchised stores, interruptions to utilities at production facilities, increases in energy and raw material costs, regulatory compliance costs, research and development and equipment investment requirements, as well as market opportunities arising from green products and resource efficiency improvements.

As of the publication date of this report, the Group has not yet completed the monetization of financial impacts associated with climate risks and opportunities, the assessment of asset exposure ratios, or formal scenario analysis. The Group is currently developing assessment methodologies and data foundations, including mapping the geographic locations and climate hazard exposure of major operating sites, franchised stores, production facilities, and critical supply chain nodes. The Group is also evaluating the potential impacts of climate risks on revenue, operating costs, capital expenditures, asset impairment, inventory losses, and supply disruption costs.

For scenario analysis, the Group will progressively determine analytical scenarios, time horizons, key assumptions, and parameters based on operational characteristics, data availability, and risk significance. The initial carbon pricing sensitivity assessment will use 2025 Scope 1 and Scope 2 greenhouse gas emissions as the baseline to evaluate potential cost exposure under different carbon pricing assumptions. Physical risk assessments will prioritize major production facilities, operating locations, and critical supply chain nodes.

As relevant methodologies, parameters, and site-level data are still being developed, the Group is currently unable to provide reliable and comparable quantitative financial results for this reporting year. The Group will continue to strengthen the integration of climate data and financial data and will gradually disclose the financial impacts, asset exposure, and scenario analysis results of material climate-related risks and opportunities once the assessment methodologies, data quality, and internal review processes have matured.

2025 Decarbonization Action Results

As the first year of implementing its comprehensive decarbonization roadmap, Chlitina achieved substantial progress in two key areas: green office initiatives and manufacturing process innovation.

2025 Energy Conservation and Carbon Reduction Highlights

- Annual electricity consumption in the Group's office areas decreased by 4.3%, exceeding the 3% reduction target.
- Annual paper consumption decreased by 3.7%, exceeding the 3% reduction target, reflecting progress in digitalized workflows.
- Cold-process energy-saving products achieved a 62% coverage rate, demonstrating innovation in energy-efficient manufacturing processes.
- Production of the Trotula Le spa Jolie Rose facial care series and Trotula Beauté d'Arômes body care series, which were previously manufactured in France, was shifted to in-house production in China.
  Annual packaging weight reduction and volume optimization resulted in a cumulative reduction of 10,628.8 kg of packaging materials, demonstrating progress in sustainable packaging transformation.

These achievements were supported by several initiatives, including the comprehensive implementation of paperless operations, double-sided printing, waste paper recycling mechanisms, planning for the introduction of an ISO 50001 Energy Management System (with certification targeted for completion by 2028), accelerated replacement of high-energy-consuming equipment, and delivery route optimization. Upgrades in energy-efficient equipment and improvements in operational efficiency have also generated cost savings, enabling decarbonization initiatives to deliver both environmental and economic benefits.

2.1.4 Metrics and Targets

Greenhouse Gas Emissions Overview

In 2025, the Group completed its first full value chain greenhouse gas (GHG) inventory covering Scope 1, Scope 2, and Scope 3 emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach. The inventory boundary covered 17 reporting entities, including the Shanghai headquarters, R&D centers in Taiwan and Shanghai, the Shanghai manufacturing facility, and subsidiaries and branch offices across Mainland China, Taiwan, Hong Kong, and Vietnam.

This represents the first comprehensive inventory covering Scope 1–3 emissions across all of Chlitina's operating entities. During the reporting year, the Group also engaged an independent third-party verification body to verify its Scope 1 and Scope 2 greenhouse gas emissions in accordance with ISO 14064-3.

Global Warming Potentials (GWPs) were based on the IPCC Sixth Assessment Report (AR6). Emission factors were sourced from Taiwan's Ministry of Environment Greenhouse Gas Emission Factor Management Table (Version 6.0.4) and the emission factors published by China's National Development and Reform Commission (NDRC).

Scope 1 Direct Greenhouse Gas Emissions

In 2025, Chlitina Holding Group reported Scope 1 direct greenhouse gas emissions of 1,083.86 tCO_2e, representing 1.85% of the Group's total GHG emissions. Emissions were primarily generated from stationary combustion, mobile combustion, and fugitive emission sources. As the Group's manufacturing processes are primarily powered by electricity, no direct process emissions were generated during the reporting year.

Source	Emissions (tCO_2e)	%	Description
Stationary combustion	470.78	43.44	Emergency generators, boilers, LPG cylinders, and natural gas
Process emissions	0	0	Manufacturing processes are electrically powered, resulting in no direct process emissions
Mobile combustion	51.32	4.73	Fuel consumption from company vehicles and freight trucks
Fugitive emissions	561.76	51.83	Refrigerants, septic tanks, fire extinguishing systems, and other fugitive emission sources
Total	1,083.86	100.00	

In 2025, fugitive emissions accounted for the largest share of Scope 1 emissions at 51.83%, primarily resulting from refrigerants used in air-conditioning and refrigeration equipment, fire suppression systems, and other fugitive emission sources. Stationary combustion emissions represented 43.44% of Scope 1 emissions and were mainly associated with the use of boilers, emergency generators, LPG, and natural gas. Mobile combustion emissions accounted for the remaining 4.73%, primarily from fuel consumption by company and freight vehicles.

Since 2024, Chlitina has continued to improve boiler energy efficiency. In 2025, the Group also initiated a feasibility study on replacing existing boilers with natural gas boilers, evaluating both the cost of connecting to natural gas infrastructure and the associated carbon reduction benefits. Going forward, the Group will continue to reduce direct greenhouse gas emissions from owned and controlled sources through equipment upgrades, improved fuel efficiency, and enhanced management of fugitive emission sources, while establishing a more robust, traceable, and comparable Scope 1 emissions management framework.

Scope 2 Energy Indirect Greenhouse Gas Emissions

In 2025, Chlitina Holding Group reported Scope 2 energy indirect greenhouse gas emissions of 1,913.61 tCO_2e, representing 3.26% of the Group's total GHG emissions. Scope 2 emissions were primarily attributable to purchased electricity consumed across the Group's operating locations.

Total electricity consumption across the Group's principal operating sites amounted to 3,482,073.54 kWh. Of this, operations in Taiwan consumed 391,630.30 kWh, generating 185.63 tCO_2e, or 9.70% of total Scope 2 emissions. Operations in Mainland China and other Asian locations consumed 3,090,443.24 kWh, generating 1,727.98 tCO_2e, accounting for the remaining 90.30% of Scope 2 emissions.

This emissions profile reflects the concentration of the Group's manufacturing, research and development, and related operational activities in Mainland China, particularly at the Shanghai manufacturing facility, which is the Group's largest source of electricity consumption and energy-related indirect emissions. Accordingly, improving energy efficiency and increasing the use of renewable electricity at the Group's Mainland China operations will be key priorities for reducing Scope 2 emissions.

Area	Electricity consumption (kWh)	Emissions (tCO_2e)	%	Electricity Emission Factor
Taiwan	391,630.30	185.63	9.70	Based on the 2024 electricity emission factor (published in 2025) by Taiwan's Energy Administration
Hong Kong / Mainland China / Vietnam	3,090,443.24	1,727.98	90.30	-Based on the 2022 regional power grid emission factors published by China's Ministry of Ecology and Environment on December 26, 2024. -According to the December 3, 2024 announcement by Vietnam's Ministry of Natural Resources and Environment (MONRE) on the 2023 electricity carbon emission factor.
Total	3,482,073.54	1,913.61	100.00	

Renewable Energy and Green Electricity Strategy

To reduce indirect greenhouse gas emissions associated with purchased electricity, the Group has adopted a dual-track strategy that combines energy efficiency improvements at operating sites with the gradual adoption of renewable electricity. On the one hand, the Group is evaluating the procurement of renewable electricity for its manufacturing operations in Mainland China, where a solar power purchase agreement (PPA) initiative has already been launched. On the other hand, it is assessing the feasibility of procuring renewable electricity in Taiwan through mechanisms such as Taiwan Renewable Energy Certificates (T-RECs), with the objective of progressively increasing renewable electricity coverage.

In 2021, the Group installed a rooftop solar photovoltaic system at its Shanghai manufacturing facility under a Power Purchase Agreement (PPA) model. Under this arrangement, a professional renewable energy developer is responsible for financing, constructing, operating, and maintaining the system, while Chlitina purchases renewable electricity at rates below the local utility tariff. This approach delivers both carbon reduction benefits and financial value. Going forward, the Group will continue to evaluate the feasibility of adopting the PPA model at other operating locations and gradually expand its renewable electricity coverage. The scale and implementation schedule of future renewable electricity procurement will be determined based on business needs and market availability.

Scope 3 Other Indirect Greenhouse Gas Emissions

In 2025, Chlitina Holding Group reported Scope 3 other indirect greenhouse gas emissions of 55,708.61 tCO_2e, accounting for 94.89% of the Group's total GHG emissions. This indicates that the Group's carbon footprint is driven primarily by activities across its value chain rather than by emissions from its own operations.

Among all Scope 3 emission categories, Category 14 – Franchises was by far the largest source, generating 53,592.47 tCO_2e, or 96.20% of total Scope 3 emissions. This result reflects the operating characteristics of Chlitina's beauty franchise business model, under which more than 4,000 franchised stores consume electricity for air conditioning, lighting, hot water, and other electrical equipment during daily operations, making them the largest contributor to the Group's value chain carbon footprint.

Excluding franchised operations, the other major Scope 3 emission sources were Category 4 – Upstream Transportation and Distribution (902.06 tCO_2e), Category 1 – Purchased Goods and Services (432.84 tCO_2e), and Category 9 – Downstream Transportation and Distribution (290.23 tCO_2e). Together, these three categories accounted for approximately 2.92% of total Scope 3 emissions, while all remaining categories represented relatively minor contributions.

Based on the inventory results, the Group will prioritize energy management at franchised stores as the cornerstone of its Scope 3 decarbonization strategy. Planned initiatives include implementing green and low-carbon store management practices, conducting inventories and replacement of energy-consuming equipment, promoting energy efficiency guidelines for air-conditioning and lighting systems, establishing basic energy data collection mechanisms, and strengthening energy conservation awareness among franchisees. The Group will also continue to improve the completeness and quality of activity data collected from franchised stores to reduce estimation uncertainty and enhance the management of value chain greenhouse gas emissions.

Scope	Category	Emissions (tCO_2e)	%	Calculation Method
3	C1 Purchased Goods and Services	432.84	0.78	Average-data method
3	C2 Capital Goods	45.96	0.08	Average-data method
3	C3 Fuel- and Energy-Related Activities	122.36	0.22	Average-data method
3	C4 Upstream Transportation and Distribution	902.06	1.62	Distance-based method
3	C5 Waste Generated in Operations	45.20	0.08	Average-data method
3	C6 Business Travel	17.66	0.03	Distance-based method
3	C7 Employee Commuting	138.60	0.25	Distance-based method
3	C8 Upstream Leased Assets	0	0.00	No applicable emissions
3	C9 Downstream Transportation and Distribution	290.23	0.52	Average-data method
3	C10 Processing of Sold Products	0	0.00	No applicable emissions
3	C11 Use of Sold Products	0	0.00	No applicable emissions
3	C12 End-of-Life Treatment of Sold Products	121.23	0.22	Average-data method
3	C13 Downstream Leased Assets	0	0.00	No applicable emissions

Scope	Category	Emissions (tCO_2e)	%	Calculation Method
3	C14 Franchises	53,592.47	96.20	Franchise-specific activity data and economic estimation method
3	C15 Investments	0	0.00	No applicable emissions
Total		55,708.61	100	

Greenhouse Gas Emissions Summary and Emissions Profile

Scope	Emissions (tCO_2e)	Percentage of Total Emissions
Scope 1 – Direct Emissions	1,083.86	1.85%
Scope 2 – Energy Indirect Emissions	1,913.61	3.26%
Scope 3 – Other Indirect Emissions	55,708.61	94.89%
Total GHG Emissions	58,706.08	100%

Carbon Emissions Intensity

To assess whether business growth is becoming progressively decoupled from greenhouse gas emissions, Chlitina Holding Group uses consolidated revenue as the denominator to calculate carbon emissions intensity. This metric serves as a key indicator for tracking decarbonization performance and operational efficiency.

In 2025, the Group’s combined Scope 1 and Scope 2 greenhouse gas emissions totaled 2,997.47 tCO_2e. Based on consolidated revenue of NT$3,878.16 million for the year, the carbon emissions intensity was 0.77 tCO_2e per NT$ million of revenue, representing a decrease of approximately 6.10% from 0.82 tCO_2e per NT$ million of revenue in 2024.

These results indicate that the reduction in the Group’s Scope 1 and Scope 2 emissions outpaced the decline in consolidated revenue during 2025, resulting in improved carbon efficiency. This demonstrates a gradual decoupling of business operations from direct and energy-related indirect greenhouse gas emissions.

Including Scope 3 emissions, the Group’s total greenhouse gas emissions in 2025 amounted to 58,706.08 tCO_2e, corresponding to an overall carbon emissions intensity of 15.14 tCO_2e per NT$ million of revenue.

As Scope 3 emissions encompass supply chain activities, transportation, procurement, and other value chain processes, their scale and inventory boundary differ substantially from those of Scope 1 and Scope 2 emissions. Accordingly, the Group presents Scope 3 emissions separately to provide stakeholders with a clearer understanding of the distinction between emissions generated from the Group’s own operations and those arising across its value chain.

2.1.5 Raw Materials Management

Raw Material Use and the Circular Economy

Chlitina Holding Group integrates circular economy principles throughout its value chain, including product development, packaging design, manufacturing, and end-of-life management. Guided by the principles of source reduction, waste segregation and recycling, resource reuse, and responsible end-of-life treatment, the Group seeks to minimize the environmental impacts associated with raw material consumption and waste generation.

As a leading beauty company with integrated research and development, manufacturing, and retail operations, Chlitina recognizes that material use affects not only production costs but also resource consumption and waste-related environmental impacts. The Group therefore considers green packaging and responsible sourcing to be key strategies for reducing its environmental footprint. It actively promotes the principles of the three Rs—Reduce, Recycle, and Reuse—while progressively increasing the use of environmentally preferable materials and certified paper products.

To embed environmental considerations at the earliest stages of the product life cycle, Chlitina has incorporated packaging reduction, material recyclability, and environmental performance into its product development process. Before new products are launched, their packaging must undergo evaluation under the Group's internal environmental packaging assessment mechanism to reduce excessive packaging and the use of non-recyclable materials. The Group also continuously assesses opportunities to simplify packaging structures, substitute materials, and enhance circularity.

Raw Material Input

Material Category	Material Type	Total Weight in 2025 (metric tons)	% of Total Material Input
Non-renewable materials	Cosmetic raw materials (chemical and mineral-based)	281.50	9.48
Non-renewable materials	Plastic packaging (bottles and caps)	1,669.59	56.25
Non-renewable materials	Glass packaging (serum bottles)	916.62	30.88
Non-renewable materials	Metals (aluminum tubes and spray pumps)	25.54	0.86
Renewable materials	Paper cartons and package inserts (PSC-certified)	75.07	2.53
Total		2,968.32	100.00

The Group's material input profile shows that plastic and glass packaging account for the largest proportion of material consumption. Going forward, improvement efforts will focus on packaging lightweighting, structural simplification, mono-material packaging design, the increased use of recycled materials, and closer collaboration with suppliers to progressively reduce reliance on virgin materials.

Product and Packaging Recycling

Leveraging the Chlitina franchise network, the Group operates a product container and recyclable materials collection program that progressively establishes a comprehensive recycling management system covering public awareness, collection, incentive mechanisms, data tracking, and downstream processing. The program encourages consumers, employees, and franchise partners to participate in the circular economy.

Consumers and employees may return empty Chlitina product containers and packaging, containers from other brands, as well as recyclable clothing and books at 241 collection locations, including franchised stores, branch offices, and the Shanghai headquarters. Collected materials are sorted, weighed, and recorded by qualified recycling or waste management organizations before being transferred to downstream recycling and resource recovery operators for further processing.

Through its franchise network, the Shanghai headquarters has established an internal circular management mechanism encompassing promotional campaigns, collection, participant incentives, and downstream processing. This initiative enhances environmental awareness and encourages active participation among franchise partners and consumers.

In 2025, the recycling program collected a total of 14.50 metric tons of recyclable materials, exceeding the annual target of 12 metric tons and achieving a target attainment rate of 121%. Based on the Group's internal methodology for calculating carbon reduction benefits, the program reduced greenhouse gas emissions by an estimated 39.44 tCO_2e during the year. By the end of 2025, cumulative collections had reached nearly 37 metric tons, with cumulative carbon reduction benefits of approximately 90 tCO_2e.

At its current stage, the program primarily aims to expand consumer participation, foster environmentally responsible behaviors, and strengthen the recycling network. Going forward, the Group will further evaluate opportunities to incorporate recovered materials into recycled content, packaging remanufacturing, and other circular applications in order to maximize the value of recovered resources.

Recyclable Category	Collected Volume in 2025 (metric tons)
Rigid plastics	1.75
Mixed paper	3.01
PET bottles	0.24
Glass	0.04
PE bottles	0.02
Plastic bags and films	0.01
Corrugated cardboard	0.76
Textiles	3.77
Magazines	3.47
Subtotal of listed categories	13.07
Other recyclables or unclassified materials	1.43
Total annual collection	14.50

Green Packaging Commitment

Chlitina continues to advance green product design and packaging innovation by reducing the environmental impact of its packaging through material selection, packaging structure optimization, and printing practices. Key initiatives include reducing plastic use, adopting FSC-certified paper sourced from responsibly managed forests, evaluating the use of certified recycled paper, and using environmentally friendly inks for paper cartons, shipping boxes, and other applicable packaging materials.

In 2025, approximately 75 metric tons of FSC-certified paperboard were used, representing 78% of the Group's total paperboard consumption of 96 metric tons. Chlitina will continue working closely with suppliers to expand the use of FSC-certified paper and, over the medium term, aims to transition all applicable paper-based packaging to certified recycled paper materials.

The adoption rate of environmentally friendly inks has reached 100%. Chlitina will continue to verify the volatile organic compound (VOC) content, raw material safety, and supplier certifications for its printing inks to further reduce the environmental impact of printing processes.

The Group also continues to improve gift box structures and packaging configurations. The rate of gift box structural optimization increased from 90% in 2024 to 93% in 2025, with a target of reaching 97% by 2028. Improvement measures include reducing unnecessary inserts, minimizing the use of composite materials, improving packaging space efficiency, and enhancing the ease of disassembly and recyclability of packaging materials.

By progressively integrating raw material management, packaging design, and recycling systems, Chlitina is transitioning from the traditional linear model of "procure-use-dispose" to a circular model of "reduce-use-recycle-reuse." Through this transformation, the Group aims to reduce resource consumption and waste generation while enhancing the environmental value of its products and packaging.

2.2 Environmental Protection

Section 2.1 focused on the Group's strategic approach to climate governance, climate risk management, and decarbonization targets. Building on that foundation, this section shifts from strategy to operational implementation, outlining Chlitina Holding Group's management practices and performance across six key areas: energy management, water resource management, waste management, greenhouse gas management, energy conservation and resource efficiency, and biodiversity.

As a beauty biotechnology company using primarily natural extracts and biotechnology, Chlitina integrates environmental protection into its operational management and day-to-day decision-making processes. The Group continuously evaluates the potential environmental impacts of its operations on energy use, water resources, emissions, waste generation, and the natural environment. Through systematic management, regular monitoring, and continuous improvement, Chlitina seeks to minimize the environmental footprint of its business activities.

This section provides a comprehensive overview of the Group's environmental management practices and performance across its operations, enhancing the transparency, traceability, and comparability of environmental information while providing stakeholders with a sound basis for evaluating the Group's environmental performance.

Environmental Management System

To strengthen environmental protection and pollution prevention, the Group has established environmental management policies and operating procedures tailored to the characteristics of each operating location, including:

- Sanitation Management Procedure
- Pest Control Management Procedure
- Clean Area Environmental Monitoring Procedure
- Environmental Management Operational Control Procedure
- Waste Management Procedure
- Air Pollution Management Procedure
- Wastewater Management Procedure
- Noise Pollution Management Procedure

These management systems cover workplace sanitation, pollution prevention, environmental monitoring, waste classification and treatment, as well as wastewater, air emissions, and noise management. Together, they provide the operational framework for environmental management, monitoring, and continuous improvement across the Group's business units.

The Group's manufacturing subsidiary, Weishuo (Shanghai) Daily Product Co., Ltd. ("Weishuo"), continues to maintain certification to the ISO 14001 Environmental Management System (certificate valid from June 30, 2025, to June 29, 2028) and the ISO 45001 Occupational Health and Safety Management System (certificate valid from June 30, 2025, to September 1, 2028). Through the implementation and ongoing operation of these management systems, the Group strengthens environmental risk identification, regulatory compliance, operational controls, and continuous improvement.

Environmental Monitoring and Pollution Prevention

In 2025, Weishuo conducted monthly wastewater monitoring in accordance with its environmental management systems and operating procedures to track effluent quality and the performance of pollution control facilities.

In addition, the company annually commissions qualified independent testing organizations to conduct environmental monitoring of wastewater, air emissions, boundary noise, and groundwater. The third-party environmental assessments conducted in June 2025 confirmed that all monitored parameters complied with applicable regulatory requirements, with no material non-compliance or significant abnormalities identified.

The Group will continue to strengthen its environmental pollution prevention and risk management capabilities through regular monitoring, incident reporting, root cause analysis, and corrective action tracking, while continuously improving environmental management performance across all operating locations.

2.2.1 Energy Management and Consumption Overview

Energy Management Policy

Chlitina's energy management strategy is guided by three core principles: prioritizing reduction, maximizing efficiency, and driving continuous improvement. In 2025, the Group's overall energy intensity was 4.41 GJ per NT$ million of revenue. Total electricity consumption at the Group's principal operating locations in Taiwan and Mainland China amounted to approximately 3,482,073.54 kWh, of which Mainland China accounted for 88.75%, reflecting the concentration of the Group's manufacturing and R&D activities at its Shanghai production facility.

The Group has designated 2025 as the baseline year for its energy management and decarbonization targets. Through initiatives such as office energy conservation, paperless operations, improvements in manufacturing equipment efficiency, replacement of energy-intensive equipment, energy use monitoring, and renewable electricity procurement, Chlitina is progressively optimizing its energy consumption profile.

In 2025, electricity consumption in the Group's office areas decreased by 4.3% compared with 2024, while paper consumption declined by 3.7%. Going forward, the Group will continue to strengthen fuel management for its company vehicle fleet, further optimize Scope 1 and Scope 2 emissions, and reinforce the foundations of low-carbon office operations. It will also evaluate the adoption of Power Purchase Agreements (PPAs) and other renewable electricity procurement mechanisms at additional operating locations to increase the share of renewable electricity and reduce greenhouse gas emissions associated with purchased electricity.

Energy Management Targets

To strengthen medium- and long-term energy performance management, the Group has established the following electricity reduction and renewable energy targets based on its business development plans and equipment upgrade strategy.

Management Item	2025 Status	2028 Target	2030 Target
Reduction in total electricity consumption	Baseline year	1% reduction from baseline	3% reduction from baseline
Completion rate for replacement of energy-intensive equipment	10% completed	50% completed	80% completed
PPA electricity as a percentage of total electricity consumption	Procurement baseline to be established	10%	15%
Energy management system	System planning and gap analysis	Obtain ISO 50001 certification	Obtain green factory certification

Note: The applicable locations, certification scope, and expected completion year for ISO 50001 will be determined by the Group based on the conditions of each operating location.

Energy Management Initiatives

To achieve its electricity reduction and energy efficiency objectives, the Group has developed a comprehensive energy management program covering equipment management, manufacturing operations, office energy conservation, renewable energy adoption, and value chain collaboration.

1. Replacement of energy-intensive equipment: Conduct inventories of major energy-consuming equipment across manufacturing and operating sites, and prioritize the replacement of equipment with lower energy efficiency, longer service life, or higher electricity consumption.
2. Improving compressed air system efficiency: Evaluate the installation of variable frequency drive (VFD) controls on air compressors to adjust power output according to actual demand, and implement waste heat recovery systems to reuse recovered heat in manufacturing processes and other suitable applications.
3. Lifecycle energy performance management for equipment: Establish a lifecycle management framework covering equipment procurement, installation, operation, maintenance, performance evaluation, and replacement. Energy efficiency considerations will be incorporated into equipment procurement and investment decisions, while the Group progressively implements the ISO 50001 Energy Management System and pursues Green Factory certification.
4. Increasing the use of renewable energy: Evaluate renewable electricity procurement through green power purchases, renewable energy certificates, and Power Purchase Agreements (PPAs) to gradually optimize the Group’s energy mix.
5. Strengthening air-conditioning energy management: Maintain office air-conditioning settings at no lower than 26°C during summer and no higher than 20°C during winter. Non-essential air-conditioning equipment should be switched off 30 minutes before the end of the workday to reduce standby and non-operational energy consumption.
6. Enhancing electrical safety and equipment inspections: Install residual current protection devices where required and conduct regular inspections of electrical equipment, energy-saving

facilities, and electrical wiring to ensure safe operation and minimize energy losses resulting from equipment failures.

7. Department-level energy accountability: Each department designates personnel responsible for managing the operation of production equipment and lighting systems. Production supervisors monitor electricity consumption based on operating conditions and conduct monthly reviews to identify variances and improvement opportunities.
8. Continuous improvement of energy-intensive processes: Continuously improve electrical systems and manufacturing processes by identifying high-energy-consuming operations and inefficient equipment, then implementing upgrades, improvements, or phased replacement based on priority.
9. Promoting low-carbon transportation and carrier management: Incorporate environmental and energy performance into carrier selection and evaluation criteria, prioritize logistics providers that achieve ESG ratings of Grade A or above, and progressively increase the use of new energy and other low-carbon transportation vehicles.
10. Promoting green franchises and low-carbon stores: Encourage franchised stores to implement energy-saving practices for air-conditioning, lighting, and other energy-consuming equipment, while promoting equipment optimization, energy use monitoring, and energy conservation management to establish a scalable model for green, low-carbon retail operations.

2025 Implementation Results

In 2025, the Group continued to implement energy-saving initiatives across its offices and operating locations. Key achievements are summarized below.

Initiative	2025 Performance
Office energy conservation campaign	An office energy conservation campaign was launched in July 2025, resulting in a 4.3% reduction in office electricity consumption compared with 2024.
Lighting equipment upgrades	More than 500 conventional fluorescent lamps were replaced with LED lighting, with estimated annual electricity savings of approximately 10,000 kWh.
Local procurement	Locally sourced raw materials accounted for 26.74% of total procurement in 2025, an increase of 1.22 percentage points compared with 2024.
Greenhouse gas emissions	The Group’s Scope 2 greenhouse gas emissions totaled 1,913.61 tCO_2e in 2025, representing a 17.14% decrease from 2024.

Internal Energy Consumption

The Group continues to strengthen its energy data management system and conducts Group-wide energy inventories to monitor energy consumption across all operating locations. These data provide the foundation for improving energy efficiency, expanding renewable energy adoption, and reducing greenhouse gas emissions.

All internal energy consumption data for 2025 are based on actual usage records. Fuel consumption data were compiled from natural gas utility bills, fuel purchase invoices, and vehicle refueling records, while purchased electricity consumption was calculated based on electricity bills from each operating location.

External Energy Consumption

In addition to energy consumed within its own operations, Chlitina also voluntarily discloses material external energy consumption across its value chain to better understand energy use associated with upstream suppliers, downstream logistics, and franchise operations. This information provides an important basis for advancing value chain decarbonization and energy management initiatives.

For 2025, external energy consumption covers major value chain activities, including upstream supply chain operations, downstream transportation and distribution, and franchised store operations. The relevant data were obtained from suppliers' greenhouse gas inventories, operational records, and sample-based estimation methods.

Value Chain Segment	Energy Type	2025 (tCO_2e)
Upstream Supply Chain	Raw material extraction, manufacturing, and upstream transportation (suppliers)	1,334.90
Downstream Logistics Transportation	Fuel consumption (gasoline/diesel) for distribution to franchised stores	290.23
Downstream Franchise Operations	Electricity consumption of Chlitina franchised stores	53,592.47
Total External Energy-Related Emissions		55,217.60

In 2025, total external energy-related emissions across the value chain amounted to 55,217.60 tCO_2e. Electricity consumption from franchised store operations represented the largest share, reflecting the significant influence of Chlitina's extensive retail network and end-customer operations on value chain energy consumption.

Going forward, the Group will continue to strengthen energy management practices across its franchise network and progressively implement energy-saving measures, low-carbon operational guidelines, and enhanced data collection capabilities to improve value chain energy transparency and decarbonization performance.

Energy Structure Analysis

Category	Item	2024 Consumption (GJ）	2025 Consumption (GJ)
Direct Energy (A)	Gasoline	868.15	680.08
	Diesel	3,886.98	3,891.45
	Natural Gas	4.61	3.27
Indirect Energy (B)	Purchased electricity (excluding renewable energy)	12,283.31	12,535.46
Non-renewable Energy (C)	(A) + (B)	17,043.05	17,110.26
Renewable Energy (F)	Self-generated and self-consumed (D)	0	0
	Purchased (E)	0	0
	(D) + (E)	0	0
Total Energy Consumption (G)	(C) + (F)	17,043.05	17,110.26
Renewable Energy Percentage (H)	(F) /(G)	0	0
Consolidated Annual Revenue (I)	NTD million	4,066.59	3,878.16

Energy Intensity (GJ/ NTD million)	(G)/(I)	4.19	4.41

In 2025, Chlitina Holding Group’s total internal energy consumption was 17,110.26 GJ. Purchased electricity accounted for 12,535.46 GJ, representing 73.26% of total energy consumption and serving as the Group’s primary energy source. Non-renewable fuel consumption totaled 4,574.80 GJ, accounting for 26.74%.

The Group’s energy profile indicates that operations remain primarily electricity-dependent, with energy demand concentrated in manufacturing, research and development, office operations, and other operating facilities. The Shanghai production base, which includes manufacturing equipment, boilers, and related production facilities, represents a key focus area for energy management and low-carbon transformation. It will remain a priority location for future initiatives involving equipment efficiency improvements, fuel substitution, and renewable energy adoption.

Solar Panel Power Purchase Agreement (PPA) Model

To increase the proportion of renewable energy in its energy mix while maintaining financial efficiency, the Group installed a rooftop solar photovoltaic system at its Shanghai manufacturing facility in 2021 under a Power Purchase Agreement (PPA) model. Under this arrangement, a professional renewable energy developer is responsible for the investment, system installation, and ongoing operation and maintenance, while Chlitina purchases the electricity generated in accordance with the contractual terms. This enables the Group to secure a stable and cost-competitive supply of renewable electricity without incurring upfront capital expenditure.

In 2025, electricity procured through the PPA totaled 489,376.80 kWh, equivalent to 1,761.76 GJ. This contributed to increasing the share of low-carbon energy in the Group’s energy portfolio while reducing reliance on conventional grid electricity. Going forward, the Group will continue to evaluate the feasibility of expanding the PPA model to additional operating locations, with the aim of gradually increasing its coverage.

Key Data for the Solar PPA Model

-Cooperation Model: Power Purchase Agreement (PPA); zero capital expenditure for the Group, with full investment by the renewable energy developer.
Installation location: Rooftop of the Shanghai manufacturing facility.
-Electricity generated in 2025: 489,376.80 kWh.
-Electricity pricing: Degressive pricing: Stage 1 (Years 1–5): 80% of the local grid electricity tariff; Stage 2 (Years 6–15): 60%; Stage 3 (Years 16–20): 40%. The Stage 1 -pricing applied in 2025.
-Contract term: 20-year agreement.
-Strategic Significance: Supports the Group’s medium-term Scope 2 net-zero roadmap by progressively increasing the share of renewable electricity.

The PPA model enables the Group to advance its energy transition while maintaining financial prudence by reducing upfront capital requirements and establishing a long-term renewable electricity procurement mechanism. Looking ahead, the Group will continue to assess opportunities to implement the PPA model at other operating sites, further strengthening energy resilience and enhancing its low-carbon competitiveness.

2.2.2 Water Resources Management

Water Resource Management Policy and Interactions with Shared Water Resources

The Group recognizes water as a valuable shared global resource. Its primary water source is municipal water supplied at its operating locations. In manufacturing, water is purified into high-purity water for use in skincare formulations, while in service operations it is used for cleansing and hygiene during customer skincare treatments.

The Group’s interactions with water resources include:

• Water withdrawal:
Water is sourced entirely from third-party municipal water supplies.

• Water consumption:
A portion of the water is incorporated into product formulations and distributed to the market as part of finished products, while another portion evaporates during boiler operations.

• Wastewater discharge:
Wastewater generated from production cleaning processes is treated through on-site wastewater treatment facilities to meet applicable discharge standards before being discharged into the dedicated industrial wastewater sewer network.

• Water Stress Assessment:
Based on publicly available water risk assessment data, Weishuo’s manufacturing facility is located in a medium-to-high water stress area. In response, Chlitina has strengthened the recycling of cooling water and will continue to improve the cooling water recirculation rate to reduce dependence on municipal water supplies. The Group’s headquarters in Taiwan has been identified as being located in a low water stress area.

Water Resource Management Targets

Chlitina has established an annual water intensity reduction target of at least 1.5%, with the development of water recycling systems, reduced production water consumption, and lower pollutant discharges serving as the core pillars of its water resource management strategy. Through digital water management, optimization of reverse osmosis (RO) processes, reclaimed water reuse, and wastewater recycling initiatives, the Group seeks to improve water use efficiency while supporting the sustainable use of water resources within the beauty and skincare industry.

In the short term, priority will be given to implementing a real-time water data collection system to monitor water withdrawal, consumption, and discharge across production processes and equipment. The Group will also expand the reuse of RO reclaimed water, with a target of supplying 80% of floor-cleaning water demand from recovered RO water. These measures are expected to reduce water intensity by 4.5% compared with the baseline year. At the same time, the RO water production process will continue to be optimized to reduce concentrate discharge and minimize process water losses.

By 2030, the Group aims to reduce water intensity by 7.5% from the baseline year. Over the longer term, it will work toward establishing a closed-loop water management system that supports reduced water withdrawal, increased water recycling, lower wastewater pollution, and the ultimate vision of a zero water consumption factory.

Target Area	Short-Term Target (2025)	Long-Term Target (2030)	Management Actions
Water intensity	4.5% reduction from the baseline	7.5% reduction from the baseline	Establish a water consumption baseline, regularly monitor water intensity, and analyze high water-use processes and abnormal consumption
Water data management	Implement a real-time water data collection system	Complete smart water monitoring for major production processes and equipment	Install sub-meters, establish real-time monitoring and early warning mechanisms, and strengthen water balance management
Reclaimed water and RO recovered water utilization	Supply 80% of floor-cleaning water demand using recovered RO water	Expand the use of reclaimed water and RO recovered water for non-process applications	Promote reclaimed water reuse and establish recovered water storage and distribution systems to reduce municipal water consumption
RO water production efficiency	Continue optimizing the RO process and establish a recovery rate tracking mechanism	Achieve an RO water recovery rate of more than 80%	Optimize reverse osmosis operating parameters, membrane maintenance, and concentrate management
Wastewater recycling and reuse	Complete assessments of wastewater quality, flow volume, and reuse potential	Reuse 50% of wastewater	Establish wastewater segregation, treatment, and reuse facilities, with priority applications including cleaning, toilet flushing, and landscape irrigation.
Water recycling rate	Establish methodologies and inventory mechanisms for measuring the water recycling rate	Achieve a water recycling rate of 90%	Integrate process water, recovered RO water, and treated wastewater to establish a closed-loop water management system
Zero water consumption factory	Implement improvement initiatives and demonstration projects for water-intensive processes	Progress toward the vision of zero water waste and low-pollution discharge	Conduct water risk assessments, reduce process water consumption, expand water recycling and reuse, and strengthen wastewater quality management

Water Withdrawal, Discharge and Consumption Management

The Chlitina Group continuously monitors water withdrawal, discharge, and consumption across its operating locations to better understand water flows and provide the foundation for water conservation, process improvements, and water recycling initiatives.

For all operating locations included within the 2025 reporting boundary, water was sourced exclusively from third-party municipal water supplies. No surface water, groundwater, or seawater was directly withdrawn, and no produced water was utilized. Total water withdrawal for the year amounted to 13.44

megalitres (ML), all of which was freshwater. Based on the Group's water stress assessment, all water withdrawals occurred in water stress areas.

Wastewater generated during operations is appropriately treated to meet applicable discharge or sewer acceptance standards before being discharged into municipal wastewater collection systems. Total wastewater discharge in 2025 was 5.84 ML, representing a 0.2% decrease from the previous year. All wastewater was discharged to municipal wastewater treatment systems operated by third parties, and all discharge locations were situated in water stress areas.

Based on total water withdrawal less total wastewater discharge, the Group's water consumption in 2025 was 7.60 ML, representing approximately 56.55% of total water withdrawal. Water consumption primarily reflects water incorporated into products or production processes, evaporative losses, cleaning activities, employee domestic use, and other water that does not return to the wastewater system. Going forward, the Group will continue to strengthen sub-metering and water balance management to better understand the various categories of water consumption and further improve water use efficiency.

Water Withdrawal Data

Water Source	All areas (ML)	Water Stress Areas (ML)	Notes
Surface water	0	0	No direct withdrawal
Groundwater	0	0	No direct withdrawal
Seawater	0	0	Not used
Produced water	0	0	Not generated
Third-party managed water supply system (municipal water supply)	13.44	13.44	100% fresh water
Total water supply	13.44	13.44	All sourced from municipal water

Wastewater Discharge Data

Discharge Destination	All areas (ML)	Water Stress Areas (ML)	Notes
Third-party managed wastewater system (municipal sewer network)	5.84	5.84	Discharged to the municipal wastewater treatment system
Total wastewater discharge	5.84	5.84	All discharge occurred in water stress areas

Water Consumption Data

Item	All areas (ML)	Water Stress Areas (ML)	Description
A. Total water withdrawal	13.44	13.44	Municipal water supply
B. Total wastewater discharge	5.84	5.84	Discharged to the municipal sewer network

Item	All areas (ML)	Water Stress Areas (ML)	Description
C. Water consumption (A-B)	7.60	7.60	Water not returned to the wastewater system

Wastewater Quality Monitoring Performance

The Group continues to strengthen wastewater treatment and effluent quality management at its manufacturing facilities. Wastewater generated during production at the Shanghai manufacturing facility is treated through the on-site wastewater treatment system, where it undergoes primary and secondary treatment before being discharged to the industrial zone's wastewater sewer network. Discharge is permitted only after the treated effluent has been verified as meeting the requirements of the Integrated Wastewater Discharge Standard (DB31/199-2018), after which it receives further treatment at the downstream municipal wastewater treatment facility.

In 2025, the Shanghai manufacturing facility carried out routine effluent quality sampling and testing in accordance with its monitoring program, achieving a 100% compliance rate. Measured concentrations of biochemical oxygen demand (BOD) and chemical oxygen demand (COD) were substantially below the applicable discharge limits in both Shanghai and Taiwan, demonstrating the stable performance of the on-site wastewater treatment system and its effectiveness in reducing the organic pollutant load of discharged wastewater.

Water Quality Parameter	Shanghai Standard	Taiwan Standard	2025 Measured Value	Compliance Rate
Biochemical Oxygen Demand (BOD)	300 mg/L	300 mg/L	1.4 mg/L	100%
Chemical Oxygen Demand (COD)	500 mg/L	600 mg/L	9 mg/L	100%

The Group will continue to conduct routine water quality monitoring, perform regular inspections and maintenance of wastewater treatment facilities, and review treatment performance based on monitoring results to ensure that effluent quality consistently complies with applicable regulatory requirements and the industrial zone's wastewater discharge acceptance standards.

2.2.3 Greenhouse Gas and Air Pollution Management

The Group regards greenhouse gas (GHG) management as a fundamental component of its response to climate change and the advancement of its operational transformation. In 2025, the Group conducted a comprehensive GHG inventory covering Scope 1, Scope 2, and Scope 3 emissions in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and other applicable greenhouse gas accounting principles. The organizational boundary was established using the operational control approach. A summary of the Group's greenhouse gas emissions is presented in Section 2.1.4, Indicators and Targets – Greenhouse Gas Emissions Overview.

Air Pollution Management

The Group's primary sources of air pollutants include fuel consumption by production equipment, manufacturing processes, and the use of related raw materials. In accordance with the environmental regulations of each operating location and its internal environmental management procedures, the Group conducts pollution source identification, equipment maintenance, fuel quality management, exhaust gas collection, and emission monitoring to minimize the potential impact of its operations on air quality.

In 2025, the Group continued to manage key air pollutants, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter (PM), and volatile organic compounds (VOCs). At this stage, monitoring and data compilation have been completed for certain pollutants. Nitrogen oxide (NOx) emissions totaled 75.8 kg, while sulfur oxides (SOx) and particulate matter (PM) concentrations were below the detection limits. The Group's operations do not involve any significant emission sources of persistent organic pollutants (POPs). The calculation of VOC emissions is currently in progress.

Based on site-specific data, the Group is conducting a comprehensive inventory of raw materials that may generate VOC emissions, including organic solvents, fragrances, cleaning agents, printing inks, and other VOC-containing materials. Annual consumption data, VOC content, process losses, recovery volumes, and waste transfer quantities are being compiled to establish a complete emissions accounting boundary. As the VOC content of certain raw materials, process fugitive emission rates, and supplier composition information are still under verification, the Group is not yet able to disclose a consistent and traceable annual total VOC emissions figure as of the publication of this report. Accordingly, this year's report discloses the accounting boundary, methodology, and progress of data collection. The final VOC emissions data will be reported after the completion and verification of activity data and applicable emission factors.

Going forward, the Group will continue to enhance its VOC emission source inventory by requesting suppliers to provide relevant Safety Data Sheets (SDS) and chemical composition information, while establishing standardized procedures for managing annual raw material consumption data and emissions calculations. These efforts aim to improve the completeness, accuracy, and comparability of the Group's air pollutant disclosures.

Pollutant	2025 Emissions	2024 Emissions	Change	Management Measures
Nitrogen Oxides (NOx)	75.80 kg	63.57 kg	+19.24%	Emissions monitoring or estimation based on fuel consumption
Sulfur Oxides (SOx)	Below detection limit	Below detection limit	—	Periodic monitoring
Volatile Organic Compounds (VOCs)	Under calculation using the material balance method	Under calculation using the material balance method	—	Periodic monitoring
Particle Matters (PM)	Below detection limit	5.80 kg	—	Material balance method
Persistent Organic Pollutants (POP)	Not applicable	Not applicable	—	Pollution source identification

In response to the increase in nitrogen oxide (NOx) emissions, the Group will further analyze fuel consumption, boiler operating hours, production activity levels, and changes in emission factors to identify the primary drivers of the increase. Based on the findings, the Group will evaluate improvement measures such as enhancing combustion efficiency, replacing existing equipment, or introducing alternative energy sources.

2.2.4 Waste Generation and Management

Waste Management Policy

The Group regards waste management as an integral component of its environmental management and circular economy strategy. In accordance with applicable environmental regulations in its operating regions, including the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and Taiwan’s Waste Disposal Act, the Group has established a waste management framework covering the entire waste hierarchy: source prevention and reduction, reuse, recycling, energy recovery, and final disposal.

Through standardized procedures for waste classification, temporary storage, collection and transportation, recycling, and final disposal, the Group identifies and manages the potential environmental impacts associated with different waste streams. For general waste, priority is given to waste reduction, source separation, recycling, and resource recovery. Hazardous waste is classified and stored according to its characteristics and is collected, transported, and treated by licensed waste management contractors to minimize the risks of secondary pollution and resource loss.

In 2025, the waste inventory covered the Shanghai manufacturing site. Total waste generation amounted to 139.88 metric tons, comprising 18.16 metric tons of hazardous waste and 121.72 metric tons of non-hazardous waste. The Group continues to strengthen waste tracking and oversight of outsourced waste treatment contractors, while maintaining 100% compliant collection, transportation, and disposal of waste as a fundamental management requirement.

Waste Management System, Reduction Targets, and Implementation Measures

The Group’s Shanghai manufacturing and subsidiary Weishuo has established a Waste Management Procedure as part of its ISO 14001 Environmental Management System. The procedure governs waste classification, collection, labeling, temporary storage, transportation, recycling, and outsourced disposal. The key management practices include:

1. Implementing waste segregation and source reduction to minimize unnecessary material consumption and waste generation.
2. Promoting the recycling, reuse, and resource recovery of general waste.
3. Managing hazardous waste in accordance with regulatory requirements to prevent mixed storage, leakage, or improper disposal.
4. Reviewing the qualifications of outsourced waste collection and treatment contractors, while maintaining waste manifests, disposal certificates, and related records.
5. Regularly monitoring waste generation, disposal methods, and resource recovery performance as the basis for continuous improvement.

Using 2025 as the baseline year, the Group has established a target to reduce waste intensity by at least 1% annually, with a cumulative reduction target of 5% by 2030 compared with the 2025 baseline. To address waste management challenges and promote a circular economy, the Group prioritizes source reduction, strengthens waste segregation and recycling, increases material reuse, reduces waste generation, and enhances oversight of end-of-life waste treatment. The key initiatives include:

1. Source reduction:
   To minimize waste generation at its source, the Group has reduced packaging materials, decreased plastic usage, adopted environmentally friendly inks, and incorporated recycled materials into product packaging. Within its manufacturing processes, the Group also continuously evaluates raw material usage parameters and optimizes production technologies to reduce material losses during production.

2. Waste recycling and reuse:
   The Group promotes the recycling and reuse of production waste, encourages the reuse of office paper through double-sided printing and paper recycling, and recovers reusable containers whenever feasible.
3. Proper waste disposal and tracking:
   To ensure proper waste management, all waste is classified and stored in accordance with applicable regulations and is entrusted to qualified waste treatment contractors for final disposal.

2025 Performance

In 2025, the Group implemented source reduction initiatives across office operations, procurement management, product design, and packaging materials. Key achievements are summarized below:

Initiative	2025 Results
Office paper reduction	Paper consumption decreased by 3.7% compared with 2024
Office supplies reduction	Procurement of office supplies decreased by 3.0% compared with 2024
Packaging material reduction	Total packaging material reduction amounted to 10,628.8 kg
Packaging lightweighting	Packaging dimensions were reduced or lightweighted for 93% of products, an increase of 3 percentage points from 90% in 2024
Environmentally certified paper	FSC-certified paper accounted for 78% of product packaging, an increase of 3 percentage points from 75% in 2024

These initiatives demonstrate the Group's ongoing integration of waste prevention and resource efficiency principles into its product and packaging design processes. Going forward, the Group will continue to improve material efficiency, reduce excessive packaging, and expand the use of recyclable, recycled, and responsibly sourced materials.

Waste Generation

Waste Category	Item	2024 (tons)	2025 (tons)
Hazardous Waste	Waste packaging containers	2.84	6.52
	Waste chemical solutions	3.60	8.31
	Spent activated carbon	1.21	2.78
	Waste lubricating oil	0.22	0.55
Hazardous waste subtotal		7.87	18.16
Non-hazardous waste	General industrial solid waste	36.78	26.96
	Recyclable cardboard	36.04	39.32
	General domestic waste	—	55.44
Non-hazardous subtotal		72.82	121.72
Total waste generated		80.69	139.88

In 2025, the Group's hazardous waste consisted primarily of waste chemical solutions and waste packaging containers, which together accounted for approximately 81.66% of total hazardous waste. The Group will continue to analyze the causes of waste generation across chemical procurement, process control, container circulation, and residual chemical management, and will develop measures to reduce the generation of waste chemicals and contaminated packaging containers.

Waste Diverted From Disposal

Waste diverted from disposal refers to waste that is reused, recycled, or otherwise recovered as a resource, thereby avoiding incineration or other final disposal processes. In 2025, a total of 39.32 tons of waste was diverted from disposal, consisting entirely of recyclable cardboard classified as non-hazardous waste. All of this material was sent to an off-site paper mill for fiber pulping and recycling. The Group will continue to improve the quality of waste segregation for paper, packaging materials, and other recoverable waste streams in order to increase recycling rates and reduce the need for final disposal.

Waste Directed to Disposal

Waste Category	Disposal Method	Total (tons)
Hazardous waste	Incineration (without energy recovery)	18.16
Non-hazardous waste	Incineration (with energy recovery)	26.96
Non-hazardous waste	Treatment by the environmental sanitation authority under contract (primarily incineration)	55.44
Total directed to disposal		100.56

At present, none of the waste included in the Group's reporting is disposed of directly by landfill. General domestic waste is handled centrally by the environmental sanitation authority under contractual arrangements. Going forward, the Group will continue to improve waste shipment documentation and end-destination tracking, while progressively increasing the proportion of waste that is recovered as resources or through energy recovery, thereby reducing the volume of waste incinerated without energy recovery.

2.2.5 Energy Reduction and Conservation Measures

Energy Consumption Reduction

The Group continues to improve equipment efficiency and promote day-to-day energy conservation, with 2025 established as the baseline year for energy management. In 2023, total electricity consumption across the Group's operations in Mainland China, Hong Kong, Taiwan, and Southeast Asia amounted to 3,342,266.40 kWh, equivalent to approximately 12,032.16 GJ. This serves as the reference point for tracking the effectiveness of future energy-saving initiatives and improvements in energy performance.

In 2025, the Group implemented measures including lighting upgrades, energy management in office areas, and employee energy-saving initiatives, resulting in an estimated reduction in electricity consumption of 250.87 GJ, equivalent to approximately 69,686.11 kWh. Based on the Group's total electricity consumption in 2025, these energy-saving projects achieved a reduction equivalent to approximately 17.14% of the baseline year's electricity consumption.

Process Energy Reduction and Low-Carbon Manufacturing

The Group continues to reduce energy demand during product manufacturing by improving product formulation and production processes. It has progressively introduced ambient-temperature manufacturing, also referred to as "cold-process technology", which optimizes formulations and production methods to reduce the heating, heat-retention, and subsequent cooling required in conventional manufacturing. This lowers energy consumption by boilers and related equipment at the source.

In 2025, ambient-temperature manufacturing was applied to products including CHLITINA Whitening Sunscreen, Skin Radiance Refining Serum, as well as the Essence, Serum and Facial Mask in the White Crystal Dark Spot Correcting Series, achieving an estimated annual energy reduction of 126.36 GJ. In addition to improving process energy efficiency, this approach shortens certain production steps and reduces direct greenhouse gas emissions from manufacturing.

Greenhouse Gas Emission Reductions from Energy Conservation and Renewable Energy Projects

Based on the Group's energy conservation and renewable energy initiatives, Chlitina estimates that greenhouse gas emissions were reduced by 56.59 tCO_2e in 2025. Through measures including LED lighting upgrades, office electricity management, summer energy-saving campaigns, and ambient-temperature manufacturing, the Group reduced both electricity consumption and boiler fuel use. Among these initiatives, ambient-temperature manufacturing reduced boiler fuel consumption and therefore contributed to Scope 1 direct emission reductions, while the remaining electricity-saving measures contributed to Scope 2 energy indirect emission reductions.

Reduction Project	Scope	Emissions Reduced (tCO_2e)	Description
LED lighting replacement at the R&D Center	Scope 2	5.40	Replaced existing lighting with high-efficiency fixtures
Summer energy-saving campaign at the Supply Chain offices	Scope 2	3.75	Reduced electricity consumption through adjustments to air-conditioning, lighting, and office equipment use.
Energy management in Mainland China offices	Scope 2	28.47	Implemented daily meter readings, weekly summaries, and abnormal electricity consumption monitoring
Energy-saving measures in Taiwan offices	Scope 2	0.01	Reduced electricity consumption through energy management of air-conditioning, lighting, and office equipment
Utilization of cold-process technology (ambient-temperature manufacturing)	Scope 1	18.96	Reduced process heating requirements and boiler fuel consumption
Total annual reduction	-	56.59	-

By emissions scope, Scope 1 reductions totaled 18.96 tCO_2e in 2025, while Scope 2 reductions totaled 37.63 tCO_2e, representing 33.50% and 66.50% of the annual total reductions, respectively.

Ozone-Depleting Substance Emissions

The Group reviews the potential use of ozone-depleting substances during the maintenance of refrigeration and air-conditioning equipment and the replenishment of refrigerants. In 2025, the only relevant substance was R-22 (HCFC-22, chlorodifluoromethane), with emissions of 0.23995 tons. Applying the ozone depletion potential (ODP) of R-22 (0.055), the annual emissions of ozone-depleting substances amounted to 0.01320 tons of CFC-11 equivalent.

Substance	Chemical Name	Emissions (tons)	Ozone Depletion Potential (ODP)	CFC-11 Equivalent (tons)
R-22 (HCFC-22)	Chlorodifluoromethane	0.23995	0.055	0.01320
Total Ozone-Depleting Substances (ODS)	–	–	--	0.01320

The Group will continue to identify air-conditioning and refrigeration equipment using R-22 refrigerant, strengthen equipment inspections, refrigerant replenishment, and leak record management, and give priority to refrigerants with lower or zero ozone depletion potential when replacing equipment, thereby progressively reducing the use and emissions of ozone-depleting substances.

2.2.6 Biodiversity Management

Biodiversity Management Policy and Risk Considerations

Chlitina uses plant extracts and natural ingredients as important raw materials in its beauty and skincare products. The Group recognizes that its operations and value chain may depend on natural resources, ecosystem services, and biodiversity, while activities such as raw material sourcing, product manufacturing, packaging material use, wastewater discharge, and waste management may have potential impacts on the natural environment.

To reduce the negative impacts of its operations and value chain on biodiversity, the Group draws on the principles of conservation, sustainable use, and the fair and equitable sharing of benefits set out in the United Nations Convention on Biological Diversity. Biodiversity considerations are being progressively integrated into environmental management, product development, and supply chain management.

Guided by the management hierarchy of “avoid, minimize, restore, and offset,” the Group prioritizes preventing irreversible ecological damage while continuously improving the transparency and environmental sustainability of its natural material sourcing.

At present, the Group’s biodiversity management remains at the stage of establishing management systems and compiling baseline information. Going forward, it will progressively identify the dependencies, impacts, risks, and opportunities associated with its operating sites and value chain in relation to the natural environment, while establishing measurable management indicators and action plans.

Assessment of Operating Sites and Environmentally Sensitive Areas

Based on the nature of its business activities, the Group has initially categorized biodiversity-related impacts into two levels: direct operations and the upstream supply chain.

- Direct Operations: Relatively Limited Potential Impact

The Group's principal operating locations, including its manufacturing and office facilities in Shanghai and its office locations in metropolitan Taiwan, are primarily situated in developed industrial parks, industrial zones, or commercial districts. As a result, their operations are relatively unlikely to directly alter or damage natural habitats.

To strengthen the completeness of its risk assessment, the Group plans to continue reviewing the spatial relationship between its operating sites and protected areas, Key Biodiversity Areas (KBAs), protected areas designated by the International Union for Conservation of Nature (IUCN), and other environmentally sensitive areas. It will also monitor potential indirect impacts arising from wastewater discharge, chemical use, waste management, and vegetation management at its facilities.

As of the end of 2025, a geographic information system (GIS) analysis of biodiversity-sensitive locations covering all Group operating sites had not yet been completed. Relevant data and assessment results will continue to be developed in the coming years.

- Upstream Supply Chain: A Priority Area of Focus

Compared with direct operations, the Group's potential dependencies and impacts on biodiversity are primarily concentrated in the upstream value chain, particularly in the production, cultivation, harvesting, and processing of natural plant-based ingredients, palm oil-related materials, paper products, and packaging materials.

Where natural raw materials are sourced from areas involving forest conversion, habitat alteration, overharvesting, intensive pesticide or chemical fertilizer use, or biodiversity-sensitive regions, risks may include forest degradation, habitat loss, pressure on water and land resources, and supply disruption.

Accordingly, the Group has identified traceability of natural raw materials, suppliers' environmental management, zero-deforestation, and the protection of endangered species as priority areas for future biodiversity management.

Biodiversity and Zero-Deforestation Commitment

The Group recognizes that biodiversity conservation strengthens ecosystem resilience and plays an important role in climate change mitigation and adaptation, agricultural development, food security, public health, and sustainable economic development. The Group is committed to:

1. Avoiding damage to endangered, threatened, or legally protected species and their habitats resulting from its operations.
2. As a general principle, not undertaking development activities that may cause significant adverse impacts within legally designated protected areas or other areas of high biodiversity value.
3. Promoting sustainable and traceable sourcing of raw materials, continuously monitoring the sustainability certification status of palm oil-related materials, and reducing reliance on rare, threatened, or natural raw materials of unknown origin.
4. Where information can reasonably be obtained, not procuring products or services from suppliers involved in illegal logging, significant deforestation, habitat destruction, or other serious biodiversity loss.
5. As a general principle, not using wild fauna or flora listed in the appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), or species classified as threatened on the International Union for Conservation of Nature (IUCN) Red List, unless their legal and sustainable origin can be demonstrated.

6. Encouraging suppliers to jointly implement biodiversity conservation, zero-deforestation, and sustainable raw material management through supplier evaluations, procurement requirements, and communication mechanisms.
7. Continuously improving wastewater, waste, and chemical management, enhancing the efficient use of water, materials, and other circular resources, and reducing the risk of pollutants entering the natural environment.
8. Supporting biodiversity conservation initiatives and actions related to the Group's operations, local communities, or value chain.
9. Promoting biodiversity conservation through education, training, and stakeholder engagement to enhance environmental awareness among employees, suppliers, and business partners.

Raw Material Procurement and Biodiversity Management Measures

Management Area	Management Measures	2025 Implementation Status
Traceability and natural raw materials	Review major natural plant-based raw materials, their countries of origin, suppliers, and supporting documentation, and progressively establish a traceability system for sourcing origins.	Management framework under development and inventory of major raw materials in progress.
Sustainable palm oil	Continuously assess RSPO certification coverage for palm oil and palm oil-derived materials, and progressively increase the proportion of traceable and certified raw materials.	Further review of the scope and usage of certified materials is in progress.
Alternative technology development	Evaluate the feasibility of using biosynthesis and fermentation technologies to produce active ingredients, reducing dependence on specific natural resources.	Research and development stage.
Biotechnology applications	Evaluate the feasibility of using biosynthesis and fermentation technologies to produce active ingredients, reducing dependence on specific natural resources.	Technical feasibility assessment in progress.
Paper and packaging procurement	Give priority to paper materials that are FSC-certified, contain recycled content, or have traceable sources.	FSC-certified paper accounted for 78% of paper products procured in 2025.
Supply chain management	Plan to incorporate raw material sourcing, forest and ecosystem protection, environmental regulatory compliance, and ESG performance into the evaluation of natural raw material suppliers.	Supplier evaluation criteria under development.
Ecological management at production sites	Maintain existing vegetation and green spaces at the Shanghai facility, avoiding unnecessary vegetation removal and habitat disturbance.	Ongoing maintenance of existing vegetation and landscaped areas.
Circular material development	Evaluate the application of agricultural and forestry by-products, manufacturing by-products, and other circular materials in products.	White pine bark by-product extract introduced into the White Crystal Dark Spot Correcting Series.

2025 Performance

Promoting Paperless Operations to Reduce Demand for Paper and Forest Resources

In 2025, the Group fully adopted the Feishu collaboration and management platform, which provides instant messaging, video conferencing, cloud document management, and collaborative spreadsheets. It also continued to promote the digitalization of business processes through EIP online forms and SAP electronic documentation, while implementing double-sided printing and waste paper recycling.

Through digital collaboration and the continued digitalization of workflows, the Group reduced paper consumption by 3.7% in 2025 compared with 2024, thereby lowering paper usage and reducing demand for upstream forest resources.

Increase the Use of Sustainable Paper and Environmentally Friendly Printing

In 2025, the total paper packaging materials included in the reporting scope amounted to 96.24 tons, of which 75.07 tons were FSC-certified paper. Based on total input by weight, FSC-certified paper accounted for 78%.

In Mainland China, 100% of product shipping cartons and outer packaging boxes were printed using environmentally friendly inks. The Group also continued to increase the use of recycled paper materials and paper products with traceable sources.

These measures help reduce the likelihood that packaging materials are associated with illegal logging or sources posing a high risk of deforestation

Utilizing By-Products to Reduce Natural Resource Consumption

In 2025, Chlitina upgraded its White Crystal Dark Spot Correcting Series by using White Pine bark, which would otherwise have been discarded, as a raw material. A gentler extraction process is adopted to obtain the required raw material, transforming a forestry by-product into a high-value skincare ingredient.

This approach both promotes the reuse of waste resources and provides an alternative to virgin natural raw materials, helping to reduce demand for newly sourced natural resources.

Going forward, the Group will continue to evaluate the sourcing, supply capacity, environmental benefits, and life cycle impacts of this raw material to strengthen the measurability and traceability of its circular material initiatives.

In line with the maturity of its management systems, Chlitina will implement the following initiatives in phases:

- Complete the mapping of the spatial relationship between major operating sites and protected areas, Key Biodiversity Areas (KBAs), and other environmentally sensitive areas.
- Establish a database covering the origins, species, suppliers, and sustainability certifications of major natural plant-based raw materials.
- Review procurement volumes, certification status, and traceability rates for palm oil and palm oil-derived materials.
- Incorporate zero-deforestation, endangered species protection, and biodiversity risk considerations into the Supplier Code of Conduct and supplier evaluation mechanisms.
- Establish quantitative targets for FSC-certified paper, recycled paper, sustainable natural raw materials, and supplier assessment coverage.

- Continue promoting alternative technologies, including plant stem cell cultivation, biosynthesis, fermentation, and by-product reuse.
- Progressively identify the Group’s nature-related dependencies, impacts, risks, and opportunities in accordance with the LEAP (Locate, Evaluate, Assess, Prepare) approach developed by the Taskforce on Nature-related Financial Disclosures (TNFD).

2.3 Green Product

The previous two sections described Chlitina’s climate governance framework and environmental management practices for its operations. This section extends the management focus from operations to products, explaining how the Group incorporates environmental sustainability throughout the product life cycle. This includes material selection, packaging design, process improvements, product carbon footprint management, and post-consumer recycling, with the aim of progressively reducing the potential environmental and resource impacts of its products.

At this stage, the Group has identified “green packaging” and “product carbon footprint” as the two primary pillars of its green product strategy. Priority is given to paper, plastic, and glass packaging materials, which represent the largest share of packaging use, by promoting sustainably sourced materials, packaging reduction, and low-carbon design.

2.3.1 Green Packaging

Green Packaging Management Policy

Chlitina adopts the three core principles of green packaging—Reduce, Reuse, and Recycle—and incorporates environmental considerations into the product and packaging development process. The Group advances packaging transformation through the following three areas:

- Material selection: Give priority to materials with environmental certifications, recycled content, or recyclability.
- Printing processes: Continue using environmentally friendly inks to reduce the environmental impact of printing processes and chemical use.
- Structural design: Reduce unnecessary material consumption through lightweight packaging, optimized packaging dimensions, and improved gift box structures.

To balance product quality, cost-effectiveness, consumer experience, and environmental performance, the Group involves its design, procurement, and quality management functions in packaging improvement initiatives. Related requirements are also incorporated into new product development and packaging evaluation processes.

Overview of Production Material Inputs

In 2025, the Group continued to strengthen the management of major production materials and packaging material inputs. The reporting scope covers the Group’s R&D center and Shanghai manufacturing facility.

Total annual input of major materials reached 2,968.32 tons, of which plastic and glass packaging materials accounted for 2,586.21 tons, representing approximately 87.13% of the total.

This material profile reflects the beauty products industry's reliance on bottles and external packaging to preserve product quality, ensure transportation safety, protect products, and enhance the consumer experience. It also indicates that plastic and glass packaging are the Group's priority areas for future improvements, including packaging reduction, lightweight design, increased use of recycled materials, and low-carbon packaging solutions.

Since 2023, the Group has progressively introduced FSC Mix-certified paper into the outer packaging of newly developed products. The adoption rate of FSC-certified paper increased from 75% in 2024 to approximately 78% in 2025. The Group has established a long-term goal of achieving 100% FSC-certified paper for packaging by 2030.

Adoption of Sustainably Sourced Paper

Chlitina has identified green packaging as a key focus of its green product management strategy. Since 2023, FSC Mix-certified paper has been incorporated into the packaging design of newly developed products.

FSC Mix certification indicates that the paper may consist of materials sourced from FSC-certified forests, recycled materials, and controlled wood. The certification primarily reflects responsible sourcing and chain-of-custody requirements and does not necessarily mean that the paper is made entirely from recycled materials.

In 2025, the Group used a total of 96.24 tons of paper packaging materials, of which 75.07 tons were FSC Mix-certified paper, representing approximately 78.00% of total paper packaging inputs.

Based on the Group's total packaging material input of 2,707.99 tons, FSC-certified paper accounted for approximately 2.77%. Based on the total annual input of major materials of 2,968.32 tons, FSC-certified paper represented approximately 2.53%.

The Group will continue expanding the use of sustainably certified paper materials. It will also prioritize evaluating the feasibility of introducing recycled materials, lightweight packaging, refill packaging, empty-container recycling, and product carbon footprint management for high-volume packaging materials, including plastic bottles, bottle caps, and glass containers.

Material Attribute	Material Category	Total Annual Input (A) (tons)	Recycled Material (B) (tons)	Recycled Material Content (B/A)
Sustainably certified material	Paper packaging (cartons, leaflets; FSC-certified)	96.24	75.07	78.00%
Non-recycled packaging	Plastic packaging (bottles and caps; rPET under development	1,669.59	0	0%
Non-recycled packaging	Glass packaging	916.62	0	0%
Non-recycled packaging	Metal components (aluminum tubes and spray pumps)	25.54	0	0%
Total (Packaging materials)		2,707.99	75.07	2.77%

2025–2030 Sustainable Packaging Targets

The Group's medium- to long-term strategy focuses on expanding the use of sustainable paper materials, continuously improving packaging design, and reducing plastic use. It will progressively establish green packaging performance indicators that are measurable, traceable, and verifiable.

Indicator	2025	2030 Target
FSC-certified paper adoption rate	78%	100%
Gift box structural improvement rate	93%	(Implemented in accordance with regulations restricting excessive product packaging)
Plastic reduction rate	10%	15%

2025-2030 Material Sustainability Targets

- FSC-certified paper for paper cartons: approximately 78% in 2025, increasing to 100% by 2030.
- Packaging reduction target: improve from 93% in 2025 to 98% by 2030, in accordance with the Regulations Governing Restrictions on Excessive Packaging of Products.
- Plastic reduction target: increase from 10% in 2025 to 15% by 2030.

Three Key Green Packaging Initiatives

Chlitina promotes green packaging through three key areas: paper sourcing, printing processes, and packaging design. By adopting sustainably certified paper, using printing materials with lower environmental impacts, and continuously improving gift box structures, the Group aims to reduce packaging material consumption, lower the environmental impact of production processes, and decrease transportation volume.

-Initiative 1: Expanding the Use of FSC-Certified Paper

The Forest Stewardship Council (FSC) certification is internationally recognized as one of the most rigorous standards for sustainable forest management. It requires pulp sources to meet three core principles: ecological protection, community rights, and transparent management.

The Group also plans to pursue FSC Chain of Custody (CoC) certification to strengthen the traceability of certified materials from forest harvesting through to final delivery.

The Group has established a medium-term goal of using FSC-certified paper for 100% of its paper packaging. In accordance with its sustainable packaging roadmap, it will progressively increase adoption from a short-term coverage target of at least 80% to full implementation.

-Initiative 2: Promoting Environmentally Friendly Printing

During printing and drying, conventional petroleum-based inks may generate volatile organic compound (VOC) emissions, potentially affecting the printing environment, air quality, and the occupational health and safety of workers throughout the supply chain. To support environmental protection and supply chain occupational health and safety, Chlitina is progressively transitioning all product cartons to environmentally friendly inks, thereby reducing the environmental impact of printing processes and improving workplace conditions. In 2025, the Group achieved 100% use of environmentally friendly water-based inks for all product cartons and shipping cartons. The Group works closely with its core printing suppliers to achieve this objective through ink substitution, adjustment of printing conditions, optimization of equipment parameters, and print quality inspections, ensuring that brand color consistency, packaging quality, and product recognition are maintained.

Going forward, the Group will continue reviewing suppliers' ink usage records, Safety Data Sheets (SDS), supporting documentation for environmentally friendly inks, and printing quality performance. The adoption of environmentally friendly inks will also be incorporated into packaging supply chain management and green packaging performance monitoring.

Technical Management of Environmentally Friendly Printing

- Ink material management:
  Give priority to water-based inks, vegetable oil-based inks, or other low-VOC formulations as alternatives to conventional high-solvent inks. Actual VOC reductions depend on ink formulation, printing method, drying conditions, and supplier testing data.
- Process and equipment management:
  Suppliers should provide appropriate ventilation, exhaust collection, or treatment facilities based on the characteristics of their printing processes, while managing printing temperature, humidity, drying speed, and ink viscosity to maintain print quality and ensure workplace safety.
- Color and quality management:
  Standard color references, color difference control, calibration of printing parameters, and sampling inspections are used to manage potential variations in color saturation, gloss, and adhesion resulting from different environmentally friendly ink formulations.

-Initiative 3: Promoting Lightweight Gift Box Design

Seasonal gift boxes and product sets in the beauty industry often feature multi-layered packaging to enhance brand presentation, product protection, retail display, and the consumer experience. However, without optimized packaging structures, such designs may increase packaging weight, transportation volume, logistics-related carbon emissions, and the difficulty of recycling composite materials.

In line with its green packaging and resource efficiency objectives, the Group continues to improve the structural design of gift boxes and product sets through lightweight packaging initiatives. In 2025, the Group achieved a 93% gift box structural improvement rate, an increase from 90% in 2024. Structural optimization measures—including weight reduction, material reduction, and volume reduction—resulted in a cumulative reduction of 10,628.80 kilograms of packaging materials during the year.

Improvement measures included reducing unnecessary inner inserts, optimizing box structures, decreasing packaging material thickness, improving space utilization, and reducing the use of composite packaging materials. These initiatives help reduce packaging material consumption and logistics impacts while maintaining product protection, brand presentation, and the consumer experience.

Four Areas of Gift Box Lightweighting

- Reducing unnecessary inner inserts:
  Review and reduce decorative pads, fabric linings, and plastic trays that serve primarily aesthetic purposes, replacing them with structural designs that provide product support and cushioning.

- Introducing integrated dividers:
  Replace multi-layer or multi-piece dividers with single-piece integrated locking structures to reduce the number of components and adhesive use while improving ease of disassembly and recycling.
- Reducing outer box dimensions:
  Optimize internal packaging space based on product dimensions, product arrangement, and transportation testing to improve packing efficiency and reduce packaging materials and logistics space required per product.
- Increasing the use of single-material packaging**:**
  Where product protection and appearance requirements allow, reduce the combination of paper, plastic, metal, and textile materials to improve packaging recyclability and recovery value.

As part of its plastic reduction efforts, the Group also reviewed the use of sealing labels and shrink wrap. In 2025, the number of sealing labels was reduced by two, while shrink-wrap applications were reduced by ten. The Group will continue evaluating alternative packaging designs, paper-based structures, plastic film-free packaging, and recyclable materials. The remaining 7% of gift boxes yet to be improved primarily consist of premium limited-edition gift sets, which require further design validation and collaboration with suppliers due to product protection, brand presentation, structural strength, and cost considerations. The Group plans to increase the gift box structural improvement rate to 97% in 2026 while continuing to promote packaging reduction, plastic reduction, and low-carbon packaging design.

Visible Packaging Reduction, FSC Paper, and Easy-Open Packaging

The Group continues to integrate sustainability into product packaging design and supply chain management by advancing packaging reduction, material substitution, certified paper sourcing, innovative opening features, and consumer recycling initiatives.

As highlighted in previous sustainability reports, green packaging remains a key focus of the Group’s green product management strategy. Environmental considerations are incorporated throughout product design and development, including raw material sourcing, manufacturing, distribution, product use, and end-of-life recycling, with the aim of reducing the environmental impacts of its products.

Visible Packaging Reduction Design

To make packaging reduction achievements more visible to consumers, the Group has introduced packaging designs that clearly communicate material reduction. Through improvements to packaging structures and enhanced information disclosure, these initiatives transform internal design changes into sustainability features that consumers can readily recognize. Key measures include:

- Removing unnecessary decorative cardboard inserts from product cartons and replacing them with simplified structural designs.
- Printing selected product information on the inside of cartons instead of providing separate instruction leaflets.
- Introducing transparent windows on selected products so consumers can view the contents without opening the package.
- Simplifying gift box packaging by replacing multi-layer nested structures with single-layer flip-top designs, reducing both paperboard consumption and packaging volume.

For products that have adopted packaging reduction designs, the Group plans to disclose the percentage of packaging reduction, key design improvements, and recycling guidance on product packaging or digital information pages. Consumers will also be able to access dedicated sustainable packaging information through QR codes, enhancing awareness of and confidence in the Group's green packaging initiatives.

These innovative design practices are tracked through the Design Department's internal project management records. Going forward, the Group will continue strengthening documentation, including product lists, packaging weight and dimension comparisons before and after improvements, and bills of materials (BOMs), to support annual disclosure and verification.

Expanding the Use of FSC-Certified Paper

The application of FSC-certified paper is being expanded beyond product cartons to include instruction leaflets, product catalogs, and in-store promotional materials. By 2026, the Group plans to extend its use to all internal documents and gift items.

The FSC logo is printed on the outer packaging of every new product alongside the brand message, "From Responsibly Managed Forests." Consumers can scan a QR code to access information about the forest source of the paper materials.

Easy-Open Packaging Innovation

To minimize damage to paper cartons during opening and reduce the use of adhesives and single-use sealing materials, the Group is promoting Easy-Open packaging designs. This approach replaces certain glued seals with precision pre-scored tear lines, allowing consumers to open cartons more easily while preserving the integrity of the packaging, thereby improving the convenience of subsequent sorting and recycling. Technical challenges include controlling the precision of pre-scored lines, accommodating paper fiber direction, ensuring a consistent opening experience, and maintaining compression resistance and protection against accidental opening during transportation.

The Group plans to work with paper and printing suppliers to test suitable paperboard materials, die-cutting parameters, and structural strength. Easy-Open designs will be introduced first in new product packaging and progressively evaluated for existing products during packaging updates or redesigns. The primary environmental benefits include reducing the use of adhesives and sealing materials, lowering the risk of paper contamination or mixed waste resulting from package opening, and improving the efficiency of paper recycling.

Empty Bottles and Packaging Recycling

Chlitina promotes its empty bottle recycling program through its global franchise network, establishing a consumer-facing collection system.

Consumers and employees may return empty CHLITINA product bottles and shipping cartons, empty containers from other brands, as well as recyclable clothing and books at franchise stores, branch offices, or the Group's headquarters. Collected recyclable materials are transferred to qualified recycling organizations for quantitative data collection and environmentally responsible processing.

At its Shanghai headquarters, the Group has established an internal circular recycling program through its franchise network that combines public awareness campaigns, collection points, and incentive mechanisms for empty bottle recycling, strengthening consumer environmental awareness and encouraging participation.

2025 Recycling Performance

Indicator	2025 Results	Description
Annual recycling volume	14.5 tons	Annual target: 12 tons; achievement rate: 121%
Carbon emissions avoided	39.44 tons	Carbon emissions avoided through the empty bottle recycling program in 2025
Empty bottles collected	175,000	Including CHLITINA and other brands' empty bottles
Participating stores	214 locations	Across 60 cities
Consumer participation	More than 330,000 visits	Consumers participating through franchise stores
Cumulative recycling volume (as of the end of 2025)	Nearly 37 tons	Equivalent to approximately 90 tons of avoided carbon emissions
Cumulative empty bottles collected	Approximately 462,500	Since the program was launched in 2022

In 2025, the Group collected 14.5 tons of empty bottles, significantly exceeding its annual target of 12 tons and achieving a completion rate of 121%, demonstrating continued growth in consumer participation.

Since the program was launched in 2022, the Group has also conducted a cumulative total of 280 training sessions and promotional events through senior leadership presentations, Germès training courses, branch meetings, and employee training programs, reaching 10,991 participants and continuing to strengthen environmental awareness among both consumers and employees.

Green Product Development Achievements

In 2025, Chlitina continued to advance green product development by integrating environmentally responsible practices throughout the product life cycle. Green innovation initiatives covered formulation design, manufacturing technologies, packaging materials, and product development processes.

Through the adoption of cold-process manufacturing, lightweight packaging, naturally derived ingredients, clean formulations, and packaging designs with lower environmental impacts, the Group progressively reduced the environmental footprint of its products during manufacturing, packaging, and use.

In manufacturing, the Group continued expanding the application of cold-process technology. In 2025, 62% of newly developed and self-manufactured products adopted cold-process manufacturing. By reducing heating requirements and shortening energy-intensive processing time, this technology improves manufacturing energy efficiency. It is particularly suitable for selected skincare products, serums, and facial masks, enabling reduced energy consumption while maintaining formulation stability and product quality.

In packaging, the Group continued promoting lightweight packaging and optimized packaging structures for individual products. By reducing packaging weight, simplifying structural design, eliminating unnecessary auxiliary materials, and improving space efficiency, the Group reduced packaging material consumption and logistics requirements. Optimized packaging designs have already been introduced for individual products in the skincare product line and will be progressively extended to additional product lines.

In formulation design, the Group continued increasing the use of naturally derived and plant-based ingredients. In 2025, newly launched skincare products contained an average of 46% naturally derived ingredients, based on internal assessments conducted in accordance with the ISO 16128 Guidelines on Natural and Organic Cosmetic Ingredients. The Group also continued advancing research into plant stem cell cultivation technologies and related active ingredients as a future direction for developing high-performance products with lower environmental impacts and greater product differentiation.

In addition, the Group continued developing clean formulations by progressively evaluating and reducing the use of selected chemical ingredients that are considered controversial or are of particular concern to consumers, while maintaining product safety, efficacy, stability, and regulatory compliance.

Going forward, the Group will establish green product development indicators, including increasing the proportion of new products using cold-process manufacturing, measuring packaging reduction achievements, increasing the proportion of naturally derived ingredients, and expanding the use of sustainable packaging materials, thereby strengthening the quantitative management and disclosure of its green product development performance.

Green Innovation Area	2025 Results	Representative Products / Examples
Cold-process manufacturing	Adopted in 62% of newly developed and self-manufactured products	Improved manufacturing energy efficiency
Lightweight product packaging	Significant reduction in packaging weight for individual products	Skincare product line (optimized packaging structures)
Sustainable new product development	67%	Covering skincare products, serums, and facial masks
Natural / Plant-based ingredients	Newly launched skincare products contained an average of 46% naturally derived ingredients (based on ISO 16128)	Plant stem cell cultivation technology under development
Clean formulation development	Ongoing	Reducing the use of selected controversial chemical ingredients

Sustainability Vision

Chlitina regards green packaging, low-carbon manufacturing processes, sustainable product development, and consumer recycling initiatives as essential foundations for achieving sustainable development.

The achievements highlighted in this section—including the adoption of FSC-certified paper, the use of environmentally friendly inks, lightweight packaging, cold-process manufacturing, and the empty bottle recycling program—support the Group’s long-term transformation toward becoming a brand that combines product quality, aesthetic excellence, and environmental responsibility.

Looking ahead to 2030, Chlitina will continue to focus on five strategic priorities: reduction, substitution, recycling, regeneration, and transparency. The Group will establish medium- and long-term management objectives across four key areas: packaging materials, product development, recycling and resource regeneration, and environmentally responsible manufacturing processes, while progressively strengthening data management, supplier collaboration, and consumer engagement.

2030 Circular Beauty Goals

Chlitina Holding Group’s Circular Economy Outlook

Packaging materials

- Continue increasing the use of FSC-certified paper, progressing toward full adoption.
- Continue optimizing gift box structures and develop single-material packaging that is easier to recycle.

Product Development

- Continue expanding the use of cold-process manufacturing to reduce product carbon footprint.
- Increase the proportion of naturally derived ingredients in formulations and progressively expand the share of green products.

Recycle and Resource Regeneration

- Gradually increase packaging recycling rates and promote a closed-loop value chain.
- Expand the coverage of in-store recycling collection points.

Environmentally Responsible Manufacturing

- Continue transitioning to environmentally friendly inks to reduce volatile organic compound (VOC) emissions.
- Improve water reuse efficiency.

To achieve its green product transformation objectives, the Group will implement resource investments, cross-functional collaboration, and supply chain integration in phases over the medium and long term. With management serving as the central coordinating body, the Group will work across R&D, procurement, supply chain, marketing, finance, and other relevant functions to progressively integrate packaging reduction, low-carbon material adoption, recycling systems, and environmentally responsible manufacturing processes into product development, procurement decisions, supplier management, and annual budget planning.

Looking ahead to 2050, the Group’s long-term direction for packaging and manufacturing processes will focus on environmental responsibility, recyclability, traceability, and low pollution. The Group will continue promoting environmentally recyclable materials for all applicable packaging components, including cartons, inserts, bottles, labels, and auxiliary packaging materials. It will also continue transitioning to environmentally friendly inks to reduce the environmental impacts of printing processes and improve workplace conditions. At the same time, the Group will progressively reduce unnecessary plastic wrapping and single-use plastic packaging accessories while strengthening packaging reduction initiatives.

From a governance perspective, the Group’s existing sustainability governance framework designates the Board of Directors as the highest decision-making body for sustainable development. The Chief Executive Officer serves as the Chief Convener of the Sustainable Devolopment Planning Team and reports ESG implementation progress to the Board at least once every quarter. In addition, the Group plans to establish a Sustainability Committee in the second quarter of 2026.

Externally, the Group will continue collaborating with packaging suppliers, printing suppliers, recycling service providers, professional organizations, and industry associations to advance initiatives such as the adoption of FSC-certified paper, environmentally friendly inks, empty bottle recycling, and packaging reuse. The scope of implementation will be expanded progressively based on technology maturity, product quality, regulatory compliance, and cost feasibility.

Current Challenges and Future Direction

Chlitina continues to advance its green management initiatives and has already achieved initial progress in areas including FSC-certified paper, environmentally friendly inks, lightweight gift box design, cold-process manufacturing, and empty bottle recycling. At the same time, the Group continues to face challenges related to supply chain decarbonization, establishing closed-loop recycling systems, increasing the use of recycled materials, and assessing nature-related risks.

Supply Chain Decarbonization

Based on the Group's internal greenhouse gas inventory and estimates, Scope 3 emissions account for 94.89% of total emissions, indicating that upstream and downstream value chain activities represent the Group's primary carbon management hotspot.

As the Group's supply chain encompasses raw materials, packaging materials, logistics, distribution channels, and more than 4,000 franchise stores, decarbonization depends on supplier data collection, the establishment of emission factors, procurement strategy adjustments, and behavioral changes across franchise operations.

Going forward, the Group will progressively establish a systematic supplier carbon management framework, including supplier carbon data collection, greenhouse gas inventories for key suppliers, preferential procurement of low-carbon materials, logistics efficiency improvements, and energy-saving guidance for franchise stores, thereby enhancing the transparency and effectiveness of Scope 3 emissions management.

Building a Closed-Loop Recycling System

The Shanghai headquarters has already implemented empty bottle and packaging recycling initiatives. However, compared with the total annual volume of packaging materials used, the recycling rate remains relatively low.

Current efforts focus primarily on expanding consumer participation, increasing in-store collection, and promoting environmental awareness. Going forward, the Shanghai headquarters will further develop its recycling management system by progressively establishing collection sites, tracking recycling volumes, classifying recovered materials, and strengthening integration with franchise store management.

Adoption of Recycled Materials

Beauty product packaging places high demands on transparency, color consistency, formula compatibility, airtightness, chemical resistance, and brand presentation.

The Group will continue working with packaging suppliers to improve material purity, conduct formulation compatibility testing, accelerated aging tests, and small-scale production trials. Recycled materials will first be introduced in low-sensitivity product categories before being gradually expanded as product quality, supply stability, and regulatory compliance are fully validated.

Biodiversity and Nature-Related Risks

As naturally derived ingredients, plant-based formulations, and responsible sourcing become increasingly important, the Group continues to monitor the potential dependencies and impacts of its operations and supply chain on biodiversity and natural capital.

Natural raw materials may involve issues related to land use, water resources, agricultural management, forest resources, and local ecosystems. Accordingly, the Group will continue strengthening its evaluation of raw material sourcing, ecological impacts, and supplier management.

Going forward, the Group will adopt a risk-based approach by prioritizing source assessments for natural raw materials with high usage volumes, high environmental sensitivity, or elevated supply risks. It will progressively introduce supplier declarations, sustainable sourcing documentation, origin-based risk screening, and nature-related risk assessments.

Over the medium to long term, the Group plans to draw on the Taskforce on Nature-related Financial Disclosures (TNFD) framework to establish a structured approach for managing nature-related dependencies, impacts, risks, and opportunities.

Chapter 3 | Social –Employee Engagement and Social Impact

Environmental sustainability provides the foundation, but people are the true cornerstone of sustainable development. Building on the discussion of green management, this chapter shifts the focus to Chlitina's most valuable asset—its people.

Chapter 2 presented the Group's strategy and practices under the first pillar of the ESG+P framework, Environmental, covering climate governance, environmental management, and green products. Ultimately, however, every green initiative depends on people to make it happen. It is the R&D teams who bring cold-process manufacturing into practice, store partners who promote the empty bottle recycling program, and supply chain managers who ensure responsible sourcing. Accordingly, this chapter, which addresses the second pillar of the ESG+P framework—Social—focuses on how Chlitina continues to foster an inclusive and supportive workplace, values talent development and human rights protection, promotes workplace harmony, and contributes to society through its management philosophy and concrete actions.

As of the end of 2025, Chlitina employed 815 full-time employees worldwide, with women accounting for 74% of the workforce, reflecting the gender profile characteristic of the beauty industry. The Group's human rights policy applies throughout the organization, covering employees, franchise partners, and workers across its supply chain. Within Chlitina's ESG+P framework, the Social pillar extends beyond regulatory compliance to become a core consideration in business operations. The Group is committed to embedding a people-centered management philosophy throughout the organization and ensuring that human rights are respected in day-to-day operations through clear policy commitments and practical implementation.

This chapter is organized into three sections. Section 3.1, Human Rights Policy Statement, establishes the institutional foundation for protecting human rights. Section 3.2, Workplace Harmony and Employee Development, presents the Group's initiatives to support employee well-being and professional growth. Section 3.3, Public Welfare and Community Care, highlights how Chlitina gives back to society through initiatives such as the Light Up Fund and other community engagement programs. The chapter begins with human rights because they represent the fundamental baseline for all social initiatives and a commitment on which no compromise can be made.

3.1 Human Rights Policy Statement

Chlitina believes that respect for human rights is the foundation of sustainable development and that long-term business competitiveness is built upon protecting the fundamental rights of every stakeholder, including employees, franchisees, suppliers, and workers throughout the supply chain.

As a service-oriented business that depends heavily on people, the beauty industry relies on the expertise of R&D professionals, the precision of manufacturing employees, and the attentive service provided by beauty consultants across more than 4,000 franchise stores worldwide. Human rights protection is therefore not only a matter of legal compliance but also a key factor influencing service quality, brand reputation, and operational resilience.

This section outlines the Group's efforts across six key areas: its human rights policy framework, diversity and equal opportunity, fair compensation, non-discrimination, the prohibition of child labor, and maternity protection.

Human Rights Framework and Governance

Alignment with International Standards

Chlitina’s human rights policy is based on the principles set out in internationally recognized human rights instruments, including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the conventions of the International Labour Organization.

The United Nations Guiding Principles on Business and Human Rights establish three pillars of responsibility: the State duty to protect, the corporate responsibility to respect, and access to remedy. Building on this international framework, the Group has established a comprehensive human rights management system that covers all of its operations while complying with applicable local laws and regulations, including Taiwan’s Labor Standards Act, Act of Gender Equality in Employment, and Employment Service Act, as well as Mainland China's Labor Law, Labor Contract Law, and Law on the Protection of Minors.

Governance Structure and Responsibilities

The Board of Directors is the highest governing body responsible for human rights oversight. The Sustainable Devolopment Planning Team is responsible for formulating, implementing, and conducting annual reviews of the Group’s human rights policy.

At the operational level, the Human Resources Center serves as the primary department responsible for human rights management, working closely with the Legal Department, Internal Audit Office, and regional operational managers to implement day-to-day management activities.

Governance Level	Role	Key Responsibilities	Frequency
Board of Directors	Highest oversight	Review policies and receive quarterly performance reports	Quarterly
Sustainable Devolopment Planning Team	Strategy development	Establish annual objectives and coordinate cross-functional implementation	Quarterly
Human Resources Center	Primary implementation	Daily management, grievance handling, and training	Ongoing
Legal Department	Regulatory Compliance	Monitor regulatory developments and support grievance investigations	Ongoing
Internal Audit Office	Independent assurance	Conduct annual compliance audits	Annually
Regional Management	Local implementation	Localize policy implementation and manage cultural differences	Annually

Six Major Human Rights Commitments

Approved by the Board of Directors, the Group’s Human Rights Policy is built upon six core commitments. These commitments apply not only to the Group’s own operations but are also extended throughout the value chain through the Supplier Code of Conduct and franchise agreements, creating a comprehensive human rights protection framework from headquarters to franchise stores and from products to consumers.

⭑ Chlitina's Six Human Rights Commitments
❶ Zero Tolerance for Discrimination: The Group prohibits discrimination based on gender, race, language, religion, nationality, age, marital status, pregnancy, appearance, or physical or mental disability. ❷ Fair Compensation: The Group conducts annual systematic pay equity reviews to ensure that compensation decisions are based on job value and performance rather than gender or other personal characteristics. ❸ Prohibition of Child Labor: The Group maintains a zero-tolerance policy toward the employment of individuals below the legal minimum working age. Mandatory age verification through official identification is required throughout the recruitment process. This requirement is also extended to suppliers through the Supplier Corporate Social Responsibility Commitment, which explicitly prohibits the use of child labor. ❹ Freedom of Association: The Group respects employees' rights to organize and participate in labor unions. Labor-management meetings are held regularly at its Taiwan operations, while labor unions are established at its Mainland China operations in accordance with local laws to safeguard employees' collective bargaining rights. ❺ Maternity Protection: The Group provides protective measures for pregnant and breastfeeding employees. In Mainland China, employees are entitled to one hour of breastfeeding time per day until their child reaches one year of age. In Taiwan, employees who personally breastfeed or express milk for children under two years of age are entitled to an additional 60 minutes of breastfeeding or expressing time each day. The Group also continues to improve lactation room facilities and strictly prohibits discrimination or barriers to returning to work related to pregnancy or childbirth. ❻ Grievance Protection: The Group has established four confidential grievance channels—its corporate website, email, hotline, and written submissions—and strictly enforces whistleblower protection measures. The Group expressly commits that individuals who raise concerns in good faith will not be subject to retaliation, demotion, reassignment, or any other adverse treatment.

These six commitments represent the Group's non-negotiable minimum standards for human rights management.

The Group believes that the true value of a human rights policy lies not in the wording of its commitments, but in whether the organization has the capability, commitment, and systems to respond effectively when violations occur. Accordingly, the following section explains how the Group translates these commitments into practical, measurable, and continuously improving management practices through its ongoing human rights due diligence process.

Human Rights Due Diligence

As part of its risk identification process, the Group conducts annual questionnaire-based assessments covering all operating locations, including its headquarters in Taiwan, operations in Mainland China, R&D center, manufacturing facility, subsidiaries, and branch offices.

The assessments cover three key areas: labor rights, occupational health and safety, and personal data privacy. Questionnaire design is tailored to reflect the regulatory environment and industry-specific risks of each region.

Five-Step Human Rights Due Diligence Process and 2025 Results

Due Diligence Step	Implementation	Frequency	2025 Results
1. Risk identification	Annual risk assessment questionnaire covering labor rights, occupational health and safety, and personal data privacy	Annually	Assessments completed for all operating locations; all were rated as “Low Risk.”
2. Impact assessment	Cross-analysis incorporating stakeholder survey responses (1,212 questionnaires)	Annually	Pay equity identified as the highest-priority issue.
3. Preventive measures	Policy updates, employee training, and promotion of supplier EHS Commitment signing	Ongoing	211 employee training sessions conducted during the year; 84% of suppliers signed the EHS Commitment.
4. Grievance mechanism	Four reporting channels (corporate website, email, hotline, and written submissions); investigations initiated within seven days	Anytime	Zero discrimination cases and zero child labor cases during the year.
5. Monitoring and reporting	Sustainable Development Planning Team compiles performance reports for Board review	Quarterly	Four quarterly reports submitted and reviewed by the Board.

The results of the 2025 human rights due diligence assessment indicate that no significant human rights violations were identified across any of the Group’s operating locations, including its headquarters in Taiwan, operations in Mainland China, R&D center, manufacturing facility, subsidiaries, and branch offices. All locations were assessed as presenting a “Low Risk” level.

A “Low Risk” rating, however, does not mean “No Risk.” The Group identified two areas requiring continued attention and improvement:

Areas for Continued Improvement in 2025
• Gender pay gap among management: The global ratio of women’s to men’s base salary for management positions was 0.75:1. While part of this difference reflects variations in years of service, the Group will continue narrowing the gap through systematic measures such as a formal job certification framework. • Supplier EHS Commitment coverage: A total of 189 suppliers have completed the Environmental, Health, and Safety (EHS) Commitment, representing 84% coverage. The Group will continue encouraging the remaining suppliers to complete the commitment, with a target of exceeding 90% coverage by 2030.

The Group has chosen to disclose these areas transparently because it believes the value of a sustainability report lies not in presenting a perfect image, but in building long-term trust through openness and accountability. Each improvement area has been incorporated into the Group’s annual management objectives, with clearly defined implementation timelines and assigned responsibilities.

Diversity and Equal Opportunity

Diversity and Inclusion are core values of the Group's human resource management.

Within the global beauty industry, the Group's workforce reflects the industry's distinctive female-majority composition. While this is a natural characteristic of the sector, it also presents specific management considerations: how to ensure that minority groups—including male employees, different age groups, and employees from diverse regional backgrounds—enjoy equal opportunities for development, and how to remove barriers that may prevent the Group's predominantly female workforce from advancing into management positions.

The Group has established diversity and inclusion policies that prohibit discrimination in recruitment, promotion, and compensation on the basis of gender, age, religion, race, or other personal characteristics, ensuring that organizational decisions are free from bias. Key management practices include standardized job descriptions and qualification requirements, competency-based promotion evaluations rather than subjective assessments, and a job certification framework that objectively measures professional capabilities, thereby minimizing unconscious bias in human resource decisions.

Governance Level Diversity

Diversity at the governance level is the starting point for fostering a strong diversity, equity, and inclusion (DEI) culture throughout the organization. Chlitina's Board of Directors consists of eight members, including four women, representing 50% of the Board. Compared with the relatively low proportion of female directors among many listed companies in Taiwan, the Group's 50% female representation demonstrates its commitment to gender equality. This balance is not the result of pursuing numerical gender quotas, but rather the natural outcome of the Group's long-term commitment to developing female leadership. With a strong pipeline of female talent across entry-level and middle management positions, gender balance at the Board level has developed organically.

The Board also reflects professional diversity. Its eight directors collectively bring expertise in operations management, finance and accounting, law, and marketing. Independent directors occupy four seats, representing 50% of the Board, in line with good corporate governance practices. This composition enables the Board to evaluate significant matters—including sustainability strategy, risk management, and new business investments—from multiple perspectives, including financial, legal, technological, and market viewpoints, reducing the risk of decisions being dominated by a single area of expertise.

Governance Diversity Indicator	Number / Percentage	Description
Total Board seats	8	Four non-independent directors and four independent directors
Female directors	4 (50%)	Reflects the Group's commitment to gender equality
Independent directors	4 (50%)	Supports governance best practices and independent oversight
Age distribution: 40-50	25% (2 directors)	Contributes innovative perspectives and digital transformation experience
Age distribution: 50-60	13% (1 director)	Brings cross-generational communication and implementation capabilities
Age distribution: over 60	62% (5 directors)	Provides extensive industry experience and strategic judgment
Professional expertise	Industry experience and professional skills	Operations management, finance and accounting, law, and marketing

Employee diversity

As of the end of 2025, the Group employed 815 people worldwide, of whom 603 (74%) were women and 212 (26%) were men, reflecting the beauty industry’s strong reliance on female professionals. Notably, this high female representation extends beyond the general workforce into leadership positions, where women accounted for 71% of management roles. This demonstrates that women are not only the majority of the workforce but also play a leading role in decision-making. The result reflects the Group's ongoing investment in building a strong female leadership pipeline through management capability certification programs, cross-functional job rotations, and a mentorship program designed to support the advancement of female managers into senior leadership positions.

Employee Category	Female	Male	Under 30	30-50	Over 50
Management	71%	29%	1%	80%	19%
Non-Management	75%	25%	18%	78%	4%
Total Workforce	74%	26%	15%	78%	7%

From an age perspective, employees aged 30–50 accounted for 78% of the workforce, forming the Group’s core talent base. Employees under 30 represented 15%, bringing fresh ideas and innovation, while employees aged over 50 accounted for 7%, contributing valuable industry expertise and customer relationships. Among management positions, employees under 30 represented only 1%, reflecting the experience generally required for leadership roles. However, the Group accelerates management development for high-potential young employees through its Management Trainee Program, ensuring career progression remains dynamic and accessible.

The Group also promotes broader social inclusion by employing people with disabilities in accordance with legal requirements. Employees with disabilities are assigned to positions suited to their capabilities and are provided with accessible workplaces and reasonable job accommodations. The Group believes that diversity extends beyond gender and age to include embracing and supporting people with different physical and mental abilities, enabling every employee to realize their full potential.

Fair compensation is one of Chlitina’s six core human rights commitments and was identified by employees as the issue of greatest concern in stakeholder surveys. The Group has established compensation policies that clearly commit to equal pay for employees with the same job grade and performance, regardless of gender, ethnicity, or nationality. Fair pay is not only a fundamental human rights issue but also directly influences employee engagement, retention, and organizational commitment. Employees who perceive pay as unfair are significantly more likely to leave the organization. Accordingly, the Group regards pay equity as a central element of its talent retention strategy.

The Group’s compensation management is guided by three principles: external competitiveness, internal fairness, and strong alignment with performance. Annual compensation reviews benchmark salaries against the external market to maintain competitiveness, while year-end internal equity analyses examine whether unreasonable pay differences exist among employees with the same job level and performance.

The following table presents the female-to-male compensation ratios by region and employee category for 2025.

Employee Category	Region	Base Salary Ratio (F:M)	Total Compensation Ratio (F:M)
Management	Taiwan	0.76:1	0.83:1
Management	Mainland China	0.64:1	0.68:1
Non-Management	Taiwan	0.73:1	0.80:1

Employee Category	Region	Base Salary Ratio (F:M)	Total Compensation Ratio (F:M)
Non-Management	Mainland China	0.96:1	0.97:1
Management Overall Average	Global	0.75:1	0.76:1

Interpretation of Results and Gap Analysis

Across the Group, female-to-male pay ratios for non-management employees reached 0.94:1 for base salary and 0.95:1 for total compensation, indicating near parity. This is largely attributable to the highly standardized compensation system in Mainland China, where salary ranges for the same job grade are clearly defined and employee tenure is relatively balanced, minimizing the influence of gender on pay. This represents the Group's strongest example of pay equity in practice.

For management positions, the global female-to-male base salary ratio was 0.75:1, indicating a more noticeable gap. Further analysis identified the following primary reasons:

- Male senior managers have an average tenure of more than 15 years, compared with approximately 10 years for female managers. The cumulative effect of longer service contributes to higher average salaries for male managers.
- Certain specialized management positions, such as R&D supply chain management and information technology management, have historically been held predominantly by men, and these positions generally command higher market salaries.

While these factors help explain the structural causes of the gap, the Group believes that companies have a responsibility to take proactive measures to reduce gender pay disparities, even where historical structural factors are involved.

Measures to Improve Pay Equity
• Strengthen the institutional link between job certification and compensation: Make professional competency certification the primary basis for salary progression, rather than relying mainly on years of service, ensuring that employees with equivalent capabilities receive comparable compensation. • Annual external salary benchmarking: Reference compensation surveys conducted by professional organizations, such as 104 Job Bank and Mercer, to ensure the Group’s compensation strategy remains both market competitive and internally equitable.

To monitor effectiveness, the Human Resources Center compiles annual gender pay ratio data by job level and uses the results to support salary adjustment recommendations, helping maintain both fairness and market competitiveness.

Non-Discrimination Policy

Discrimination is a fundamental violation of human dignity. The Group maintains a zero tolerance policy toward discrimination and strictly prohibits all forms of discrimination, harassment, and abuse. Employees shall not receive unequal treatment in the workplace on the basis of race, social class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, or disability. This policy applies throughout the employee lifecycle—including recruitment, hiring, promotion, salary adjustments, training, and termination—and extends beyond employees to include job applicants, interns, supplier personnel, and all individuals interacting with the Group.

Zero tolerance means more than imposing strict consequences after misconduct occurs; it also emphasizes preventing discrimination before it happens. The Group builds an inclusive workplace culture through three complementary approaches. First, at the systems level, anti-discrimination controls are embedded into human resources processes, such as using structured interview scorecards during recruitment to reduce interviewer bias. Second, at the education level, all employees receive annual human rights training, with particular emphasis on identifying and managing unconscious bias. Third, at the cultural level, senior leaders lead by example, diverse teams are actively encouraged, and open dialogue is promoted to create a workplace where every employee feels respected, included, and able to be themselves.

2025 Discrimination Cases

Type of Discrimination	Number of Cases	Corrective Actions	Case Status
Gender discrimination	0	—	—
Racial / Ethnic discrimination	0	—	—
Age discrimination	0	—	—
Religious discrimination	0	—	—
Disability discrimination	0	—	—
Other forms of discrimination	0	—	—
Total	0	0	—

In 2025, the Group recorded zero discrimination cases across all operating locations. This reflects the effective implementation of its human rights policies and preventive measures in daily operations. However, the Group also recognizes that a “zero-case” record may have two possible explanations: either discrimination did not occur because preventive measures were effective, or discrimination occurred but was not reported due to insufficient awareness of available grievance channels. To address the latter possibility, the Group strengthened awareness of its grievance mechanisms during 2025 by introducing a dedicated “Human Rights and Grievance Channels” module into new employee orientation, displaying multilingual information on reporting channels throughout office locations, and including questions on grievance channel awareness in the annual employee satisfaction survey. These efforts help monitor employees’ understanding of the reporting process and ensure that every employee feels confident in speaking up and receiving timely support whenever needed.

During the reporting period, the Group implemented two targeted improvement measures. First, the Human Resources Department conducted a compliance review of all recruitment materials, systematically examining and revising job advertisements to remove potentially discriminatory language and standardize the use of fair and compliant recruitment terminology, thereby minimizing unconscious bias during the hiring process. Second, the Group strengthened maternity protection by strictly complying with parental protection regulations in each operating jurisdiction and providing measures that support employees returning to work after childbirth. These include breastfeeding breaks and upgraded nursing room facilities, ensuring that employees are not subject to any form of discrimination or barriers to reinstatement due to pregnancy or childbirth.

Grievance and Whistleblowing Mechanisms

An effective grievance mechanism is the final safeguard of the Group’s human rights protection framework. Even with comprehensive preventive measures in place, employees must have channels through which they feel safe to speak up, are able to report concerns, and have confidence that their concerns will be addressed. Chlitina has established four reporting channels to accommodate different situations and levels of severity.

Reporting Channel	Reporting Method	Applicable Situations	Handling Process
Stakeholder section on the corporate website	Anonymous online submission	General comments or suggestions; reports from external stakeholders	Preliminary assessment by Human Resources within seven days
Internal grievance mailbox	Email	Matters employees are uncomfortable raising with their direct supervisors	Confidential handling with direct access to the head of Human Resources
Supply chain grievance hotline	Dedicated phone line	Labor rights complaints from supplier or contractor personnel	Jointly handled by Human Resources and the Legal Department
Written report (Internal Audit Office)	Sealed written submission	Cases involving senior management or serious human rights violations	Independently investigated by Internal Audit, with external legal counsel engaged where necessary

The Group's grievance handling process is guided by three core principles: confidentiality, objectivity, and timeliness. All reports are handled under strict confidentiality, and the Group explicitly commits that whistleblowers will not be subject to retaliation, demotion, reassignment, or any other adverse treatment as a result of making a report. Investigations are initiated within seven working days by the Human Resources Department in collaboration with the Legal Department, the Internal Audit Office, and professionally trained third-party personnel. Upon completion of the investigation, the findings are communicated in writing to both the reporting party and the subject of the report. Where violations are substantiated, the Group imposes disciplinary measures proportionate to the severity of the misconduct, ranging from written warnings and suspension to termination of employment, regardless of the position or seniority of the individual involved. Even in years with no reported cases, complete records of the grievance mechanism's operation and annual reviews are maintained to ensure full traceability and verification.

Prohibition of Child Labor

Child labor remains one of the most serious human rights issues worldwide. According to the joint 2021 report by the International Labour Organization (ILO) and UNICEF, based on 2020 data, approximately 160 million children worldwide are engaged in child labor, with nearly half performing hazardous work. Although the beauty industry generally presents a relatively low direct risk of child labor, as manufacturing facilities are typically located in jurisdictions with well-established labor regulations and involve primarily technical work, indirect risks may still exist within upstream supply chains, particularly in raw material sourcing.

Chlitina strictly complies with labor laws in all jurisdictions where it operates, including Taiwan's Labor Standards Act and the Labor Law of the People's Republic of China, and adopts a zero-tolerance approach to child labor. The Group not only strictly prohibits child labor within its own operations but also extends this requirement throughout its supply chain.

2025 Child Labor Management Performance

Child Labor Management Indicator	2025	Description
Child labor cases	0	Across all operating locations (Taiwan, Mainland China, and overseas)
Operational risk level	Low risk	Annual assessment covering all operating locations
Suppliers signing child labor	84% (189/225)	Included in the Supplier EHS Commitment

Child Labor Management Indicator	2025	Description
prohibition clauses		Letter
Suppliers identified with significant child labor risk	0	Assessments results covering all 225 suppliers

The Group has established three lines of defense during recruitment to ensure that its zero child labor commitment is supported by robust management systems.

The first line of defense is mandatory age verification. All new hires are required to present valid identification, such as a national identity card or passport, on their first day of employment. Human Resources verifies each employee's age to ensure compliance with the applicable minimum legal working age (15 in Taiwan and 16 in Mainland China). Verification records are retained in personnel files for compliance purposes. Applicants who do not meet the legal age requirement are not employed.

The second line of defense is digital recruitment system controls. The Group's Human Resources Information System includes an automated date-of-birth verification function during employee registration. If the entered date of birth indicates that the applicant is below the legal working age, the system automatically generates an alert requiring review by the Human Resources manager. This technical control helps prevent human error.

The third line of defense is annual audits and spot checks. Each year, the Internal Audit Office conducts age verification reviews of employee records, with particular attention given to newly hired employees and interns who joined within the previous year. The 2025 audit identified zero cases of non-compliance with minimum age requirements.

Industry-Academia Internship Programs and Protection of Young Trainees

The Group works with vocational colleges and universities to provide internship opportunities for students in fields including beauty services, cosmetic R&D, chemical engineering, supply chain management, and marketing. All interns are at least 16 years of age, and internship arrangements strictly follow the protection measures outlined below.

Seven Protection Measures for Student Internships
• Three-party agreements: Internship agreements are signed among the educational institution, the Company, and the student in accordance with applicable laws, clearly defining the rights and responsibilities of each party and ensuring that internships do not constitute child labor. • Dedicated mentors: Each intern is assigned an experienced employee who provides professional guidance while monitoring the intern's well-being and emotional health. • Working hour management: Daily and weekly working hours are strictly controlled, night shifts and high-intensity work are prohibited, and adequate rest periods are ensured. • Career development: Outstanding interns are given priority opportunities for full-time employment through career pathways such as Training Assistant, Training Instructor, and Training Manager, with high performers included in the Group's talent pipeline. • Career planning: Career exploration workshops and career planning guidance are provided during the internship to help students better understand both the industry and their own career aspirations. • Occupational accident insurance: All interns are covered by accident insurance and occupational injury insurance in accordance with legal requirements to protect their health and safety during the internship period. • Clear contractual provisions: Internship agreements clearly specify working hour limits, prohibit overtime, and include provisions safeguarding rest periods and other protections.

Supply Chain Child Labor Risk Management

The Group extends its prohibition of child labor throughout its supply chain. The rationale is straightforward: even if no child labor exists within Chlitina's own operations, the use of child labor by suppliers would mean that the Group's purchasing activities indirectly support such practices. Accordingly, the Group requires all key suppliers to commit explicitly to prohibiting child labor and to accept periodic reviews conducted by the Group.

In 2025, 84% (189 of 225) of all suppliers, including both existing and newly engaged suppliers, had signed the Supplier EHS Commitment Letter, which explicitly includes a prohibition on child labor. Assessments of all 225 suppliers identified no significant child labor risks. For suppliers that have not yet signed the commitment, the Group has initiated dedicated engagement activities to increase participation. The Group is also evaluating the inclusion of EHS Commitment Letter signing as a mandatory prequalification requirement for supplier approval, whereby suppliers that have not signed the commitment would not be eligible for inclusion on the approved supplier list. This measure is intended to further strengthen social responsibility management throughout the supply chain (see Chapter 4, Supply Chain Management).

Child Labor Remediation and Corrective Action Mechanism

Although no incidents of child labor were identified in 2025, the Group has established a comprehensive Child Labor Remediation Protocol to ensure that, should any case of child labor be discovered, children's rights and well-being would be protected promptly and appropriately.

Four-Step Child Labor Remediation Process
• Notification and protection: The relevant local labor authority is notified within 24 hours, while the child's parent or legal guardian is contacted simultaneously. • Support for returning to school: The Group works with schools and social welfare organizations to assist the child in returning to education and continues to monitor their school attendance. • Root cause analysis: The unit responsible for supplier management, together with relevant departments or a dedicated task force where appropriate, investigates the cause of the incident, requires the supplier to implement corrective actions, and continuously monitors progress to prevent recurrence.

This remediation mechanism applies not only to the Group's own operations but also extends to its suppliers. If child labor is identified during a supplier audit, the supplier will be required to submit a corrective action plan within 30 days. Cooperation may continue only after the plan has been reviewed and approved. Suppliers that refuse to cooperate or fail to complete corrective actions within the required timeframe will have their business relationship with the Group terminated.

Maternity Protection and Parental Leave

In an organization where women account for 74% of the workforce, maternity protection is a core human rights issue. Career interruptions associated with pregnancy, childbirth, and childcare are among the structural factors contributing to the gender pay gap. When women are forced to choose between their careers and their families, organizations risk losing valuable experience and talent. The core objective of the Group's maternity protection policy is to ensure that female employees do not have to choose between career and family.

The Group's maternity protection measures cover three stages: pregnancy, childbirth, and childcare. These measures are designed with the understanding that each stage presents unique needs and challenges, requiring tailored support rather than a one-size-fits-all approach.

⭑ Maternity Protection Policy
-During Pregnancy • Flexible working hours: Flexible start and finish times are provided based on the employee's physical condition. • Work adjustments: Where necessary, job duties are adjusted to avoid exposure to substances that may harm the fetus or prolonged standing. • Prenatal check-up leave: Employees are granted statutory prenatal examination leave, which is not counted as ordinary sick leave. -During Childbirth • Maternity leave: Statutory maternity leave is provided with full pay in accordance with applicable laws. • Paternity leave: Male employees are encouraged to take statutory paternity leave to support shared parenting responsibilities. -During Childcare • Breastfeeding breaks: Employees in Mainland China are entitled to one hour of paid breastfeeding time each working day until their child reaches one year of age. Employees in Taiwan who personally breastfeed or express breast milk for a child under the age of two are entitled to an additional 60 minutes of breastfeeding or milk expression time each working day. Where overtime exceeds one hour beyond normal working hours, an additional 30 minutes is provided. • Dedicated lactation room: In 2025, the Shanghai office upgraded its lactation room facilities to provide a private, comfortable, and hygienic environment. • Flexible return-to-work arrangements: A transitional adjustment period is provided to help new parents gradually resume their work routines. • Return-to-work training: Employees returning from parental leave receive skills refresher training and updates on departmental developments. • Zero discrimination commitment: The Group explicitly prohibits any discrimination, demotion, or barriers to returning to work arising from pregnancy or childbirth.

2025 Parental Leave Statistics and Analysis

Parental Leave Indicator	Female	Male	Total
Employees eligible for parental leave	112	62	174
Employees who applied for parental leave	34	13	47
Application rate	30%	21%	27%
Employees due to return during the year	—	—	16
Employees who returned to work during the year	—	—	15
Return-to-work rate	—	—	94%
Retained employees from previous return cohort	—	—	7 / 9
12-month retention rate	—	—	78%

A 94% Return-to-Work Rate Demonstrates the Effectiveness of the Group's Parental Leave Policy

In 2025, 16 employees were scheduled to return to work following parental leave, and 15 returned, resulting in a return-to-work rate of 94%. This strong performance reflects the effectiveness of the Group's support measures, including its flexible return-to-work adjustment period and return-to-work training. When employees feel that the organization not only permits them to take parental leave but also genuinely welcomes them back, their willingness and confidence to return naturally increase.

A 12-Month Retention Rate of 78% Indicates Further Room for Improvement

Among the nine employees who returned from parental leave in the previous year, seven remained employed 12 months after returning, representing a 78% retention rate. Two employees left because of conflicts between childcare responsibilities and working hours. The Group is therefore considering additional support measures, including extending flexible working arrangements until a child reaches three years of age, exploring the feasibility of remote work, and providing referrals to childcare resources, with the aim of further improving the 12-month retention rate.

Male Parental Leave

In 2025, 13 male employees applied for parental leave, representing an application rate of 21%. In both Taiwan and Mainland China, men taking parental leave may still face social expectations and workplace concerns. Through public advocacy by senior management and by clearly emphasizing the gender-neutral nature of its parental leave policy, the Group encourages male employees to share childcare responsibilities. Although 13 applications remain modest in absolute terms, they represent an important sign of the Group's ongoing shift toward a culture of shared parenting. The Group looks forward to seeing this figure continue to grow and evolve in future reports.

3.2 Workplace Harmony and Employee Development

Chlitina's workplace harmony and employee development practices focus on three key areas: talent attraction and retention, employee compensation and benefits, and occupational health and safety. As of the end of 2025, the Group employed a total of 815 full-time employees, with an average age of 38.69 years and an average length of service of 6.43 years. As a people-intensive industry, the beauty sector relies heavily on its workforce. The Group's employees directly influence the service quality and customer experience associated with the CHLITINA brand. This section presents data and evidence showing how the Group has established standardized and transparent management systems for recruitment, compensation, training, and workplace safety.

3.2.1 Talent Attraction and Retention

Diversity, Equity, Inclusion (DEI), and Women Empowerment

⭑ 2025 Highlights │ DEI and Women Empowerment
‣ Women hold 50% of Board seats (4 female directors out of 8), meeting global best practice standards
‣ Women account for 71% of management positions, significantly exceeding the industry average and reflecting the brand philosophy that "Beauty is defined by women."

- Women represent 74% of the Group’s workforce, supported by institutional policies that promote workplace equity rather than relying solely on industry demographics.
- Performance evaluations achieved 100% coverage, ensuring that all employees, regardless of gender or position, receive equal opportunities for assessment.
- Among non-management employees in Mainland China, the ratio of women’s to men’s base salary is 0.96:1, approaching a full pay equity.

The beauty industry’s labor market has several distinctive characteristics: women make up the majority of the workforce, service quality depends heavily on individual professional expertise, and the franchise business model means workforce stability has a direct impact on the customer experience delivered at the point of service. As competition in the global beauty market intensified in 2025, balancing the attraction of new talent with the retention of key employees, while upholding commitments to diversity and inclusion, remained a central priority of the Group’s human resources strategy.

High employee turnover can lead to the loss of organizational knowledge, higher recruitment costs, and declining service quality, all of which pose long-term risks to sustainable business development. In the beauty industry in particular, the departure of each key employee represents the loss of years of investment in talent development. Without robust diversity and inclusion safeguards, organizations are more likely to create structural barriers to talent and workplace inequities.

The Group has established comprehensive human resources operating guidelines together with its Employee Care and Benefits Guidelines, committing to equal employment opportunities and employee benefits that exceed statutory requirements. The Group maintains a zero-tolerance policy toward discrimination by implementing DEI principles throughout recruitment, promotion, and compensation practices, ensuring that employees are not treated differently based on gender, race, language, religion, nationality, age, marital status, pregnancy, appearance, or physical or mental disability.

The Group has implemented a Management Trainee and Talent Development Program, enhanced employee benefits, and conducts regular Employee Satisfaction Surveys to monitor and continuously improve workplace diversity and inclusion. Regular labor-management meetings are held in Taiwan, while labor unions have been established in Mainland China to ensure that employee benefits remain appropriate and competitive. A standardized competency framework is also linked to compensation to ensure fair and consistent pay practices.

The Group monitors recruitment and turnover data across all regions on a monthly basis and conducts in-depth analyses of employee departures to provide targeted workforce support to each department. Employee Engagement Surveys are conducted annually to continuously improve the employee experience. The Group also regularly benchmarks external market salary data and reviews gender pay ratios to ensure equitable treatment.

As of the end of 2025, the Group employed 815 full-time employees across its Taiwan headquarters, operating locations in Mainland China, research and development center, manufacturing facilities, and overseas branches. The workforce comprised 173 managers (21%), 606 administrative employees (74%), and 36 production employees (5%). The average employee age was 38.69 years, and the average length of service was 6.43 years. In addition, the Group engaged approximately 40 non-employee workers performing functions such as logistics, security, cleaning, and consulting.

Diversity Indicator	Female	Male	Description
Total workforce	74%	26%	815 employees across the Group
Management positions	71%	29%	173 managers
Non-management positions	75%	25%	642 employees

Diversity Indicator	Female	Male	Description
Board of directors	50%	50%	4 female and 4 male directors
Under 30 years old	—	—	15% of total workforce
30-50 years old	—	—	78% of total workforce
Over 50 years old	—	—	7% of total workforce

The Group's workforce composition reflects the typical characteristics of the beauty industry, with women representing 74% of employees. More importantly, women account for 71% of management positions, closely matching their overall representation within the workforce, indicating that women do not face a "glass ceiling" in career advancement. At the Board level, women occupy 50% of Board seats (4 out of 8 directors), meeting global best practice standards and demonstrating Chlitina's commitment to gender balance in corporate governance. The four female directors bring expertise in operations management, finance and accounting, and law, providing the Board with a broad range of professional perspectives.

In 2025, Chlitina continued recruiting professional talent to support business growth. A total of 166 new employees joined the Group during the year, representing a hiring rate of 20%. These figures cover the Taiwan headquarters, operating locations in Mainland China, research and development center, manufacturing facilities, and regional branch offices. The following sections present the characteristics of new hires by gender, age group, and region.

Category	Group	New Hires	Hiring Rate (%)
Gender	Female	120	15%
	Male	46	5%
Age	Under 30 years old	48	6%
	30–50 years old	108	13%
	Over 50 years old	10	1%
Region	Mainland China	125	15%
	Taiwan and Southeast Asia	41	5%
Total		166	20%

From a gender perspective, women accounted for 72.3% of new hires. This not only reflects the beauty industry characteristics but also demonstrates the strong appeal of the CHLITINA brand to female professionals. By age group, employees aged 30–50 represented 65% of all new hires, indicating the Group's continued ability to attract experienced professionals. These employees will serve as a key source of organizational knowledge and support future business expansion.

Regionally, 75% of new hires were based in Mainland China, closely aligning with the Group's revenue distribution, with Mainland China contributing 96% of total revenue. Although operations in Taiwan and Southeast Asia are smaller in scale, the addition of 41 new employees demonstrates the Group's continued investment in its home market while building talent to support its strategic expansion in Southeast Asia.

In 2025, a total of 241 employees left the Group, resulting in a turnover rate of 30%. Employee turnover in the beauty retail industry is generally higher than in manufacturing due to the industry's business model and workforce characteristics. Chlitina openly discloses its turnover data and regards it as an important basis for continuously improving its talent management strategy.

Category	Group	Employee Departures	Turnover Rate (%)
Gender	Female	167	20%
	Male	74	9%
Age	Under 30 years old	52	6%
	30–50 years old	171	21%

Category	Group	Employee Departures	Turnover Rate (%)
	Over 50 years old	18	2%
Region	Mainland China	185	22%
	Taiwan and Southeast Asia	56	7%
Total		241	29%

Several notable trends emerged from the turnover data. First, employees aged 30–50 accounted for 171 departures, representing 71% of total turnover. This reflects the fact that employees in this age group are typically in the prime of their careers and have a wider range of career opportunities. In response, the Group has strengthened retention initiatives for this segment, including more flexible career development pathways and family-friendly policies.

Second, turnover was relatively higher in Mainland China at 22%, primarily reflecting changes in the retail environment and the greater mobility of the local labor market. The Group's Human Resources Department has conducted in-depth analyses of turnover at key locations in Mainland China and has adjusted local compensation, benefits, and career development resources accordingly. The Group recognizes this challenge and will continue refining its management practices to gradually reduce overall employee turnover.

At the same time, detailed analysis indicates that some employee departures represent positive mobility rather than talent loss, including employees who returned to their hometowns or left the workforce for family-related reasons. Going forward, the Group will further distinguish different types of employee departures to gain more meaningful insights into workforce trends.

Compensation and Gender Pay Equity Analysis

Pay equity is the most direct indicator of whether the Group's commitment to diversity and inclusion is being effectively implemented. The Group systematically discloses the ratio of women's to men's base salaries and total compensation. The following data cover the Group's two principal operating regions—Taiwan and Mainland China—and are presented by job level.

Chlitina places strong emphasis on compensation governance, equitable remuneration, and long-term talent retention. Through its corporate governance framework, the Group regularly reviews the compensation structure of directors, executives, and employees. In 2025, in accordance with annual total compensation ratio disclosure requirements, the Company completed an internal assessment and calculation of the annual total compensation of its highest-paid individual, the median annual total compensation of all other employees, and the corresponding year-on-year changes.

Following this assessment, the Company determined that these disclosures involve the compensation structure of its highest-paid position. Given the limited number of senior management positions within the Group, combining the required compensation ratios with remuneration information for directors and executives, position information, and employee compensation statistics already disclosed in the annual report could enable external parties to infer the compensation levels, incentive arrangements, and salary adjustments of specific individuals. Such disclosures could adversely affect the Group's ability to recruit, negotiate with, and retain senior talent.

Accordingly, Chlitina has not publicly disclosed the following information for the current reporting year:

- The ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all other employees.

- The ratio of the percentage increase in the annual total compensation of the highest-paid individual to the median percentage increase in the annual total compensation of all other employees.

These disclosures have been omitted under the "confidentiality constraints" provision permitted by GRI 1: Foundation 2021. The omissions and their reasons are disclosed in the GRI Content Index of this report. Although these ratios are not publicly disclosed, the Group continues to calculate, monitor, and review the relevant compensation indicators internally. The Human Resources Department, the Remuneration Committee, and the appropriate governance bodies regularly review the reasonableness, fairness, and market competitiveness of the Group's compensation structure.

In addition, information on the annual remuneration of the Company's chief executive, directors, and executives has been disclosed in the relevant section of the Company's annual report in accordance with applicable public disclosure requirements. The average and median salaries of full-time non-management employees, together with year-on-year changes, have also been reported and disclosed in accordance with the requirements of the Taiwan Stock Exchange. Going forward, Chlitina will reassess the confidentiality constraints and feasibility of disclosing these indicators each year and will continue exploring ways to enhance compensation transparency through measures such as reporting ratio ranges, trend analysis, or other anonymized approaches, without disclosing individual compensation amounts or compromising employee privacy and talent competitiveness.

Region / Job Level	Female:Male Base Salary Ratio	Female:Male Total Compensation Ratio
Taiwan – Management	0.76 : 1	0.83 : 1
Taiwan – Non-management	0.73 : 1	0.80 : 1
Mainland China – Management	0.64 : 1	0.68 : 1
Mainland China – Non-management	0.96 : 1	0.97 : 1
Group Weighted Average	0.75 : 1	0.76 : 1

Among non-management employees in Mainland China, the ratio of women's to men's base salary was 0.96:1, while the ratio of total compensation was 0.97:1, approaching full pay equity. This reflects the Group's standardized skills certification framework and performance-based compensation system. When capability and contribution are the primary determinants of pay, gender-based differences naturally diminish.

At the same time, the Group acknowledges that gender pay gaps remain across certain job levels and regions. For example, the female-to-male pay ratio among non-management employees in Taiwan was 0.73:1, while the ratio for management employees in Mainland China was 0.64:1. Further analysis indicates that these differences are primarily attributable to the higher proportion of men in certain senior specialist and management positions, differences in length of service, and historical compensation practices.

Performance Evaluation and Career Development

The Group's performance evaluation system is designed to align employee development with organizational objectives while preventing implicit discrimination based on gender, age, or other characteristics. Through its comprehensive Performance Management Program, the Group ensures that all full-time employees who have completed their probationary period receive regular performance evaluations, regardless of gender or position, achieving 100% evaluation coverage.

Category	Group	Employees Evaluated	Total Employees	Coverage (%)
By gender	Female	562	562	100%

Category	Group	Employees Evaluated	Total Employees	Coverage (%)
	Male	203	203	100%
By job level	Management	164	164	100%
	Non-management	601	601	100%
Total		765	765	100%

A 100% evaluation coverage rate demonstrates the Group's commitment to ensuring that every eligible employee is included in the performance management process.

The Group's performance evaluation system incorporates three key features. First, it adopts a multidimensional assessment approach that evaluates not only quantitative Key Business Indicators (KBIs), but also Behavioral Anchors covering adherence to the Group's values, integrity, innovation, and commitment to professional service. Second, the evaluation process emphasizes two-way career development discussions, with managers and employees jointly reviewing learning plans and future job rotation opportunities, rather than relying solely on one-way assessments. Third, the Group promotes transparency through a digitalized process using the Enterprise Information Portal (EIP) for online performance evaluations, supplemented by offline evaluations for designated positions, ensuring fairness and consistency throughout the process.

Performance evaluation results serve not only as the basis for salary adjustments and promotions but also as an important mechanism for advancing the Group's DEI commitments. Through a fair evaluation system, the Group has maintained clear career advancement opportunities for women, with women accounting for 71% of management positions in 2025 (see Section 3.1), demonstrating the effectiveness of the performance management system in reducing gender bias.

To ensure the effectiveness and fairness of the evaluation process, the Group has established a formal appeal and grievance mechanism. Employees who disagree with their evaluation results may request a formal review through their supervisor or the Human Resources Department. Appeals are reviewed by an independent review panel. In addition, the Group conducts annual analyses of the relationship between performance evaluations and compensation and incentive outcomes to verify that reward decisions remain aligned with evaluation results and continue to uphold the principle of fairness.

Women's Empowerment: From Industry Characteristics to Institutional Commitment

In many industries, a workforce with a higher proportion of men than women is regarded as a natural outcome of industry demographics. At Chlitina, however, gender composition is not viewed as a passive result of industry characteristics, but as an opportunity to build a systematic commitment to women's empowerment.

Chlitina's Women Empowerment Framework
‣ Governance: Women hold 50% of Board seats, ensuring that women's perspectives are represented at the highest decision-making level. ‣ Management: Women account for 71% of management positions, supported by transparent internal promotion pathways without a glass ceiling. ‣ Compensation: Regular gender pay reviews are conducted, with a commitment to reducing significant gender pay gaps in affected positions within three years. ‣ Health: Health education programs covering women's well-being throughout every stage of life. ‣ Parenting support: A 94% return-to-work rate following parental leave, dedicated lactation rooms,

and transitional return-to-work support for new parents (see Section 3.2.2).

‣ Talent development: A standardized skills certification system that bases career advancement on capability rather than gender.

In 2025, the Group continued to expand its “Comprehensive Health: Women’s Health Across Every Life Stage” lecture series. Topics included hormonal balance, physical and emotional well-being during perimenopause and menopause, evidence-based weight management and body wellness, anti-inflammatory and antioxidant health management, healthy aging, endocrine health, stress management for working women, and broader women’s health empowerment. These initiatives are more than employee benefits—they represent a practical expression of Chlitina’s philosophy that beauty begins with empowering those who create it. By caring for the people who deliver beauty, the Group believes beauty can truly be shared with others.

3.2.2 Employee Compensation and Benefits

Economic Value Distribution and Employee Non-Monetary Benefits

⭑ 2025 Highlights │ Economic Value Distribution and Employee Non-Monetary Benefits
‣ Compensation information for the highest governance body is disclosed in the annual report in accordance with applicable regulations, with the Group continuing to strengthen transparency in compensation governance. ‣ Beginning in 2025, the KPIs of the General Manager and core management team in Mainland China include an “ESG Environmental Sustainability (Recycling and Environmental Protection)” performance indicator, which is directly linked to annual bonuses. ‣ Germès training school invested 26,029 training hours during the year, averaging 32 hours per employee, demonstrating that employee development is one of the Group’s most valuable non-monetary benefits. ‣ The “Soaring Program – Knowledge Hub” development program for middle managers continued to build the pipeline of future leaders through sustained investment in talent development. ‣ The parental leave return-to-work rate reached 94%, with a 78% retention rate, reflecting the continued strengthening of family-friendly workplace policies.

How should the economic value created by an enterprise be fairly shared with the people who contribute to it? This section begins with the Group’s compensation governance framework and extends through its employee benefits, career development investments, and family-friendly initiatives, illustrating how Chlitina creates a comprehensive employee value proposition through both tangible compensation and intangible opportunities for growth.

Compensation Governance Framework

Chlitina’s compensation policy is independently reviewed by the Remuneration Committee. In 2025, the Committee consisted of four independent directors and held four formal meetings during the year to review the compensation structure and annual remuneration adjustments for directors, the General Manager, and senior executives.

In determining compensation, the Group considers industry benchmarks, individual performance and contributions, business performance, and external compensation survey data. Proposed remuneration is first reviewed and approved by the Remuneration Committee before being submitted to the Board of Directors for final approval. To ensure independence, the Committee is composed entirely of independent directors and does not include any executive managers, thereby minimizing potential conflicts of interest.

In 2025, the Group took an important step forward in compensation governance by formally incorporating ESG indicators into the performance evaluation and compensation system for core management personnel. Specifically, the KPIs for the General Manager and core management team in Mainland China now include an "ESG Environmental Sustainability (Recycling and Environmental Protection)" performance indicator, which is directly linked to bonus weighting.

ESG-Linked Compensation Framework
▸ Eligible employees: General Manager and core management team in Mainland China
▸ Performance indicator: Achievement of ESG environmental sustainability (recycling and environmental protection) targets
▸ Performance weighting: Additional 10 points under strategic performance indicators
▸ Compensation linkage: Bonus weighting is adjusted according to target achievement
▸ Purpose: To ensure that sustainability objectives are not merely corporate commitments, but are directly linked to managers' personal financial incentives

This compensation framework serves two important purposes. Internally, it sends a clear message that sustainability objectives are directly linked to management performance. Externally, it responds to investor and ESG rating agency expectations that sustainability governance should be embedded within business operations rather than treated as a standalone initiative.

Over the next two to three years, the Group intends to gradually expand ESG-linked compensation to additional management levels and a broader range of sustainability indicators, including social and governance performance, further integrating sustainability performance with financial performance.

Aggregate annual compensation information for the Group's highest governance body (Board members and senior executives) is disclosed in the Company's publicly available annual report in accordance with applicable regulations (see the "Directors' and Executives' Remuneration" section of the annual report). The Group's compensation policy follows a structure of fixed and variable remuneration, with all compensation arrangements independently reviewed by the Remuneration Committee to ensure fairness and transparency.

Employee Benefits Framework

The Group's employee benefits program supports multiple aspects of employees' lives. Through these initiatives, the Group seeks to care for the people who deliver beauty to customers, ensuring they themselves feel valued and supported.

Benefit	Full-time Employees	Temporary / Part-time Employees	Description
Life insurance	✓		Includes accident insurance and term life insurance
Healthcare	✓		Annual professional health examination
Disability benefits / insurance	✓	✓	Group disability insurance in addition to statutory coverage
Parenting benefits	✓		Benefits provided in accordance with local regulations, including: 1. Paid maternity and paternity leave; 2. Breastfeeding or milk expression breaks; 3. Parental leave and childcare leave
Stock options / employee shares plans	✓		Incentive programs for designated grades and high-performing employees
Group products	✓	✓	Regular employee purchase discounts on the Group's premium skincare products and technologies
Flexible working hours	✓		Available upon application, subject to job requirements
Holiday and birthday gifts	✓	✓	Gifts or gift vouchers for Lunar New Year, International Women's Day, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and employee birthdays
Overtime transportation allowance	✓	✓	Transportation reimbursement for overtime after 9:00 p.m. on weekdays or after 8:00 p.m. on weekends
Team building activities	✓		500 TWD per employee and per year
Various gifts	✓		Marriage gifts, childbirth gifts, hospitalization compensation, and bereavement compensation
Company events	✓	✓	Year-end banquet, employee activities, and Manager face-to-face sessions

The Group's employee benefits framework extends well beyond traditional insurance and leave programs by incorporating elements that reflect the unique characteristics of the beauty industry. For example, employee purchase discounts on Group products allow employees to personally experience the brand's skincare products and technologies, reinforcing the belief that those who share beauty should also experience it themselves. Regular activities such as employee events foster a sense of belonging and well-being amid the pace of daily work.

Notably, the Group also extends selected benefits—including disability insurance, access to Group products, holiday gifts, and company events—to temporary and part-time employees. This reflects Chlitina's commitment to respecting and supporting all workers, rather than limiting employee care solely to full-time staff. As ESG expectations continue to evolve, support for non-standard workers has become an increasingly important measure of corporate social responsibility.

Chlitina Beauty Care Shield Program

Recognizing that women make up the majority of its workforce, the Group launched the Beauty Care Shield Program in 2025 to provide support beyond statutory requirements across three key areas: health, parenting, and personal growth.

Program Area	Key Measures	Eligible Employees	2025 Outcomes
Parenting Support	In addition to statutory pregnancy/maternity leave, the lactation facilities were upgraded and breastfeeding women can take one hour of daily breastfeeding time	Full-time employees	94% return-to-work rate; 78% retention rate

The Beauty Care Shield Program is designed to ensure that every employee who brings beauty to others can work in the healthiest, most secure, and most empowering environment possible. More than an employee benefit, it embodies Chlitina's corporate culture that "happy employees create a beautiful business."

Retirement Benefits

The Group has established retirement protection systems in accordance with the regulations of each operating location to ensure employees continue to enjoy financial security after leaving the workforce. All operating locations currently adopt defined contribution retirement plans, under which the employer makes monthly statutory contributions to employees' individual retirement accounts or the applicable local social insurance funds. As a result, the Group has no unfunded actuarial obligations associated with defined benefit plans.

In 2025, retirement contributions were made in full compliance with all applicable regulations, with no instances of underpayment or delayed contributions.

Operating Region	Retirement System
Taiwan	Labor Pension Act New Pension Scheme (Defined Contribution Plan)
China	National Social Pension Insurance
Hong Kong	Mandatory Provident Fund (MPF)
Vietnam	Social Insurance System

Family-Friendly Measures and Parental Leaves Outcomes

Women make up the overwhelming majority of the beauty industry's workforce. Supporting employees as they balance their dual roles as parents and beauty professionals has a direct impact on workforce stability and the warmth of the Chlitina brand. Within ESG assessments, strong return-to-work and retention rates are among the clearest indicators of a family-friendly workplace.

As a company dedicated to the beauty industry, Chlitina believes that supporting employees in both their family responsibilities and career development is equally important. Through a comprehensive parenting support system—including flexible return-to-work arrangements and comfortable lactation rooms—the Group seeks to reduce employee turnover associated with childbirth and childcare.

Indicator	Female	Male	Total
A. Employees eligible for parental leave	112	62	174
B. Employees who took parental leave	34	13	47
C. Employees due to return to work	16	0	16
D. Employees who returned to work	15	0	15
E. Total employees who returned to work in 2025	9	0	9
F. Employees who returned in 2025 and remained employed for 12 months	7	0	7

Key Parental Leave Indicators
‣ Return-to-work rate = Employees who returned ÷ Employees due to return × 100% = 15 ÷ 16 = 94% ‣ 12-month retention rate = Employees who returned in 2025 and remained employed for 12 months ÷ Total employees who returned in 2025 × 100% = 7 ÷ 9 = 78%

The 94% return-to-work rate demonstrates that the Group's return-to-work support measures have effectively helped employees resume their careers after parental leave. In addition, 13 male employees applied for parental leave in 2025, representing a modest increase over the previous year and indicating early progress in promoting a culture of shared parenting. Although women remain the majority of employees in the beauty industry, the Group actively encourages men to participate in childcare responsibilities, helping to promote gender equality while easing childcare responsibilities for female employees.

The 78% retention rate demonstrates that the Group not only succeeds in encouraging employees to return to work but also provides an environment that supports long-term career development. At the same time, the Group openly acknowledges that 22% of employees who returned from parental leave left the organization within one year. Analysis indicates that the primary reasons were changes in family caregiving responsibilities and career direction. The Group will continue strengthening its return-to-work support measures, including more flexible working arrangements, remote work options, and enhanced reintegration support, with the goal of further improving post-parental leave retention.

⭑ 2025 Highlights │ Enhanced Family-Friendly Initiatives
‣ Parenting support: In addition to statutory maternity leave, the Shanghai office upgraded its lactation facilities and provides one hour of daily breastfeeding time until a child reaches one year of age. ‣ Protection against discrimination: The Group explicitly requires that employees returning from parental leave receive compensation and job grades no lower than those prior to taking leave. ‣ Encouraging shared parenting: Thirteen male employees applied for parental leave in 2025, further fostering a culture of gender equality in childcare.

Germès Professional Training System

Within the Group's employee value proposition, compensation and benefits are only part of the equation—helping people grow is itself one of the most valuable employee benefits.

As the Group's dedicated technical excellence center, Germès is responsible for developing and delivering beauty techniques, service procedures, and operational standards. It has established standardized systems covering treatment techniques, equipment operation, product application, and customer service, creating a comprehensive training platform that is difficult to replicate within the industry.

Average Training Hours per Employee

In 2025, the Group continued investing in human capital development. Full-time employees completed a total of 26,028.70 training hours, averaging 31.94 hours per employee. The distribution of training resources by gender and job level is shown below.

Category	Group	Total Training Hours	Employees	Average Training Hours
By gender	Female	21,596.62	603	35.82
	Male	4,432.08	212	20.91
By job level	Management	4,230.50	173	24.45
	Non-management	21,798.20	642	33.95
Total		26,028.70	815	31.94

Female employees received an average of 35.82 hours of training, compared with 20.91 hours for male employees. This difference does not reflect unequal allocation of resources, but rather the significant concentration of female employees in beauty professional roles. Many beauty instructors are women who require continuous training in skincare technology, equipment operation, and service procedures to maintain professional expertise.

Similarly, non-management employees received more training on average (33.95 hours) than managers did (24.45 hours). This is primarily because many frontline beauty professionals require frequent technical updates and professional certification, resulting in higher accumulated training hours. This reflects the Group's philosophy of strengthening capabilities from the frontline, recognizing that consistently high service quality depends on a strong foundation of professional expertise.

Key Training Programs in 2025

In 2025, the Group's investment in talent development was built around three major priorities: strengthening professional expertise, advancing digital transformation, and building future leadership while promoting collaboration between industry and academia. These initiatives collectively enhanced the Group's human capital.

Program Category	Key 2025 Initiatives	Expected Outcomes
Professional skills development	Advanced Beauty and Aesthetics Certification Program combining the latest techniques with theoretical knowledge; "Training the Trainer" program; professional competency assessment mechanism for trainers	Develop 23 senior industry trainers, with 100% obtaining relevant qualification certificates
Digital transformation	Feishu (Lark) digital platform initiative to train employees in applying big data and AI to improve work efficiency and meeting quality; launch of the Productivity Pioneer Competition	Seven competition projects incorporated into daily operations, significantly improving work efficiency
Management and Leadership development	"Soaring Program – Knowledge Hub" Middle Management Development Program covering four core modules: New Business Perspectives, Modern Management Concepts, Leadership Reinvention, and Personal Development	Build a pipeline of future managers with a sustainability-oriented management mindset
Industry-Academia collaboration	Partnerships with five major universities, standardized onboarding training, and a Campus-to-Workplace Internship Program involving 27 participants	Strengthen the talent pipeline and deepen industry-academia collaboration
ESG	Mandatory online Code of Ethical Business Conduct course for all employees covering anti-corruption, conflicts of interest, and reporting mechanisms	100% course completion and pass rate, enhancing organization-wide compliance awareness
External Education	Financial support for employees pursuing	Broaden employee's career

Program Category	Key 2025 Initiatives	Expected Outcomes
Subsidies	management or interdisciplinary training and external professional certifications	development opportunities and increase talent retention

The “Soaring Program – Knowledge Hub” was the Group’s flagship management talent development initiative in 2025. The curriculum was structured around four core dimensions. “New Business Perspectives” helped participants develop strategic thinking and a broader business outlook. “Modern Management Concepts” focused on digital tools and contemporary management practices. “Leadership Reinvention” strengthened leadership through situational leadership and team motivation, enhancing participants’ ability to influence beyond formal authority. “Personal Development and Training” accelerated the development of effective management habits through innovation projects and structured feedback. Through this systematic management succession program, the Group established a strong leadership foundation to support organizational expansion over the next three to five years.

In terms of learning delivery, the Group fully adopted a hybrid learning model in 2025. Through the internal Germès Online Platform and a partnership with external Zhishi (“Knowledge Hub”) App, 815 employees across different locations could access digital learning anytime and anywhere, overcoming geographical barriers. Face-to-face training and practical exercises complemented online learning to ensure that technical knowledge was fully integrated into practice. This blended learning approach not only improved learning effectiveness but also demonstrated Chlitina’s digital capability in supporting more than 4,000 franchise stores.

Career Transition Support

The Group also supports employees during career transitions, reflecting its commitment to employee care and corporate responsibility. Employees affected by organizational restructuring or job reassignment receive 100% access to reskilling programs and priority consideration for internal job opportunities.

3.2.3 Occupational Health and Safety

Occupational health and safety (OHS) management covers all of the Group’s operating locations, including manufacturing facilities, R&D centers, and training centers. This section describes how the Group protects everyone working within the Chlitina ecosystem through a systematic OHS management approach.

Although the beauty biotechnology industry is not generally considered high risk, it presents unique occupational health challenges. These include chemical handling in research and development and process safety management in manufacturing. Chlitina recognizes these industry-specific risks and continues to strengthen its management systems with the annual objective of maintaining zero major occupational accidents.

Occupational Health and Safety Management System

Guided by the philosophy of “People First, Safety First,” the Group is committed to fostering a strong safety culture. Through systematic risk management, it identifies and eliminates workplace hazards to prevent occupational injuries and health impacts that could adversely affect employees and business operations.

In 2025, the Group established an OHS management system covering all workers by integrating local regulatory requirements—including Taiwan’s Occupational Safety and Health Act, the People’s

Republic of China’s Law on the Prevention and Control of Occupational Diseases, and Work Safety Law—with international standards.

Operating Location	Management Standard	Coverage	Verification
Shanghai Manufacturing Base	ISO 45001:2018	Manufacturing, quality control, and warehouse personnel	Independent third-party certification
Headquarters and Regional Offices	Taiwan Occupational Safety and Health Act; PRC Work Safety Law; PRC Law on the Prevention and Control of Occupational Diseases	Administrative, sales, and management personnel	Annual internal audits
Contractors and On-Site Personnel	Contractor Management Procedures	Cleaning, security and electromechanical maintenance personnel	Site-entry security and routine inspections

The management system follows the Plan-Do-Check-Act (PDCA) cycle:

Plan:
Establish and implement the Code of Ethical Business Conduct, Procedures and Guidelines for Ethical Business Conduct, Personal Data Protection Management Procedures, and Information Security Standards; conduct environmental, health, and safety (EHS) risk identification; develop standard operating procedures (SOPs); implement safety accountability agreements; and ensure 100% compliant waste disposal.

Do:
Deliver safety training for both new hires and existing employees, provide specialized personal protective equipment (PPE) for high-risk positions, and enforce strict procedures for the management and use of chemicals.

Check:
Engage qualified professional organizations to conduct air quality, noise, and lighting monitoring, achieving a 100% compliance rate in 2025, while EHS engineers perform monthly workplace safety inspections.

Act:
Require corrective actions for audit findings within specified deadlines and conduct regular emergency response drills to strengthen safety awareness throughout the organization.

Hazard Identification, Risk Assessment, and Incident Investigation

The Group conducts a comprehensive risk assessment annually and immediately initiates a dynamic reassessment following any incident. Personnel responsible for assessments are required to complete ISO 45001 internal auditor training or equivalent occupational safety training to ensure consistency and professional competence.

Employee Reporting Mechanisms and Protection Against Retaliation
‣ Multiple reporting channels: Employees may report safety concerns through the grievance mailbox, labor union representatives, or the factory manager’s mailbox.

- ‣ Non-retaliation policy: The Group explicitly prohibits supervisors from downgrading performance evaluations, discriminating against, or otherwise penalizing employees who report unsafe conditions.
- ‣ Right to refuse unsafe work: Employees who reasonably believe they face an immediate threat to life or safety have the right to stop work without adverse consequences.
- ‣ Incident investigation: Investigation teams are established following any incident to identify systemic root causes and improvement opportunities.

Occupational Health Services and Health Promotion

The Group regards employees' physical and mental well-being as one of its most valuable assets. Built around the three pillars of prevention, education, and care, its standardized occupational health service framework integrates professional medical resources to support the health of everyone contributing to the beauty industry.

Health Service	Description	2025 Results
Professional Medical Team	Health examinations conducted by third-party medical providers, supported by occupational health nurses and occupational medicine specialists	100% employee health examination completion rate
Digital Health Platform	Employees can access historical health examination records through a mobile app, with automated health education recommendations	Available to all employees
Medical Consultation	Consultation services for interpreting health examination reports and providing health advice	Available to all employees upon request

Health promotion initiatives focus on women's health throughout different life stages through a series of specialized seminars covering:

Women's Full Life Cycle Health Management Lecture Series

- ‣ Hormonal balance and endocrine health
- ‣ Physical and mental well-being during menstruation and menopause
- ‣ Evidence-based weight management and body composition
- ‣ Anti-inflammatory, antioxidant, and healthy aging strategies
- ‣ Stress management and health empowerment for working women

The Group also invites female employees to participate in a Healthy Weight and Wellness Program. Rather than focusing solely on weight loss, the program emphasizes sustainable lifestyle improvements through personalized nutrition plans, calorie management, and science-based exercise guidance. By promoting healthy routines, balanced nutrition, and regular physical activity, the program encourages lasting behavioral change while supporting women's overall well-being and promoting evidence-based health practices.

The Group strictly adheres to the principles of voluntary participation and data confidentiality. Records relating to health promotion programs and consultation services are maintained separately from the human resources system. Individual health examination reports are accessible only to the employee concerned. Human resources and management receive only anonymized statistical reports, which are never used for performance evaluation, transfers, or compensation decisions.

Worker Participation and Communication

The Group ensures that frontline employees actively participate in workplace safety management. Weishuo has established a Health and Safety Committee composed of department managers and employee representatives, ensuring that frontline perspectives are incorporated into management decision-making.

To encourage communication beyond formal meetings, the Group introduced several practical initiatives in 2025. The Safety Suggestion Program enables employees to report workplace hazards, such as uneven flooring or inadequate chemical labeling. The emergency work refusal mechanism protects employees' right to stop work when they perceive an immediate threat to life or safety, while requiring employee representatives to participate throughout subsequent incident investigations. At the Group's Taiwan headquarters, labor-management meetings also serve as a platform for jointly advancing workplace safety improvements.

Occupational Health and Safety Training

The Group believes that safety begins with awareness, and awareness begins with education. In 2025, tailored training programs were developed for different job functions. General safety training covered office ergonomics, fire safety and evacuation procedures, and first aid. Process safety training for manufacturing and R&D personnel included Safety Data Sheet (SDS) interpretation, machine guarding, and the proper use of personal protective equipment (PPE). All training was conducted during working hours at no cost to employees.

Employee Group	Training Participants	Total Training Hours	Average Hours per Participant
Administrative Personnel	1,669	1,659.0	1.0
Manufacturing Personnel	588	570.9	1.0
R&D and Laboratory Personnel	21	56.5	2.7
Beauty Training Instructors	140	817.0	5.8
Total / Average	2,418	3,103.4	1.3

Notably, beauty training instructors received the highest average training hours at 5.8 hours per person. This reflects the Group's recognition that instructors must not only master skincare technologies but also possess the professional knowledge required to operate beauty equipment safely and protect themselves. Knowledge is the most effective form of protection.

Occupational Health and Safety Across Business Relationships

Chlitina extends its commitment to occupational health and safety throughout its value chain, reflecting its philosophy of shared growth and mutual success. This approach focuses on two key business relationships: ensuring production safety among upstream suppliers of raw materials and packaging, and protecting the health and safety of beauty professionals working in thousands of franchise stores worldwide.

Business Relationship	Potential Risks	Management and Communications Measures
Key Suppliers	Chemical spills; machinery-related injuries	On-site audits, EHS Commitment Letters, and promotion of ISO 45001 implementation
Logistics Contractors	Traffic accidents; manual handling injuries	Requirements for qualified safety equipment and promotion of safe driving practices
Franchise Beauty Salons	Electrical hazards from equipment; musculoskeletal injuries from prolonged working postures	Store inspections and promotion of ergonomic working practices

Particular emphasis is placed on the safety management of franchise operations. Although franchise stores operate as independent legal entities, the equipment and technologies they use are supplied by the Group, and their safety is regarded as a shared responsibility. All products and beauty equipment are subjected to rigorous safety testing before being delivered to franchise stores. The Group also signs EHS Commitment Letters with suppliers to encourage compliance with safety standards across the entire value chain.

Occupational Injuries and Occupational Diseases

In 2025, Chlitina achieved outstanding safety performance, recording zero work-related fatalities, zero serious occupational injuries, zero recordable injuries, and zero occupational diseases among both employees and contractors. These results reflect the effectiveness of the Group’s systematic safety management approach.

Indicator	2024	2025	Notes
Total hours worked	1,830,288	1,671,504	Total annual working hours of all employees
Work-related fatalities	0	0	Annual target was achieved
Serious work-related injuries	0	0	Injuries requiring treatment for more than six months
Recordable work-related injuries	0	0	
Lost Time Injury Frequency Rate (LTIFR)	0	0	Number of lost time injuries per million hours worked
Severity Rate (SR)	0	0	Total lost days per million hours worked
Occupational disease fatalities	0	0	
Total recordable occupational diseases	0	0	Confirmed diagnosis by an occupational medicine physician

In 2025, Chlitina Group continued to strengthen its occupational health and safety management and maintained a zero workplace injury record, demonstrating the effectiveness of its safety culture, operational management, and risk prevention efforts. This achievement not only signifies that no major occupational accidents occurred during the year, but also reflects the Group’s long-standing commitment to employee safety, a safe working environment, and health protection.

Chlitina recognizes that the core of occupational safety management lies not only in maintaining a strong safety record, but also in continuously identifying risks, implementing preventive measures, and strengthening on-site management. Accordingly, despite maintaining a zero workplace injury record in

2025, the Group continued to proactively collect, monitor, and analyze occupational safety information. Through routine inspections, operational safeguards, and risk control measures, it reinforced the foundation of its occupational health and safety management system while ensuring that positive short-term results did not diminish safety awareness.

With respect to occupational disease prevention, no confirmed cases of occupational disease were reported in 2025. To further safeguard employee health, the Group conducted health examinations for employees exposed to designated hazardous chemicals, achieving a 100% examination rate, with all results reported as normal. These results demonstrate the effectiveness of the Group's workplace environmental controls, health monitoring, and preventive management practices. Employees handling chemical raw materials are also required to wear appropriate personal protective equipment (PPE), including protective masks and gloves, to reduce exposure risks. Through the integration of health examinations, PPE management, and workplace safety requirements, the Group continues to strengthen an occupational health management system centered on prevention.

During 2025, the Group also continued to implement its Occupational Health and Safety (OHS) Management System to ensure that its principal operating sites complied with occupational health and safety requirements. Among these, Weishuo, a Chlitina subsidiary and manufacturing facility, successfully maintained certification to the ISO 45001:2018 Occupational Health and Safety Management System. Employees covered by this internationally recognized certification accounted for approximately 13% of the Group's total workforce. This certification demonstrates that the Group has established an occupational health and safety management system at its principal manufacturing site that meets international standards, providing a solid foundation for expanding the scope of safety management in the future.

Overall, the Group's achievements in 2025—including zero workplace injuries, zero confirmed occupational disease cases, a 100% participation rate in designated health examinations, and ISO 45001:2018 certification at its principal manufacturing site—demonstrate its strong commitment to occupational health and safety. Looking ahead, the Group will continue to strengthen the resilience of its occupational health and safety management by adhering to the principles of "prevention first, risk control, continuous system enhancement, and full employee participation," while providing employees with a safer, healthier, and more secure working environment.

3.3 Public Welfare and Community Engagement

This section further illustrates how the Group, through the "Light Up" public welfare platform established by its flagship brand CHLITINA, advances educational equity, environmental protection, cultural heritage preservation, and support for disadvantaged communities across both Mainland China and Taiwan, presenting a comprehensive overview of the Group's public welfare strategy and achievements.

3.3.1 The Light Up Fund

⭑ 2025 Highlights │ Full Launch of the Light Up Fund 3.0
‣ Light Up Reading: In 2025, the program reached 12 schools, provided systematic training to more than 50 seed teachers, donated 15,108 books, and benefited 6,686 students. Over the past 17 years, it has expanded across 18 provinces, trained more than 10,000 teachers cumulatively, and positively impacted more than 300,000 students. ‣ Light Up Environmental Protection:

The Empty Bottle Program collected 14.5 tons of empty containers in 2025, achieving 121% of its annual target and reducing carbon emissions by 37 tons during the year. Since its launch, the program has collected nearly 37 tons of containers, equivalent to approximately 90 tons of avoided carbon emissions.

- Light Up Relief:
  Relief efforts included disaster assistance for the Tibet earthquake and flooding in the Beijing-Tianjin-Shanxi region, as well as care initiatives for children with cerebral palsy, nursing homes, and teachers in underprivileged areas. Total cash and in-kind donations exceeded RMB 774,000 in 2025.

- Light Up Technology, Arts and Culture:
  In partnership with nearly 3,000 stores, the initiative raised more than RMB 400,000 to support the "Talented Mothers: Zhuang Brocade Dream Workshop" project. Five rounds of skills training were organized, involving more than 150 practitioners of intangible cultural heritage crafts. Thanks to Light Up, Zhuang brocade expert weaver Li Suying also travelled to Beijing twice to participate in international events.

- Public Welfare Awareness Promotion:
  During 2025, a total of 220 awareness sessions were conducted, including six for senior leaders, 15 for the Germès Ambassador Program, and 199 at nationwide regional business meetings, reaching 10,776 participants.

- In Taiwan, the Group continued to promote a diverse range of community initiatives. On both sides of the Taiwan Strait, the Group's public welfare efforts covered four major areas: education, environmental protection, technology, arts and culture, and humanitarian relief.

The Group's flagship brand CHLITINA formally established its public welfare platform in 2009 under the name "Light Up Program." Over the past 17 years, it has evolved from a donation-based initiative into a comprehensive public welfare platform encompassing four key pillars—education, environmental protection, technology, arts and culture, and humanitarian relief—now known as the Light Up Fund.

Evolution of the Light Up Fund Through Time

The development of the Light Up initiative can be divided into three stages, each representing a deeper understanding of social responsibility and an evolution in the Group's approach to creating social value.

Stage	Period	Core Concept	Key Characteristics
Light Up 1.0: —the Light Up Program	2009-2018	Inspiring Hope	Through volunteer teaching in rural communities, enhancing teachers' basic teaching capabilities, addressing the shortage of educational resources in remote areas, and establishing the brand's public welfare identity.
Light Up 2.0: —Light Up Reading	2018-2022	Systematic Empowerment	The welfare program introduced its "Two Years, One County" intensive development model, evolving into a systematic and replicable rural education solution. By cultivating seed teachers, its "Reading for Life" curriculum encouraged children to "read nature, read reality, and read the world," while understanding how to protect themselves.
Light Up 3.0:	2022- Present	Collaborative	The Group expanded the initiative into a four-pillar

Stage	Period	Core Concept	Key Characteristics
—Light Up Philanthropy		Ecosystem	public welfare platform covering education, humanitarian relief, environmental protection, and technology, arts and culture.

The evolution from Version 1.0 to 3.0 reflects three major shifts in the Group’s understanding of public welfare. First, it has progressed from resource provision to capacity building, moving beyond material donations to cultivating sustainable local capabilities. Second, it has expanded from isolated initiatives to an integrated system, evolving from a single education-focused pillar into a comprehensive four-pillar framework. Third, it has transitioned from a company-led approach to ecosystem co-creation by engaging franchisees, consumers, non-profit organizations, and other stakeholders to build a positive and sustainable public welfare ecosystem.

Community Engagement
• Public welfare strategy: Developing a four-pillar public welfare platform centered on the Light Up initiative, covering education, humanitarian relief, environmental protection, and technology, arts and culture, while maximizing social impact through an ecosystem approach. • Governance: The Public Welfare Department oversees the overall program, supported by implementation teams in Mainland China and Taiwan that review project progress and execution on a monthly basis. • Stakeholder engagement: Expanding the reach of public welfare initiatives through offline and online stores, brand-consumer engagement platforms, and strategic partnerships with NGOs. • Impact assessment: Applying a three-tier evaluation framework of Input → Output → Impact to regularly assess the social returns of each initiative.

3.3.2 Light Up Reading

Light Up Reading is the longest-running and most widely implemented initiative within the Light Up welfare initiative. Since its upgrade and relaunch in 2018, the program has worked closely with the China Youth Development Foundation and the New Education Initiative of the Changming Education Foundation, focusing specifically on rural reading education. Through seven years of implementation across four phases in Duchang County (Jiangxi), Huyi District (Shaanxi), Jiang County (Shanxi), and Yuexi County (Anhui), the program has developed into a systematic, replicable, and measurable rural education solution.

Light Up Reading moves beyond one-off donations by pioneering its “Two Years, One County” intensive development model. The program focuses on empowering local seed teachers through daily reading classes, book donations, and the establishment of reading classrooms. It also introduces an innovative “Reading for Life” curriculum integrating drama, arts, and sexuality education, encouraging children to “read nature, read reality, and read the world,” while strengthening their ability to protect themselves.

As of the end of 2025, Light Up Reading had completed four phases of development, serving more than 50 schools, cultivating 4,409 seed teachers, benefiting 180,009 student participants, and donating a total of 68,985 books.

Achievements of the Light Up Fund by Phase (2019-2025)

Development Phase	Region	Schools Helped	Books Donated	Reading Corners	Teachers Trained	Featured Courses	Benefiting Students
Phase 1: 2018-2020	Duchang, Jiangxi	11	15,537	104	1,700	2,247	89,422
Phase 2: 2021-2022	Huyi, Shaanxi	15	27,248	204	1,649	1,292	59,196
Phase 3: 2023-2024	Jiang County, Shanxi	12	11,092	100	710	1,072	24,705
Phase 4: 2025-2026	Yuexi, Anhui	12	15,108	108	350	141	6,686
Total		50	68,985	516	4,409	4,752	180,009

The key innovation of Light Up Reading lies in its “Seed Teacher” model. Unlike traditional one-time charitable initiatives that simply donate books to schools, the Group recognizes that books are only tools; teachers’ instructional capabilities and the consistent delivery of daily reading lessons are what truly inspire children to develop a lifelong interest in reading.

Beginning with Phase 2, the program shifted its focus from enhancing basic teaching skills to empowering educators through the establishment of a comprehensive reading education system. Renowned education experts from China and abroad were invited to conduct regular reading instruction workshops, facilitate online learning communities, and organize classroom observation activities.

These initiatives help teachers in rural areas develop professional skills in guided reading, leveled reading, and related instructional approaches, enabling them to independently design reading curricula. Working in partnership with local education authorities to integrate daily reading lessons into school curricula ensures that reading becomes a meaningful part of students’ everyday learning.

This “teaching people to fish” approach, supported through coordinated efforts at multiple levels, helps ensure that schools can continue promoting reading education long after the Group’s project team has completed its work.

📖 Life Story | Reading Opened a Window for Xiao Yang

Xiao Yang is a student at Taiyang Village Hope Primary School in Jiangxi Province. His father suffered a broken arm while working away from home, resulting in permanent disability. The family now relies solely on his mother’s income, while his grandmother cares for Xiao Yang and his older brother, who is in 8th grade. Their family is registered under China’s targeted poverty alleviation program, and they live in a government-provided residential unit without interior finishing. Before the arrival of Light Up Reading, there were almost no books at home apart from a few textbooks. Xiao Yang enjoyed learning and had a positive personality, but because of his family’s financial circumstances, he rarely had the opportunity to read. After Light Up Reading established a reading corner in his classroom, he finally had access to books. Gradually, Xiao Yang became more outgoing and confident. Proudly, he shared: “I’m reading more and more books now. I feel that I read much faster than before, and my writing has improved too. I’ve read almost every picture book in our classroom.” Xiao Yang’s story is just one among the 180,009 student participants reached through Light Up Reading. Reading brings not only knowledge, but also confidence and a window to a wider world.

🕮 Life Story │ Xiao Yi’s Smile in Yuexi, Anhui
Xiao Yi attends Lengkou Primary School in Yuexi County, Anhui Province, and is cared for by her 72-year-old grandfather. Her father has worked away from home for four years without returning. Her mother and eldest brother both have intellectual disabilities, while her second brother has little interest in studying and spends most of his time on his mobile phone. Among her siblings, only Xiao Yi performs well academically. However, the family’s long-term lack of basic daily necessities made the naturally quiet and introverted Xiao Yi smile even less. After Light Up Reading was introduced at her school, Xiao Yi’s academic performance improved further. The project team also provided essential daily necessities, including toothbrushes and other personal care items. From that point on, she began to smile again—with confidence. Even more encouraging was the change in her personality. She became more cheerful, actively interacted with her classmates, and was no longer the child who quietly sat alone in the corner. Xiao Yi’s transformation reflects the impact of Light Up Reading: reading changes not only academic performance, but also children’s confidence and courage to face hardships. (Source: Interviews conducted by the Public Welfare Team.)

3.3.3 Light Up Environmental Protection

Light Up Environmental Protection is the pillar of the Light Up Fund that most strongly reflects the Group’s brand identity. Chlitina recognizes both the environmental impact of product packaging waste and the unique role that its nationwide network of stores can play in promoting resource circularity.

In 2022, under the Group’s ESG strategy framework, the Empty Bottle Program was officially launched, bringing together employees, franchise partners across Mainland China, and consumers to participate in bottle recycling. By transforming the final stage of the beauty consumption journey—empty bottle collection—into a practical environmental education initiative, the program extends sustainability beyond production and into consumer participation.

This initiative not only responds proactively to China’s “Dual Carbon Goals” and the United Nations “Sustainable Development Goals,” but also represents an important step in extending the concept of sustainable business from manufacturing to consumption, and from corporate responsibility to broader public engagement.

By the end of 2025, the Empty Bottle Program had cumulatively collected nearly 37 tons of empty containers, equivalent to reducing approximately 90 tons of carbon emissions, or roughly 462,500 empty bottles.

Achievements of the Empty Bottle Initiative in 2025

Indicator	Data	Description
Total volume collected	14.5 tons	Annual target: 12 tons. Achievement rate: 121%
Total empty bottles collected	181,200	Equivalent carbon reduction: 39.44 tons
Participating stores	214	179 franchise stores, 29 branches, and 6 headquarters/factory/directly operated stores
Participating consumers	Over 330,000	Reached through in-store collection and brand engagement.

The Empty Bottle Program is built on two key design features. First, franchise stores serve as collection points, leveraging CHLITINA’s established nationwide franchise network so that consumers can conveniently return empty bottles while receiving beauty services, significantly lowering barriers to participation. Second, the Group partners with qualified professional recycling companies to ensure that all collected materials are processed in accordance with applicable standards. These partners also provide detailed recycling data, enabling participating stores to track the types and quantities of materials collected and creating a positive closed-loop green recycling system.

In 2025, the program collected 14.5 tons of empty containers, exceeding its annual target of 12 tons by achieving 121% of the goal. This strong performance reflects steadily increasing participation from both franchise partners and consumers. During the year, 214 stores took part in the program, including 179 franchise stores, 29 branch offices, and six other locations. As the Empty Bottle Program continues to expand its reach, it is establishing a replicable model for reducing packaging waste across the beauty industry.

3.3.4 Light Up Technology, Arts and Culture

Light Up Technology, Arts and Culture upholds the brand's commitment to empowering women and promoting the humanities. Over the years, the Group has sponsored the Shanghai International Arts Festival and the Shanghai International Film Festival, and produced documentary "Brave Love Can't Wait" as well as TV series "Her and Her Story." Co-produced by CHLITINA and Maoyan in 2020 and exclusively broadcast on Youku, the TV series is a healing-themed web drama featuring women's stories set in beauty salons. The Group also supports scientific research and talent development, including a donation of RMB 28.5 million to the Tongji University Education Development Foundation in 2017.

In 2025, the Group partnered with China's Women Development Foundation and the ByteDance platform to support the "Talented Mothers – Zhuang Brocade Dream Workshop" project, which promotes the preservation of intangible cultural heritage while creating employment opportunities for rural women. The Talented Mothers Dream Workshop focuses on safeguarding and passing on China's intangible cultural heritage while combining this mission with women's economic empowerment, making it one of the most socially innovative pillars of the Light Up initiative.

The flagship project of the year was based in the Guangxi Zhuang Autonomous Region, where local ethnic minority women received training in traditional Zhuang brocade weaving techniques. Through the strength of the CHLITINA brand, their handcrafted products were introduced to the market, creating threefold social value by integrating intangible cultural heritage preservation, women's economic independence, and rural revitalization.

"Talented Mothers" Program Results Overview

Indicator	2025 Results	Description
Participants trained	Five professional training sessions, reaching 150 participant attendances	Included women artisans from the Zhuang ethnic minority
Participation of intangible culture inheritors in international events	Participated in two international exchange events in Beijing	In August and November, master craftsperson Li Suying attended two learning and exchange activities in Beijing
Funds raised	More than 400,000 RMB	Donations raised jointly with nearly 3,000 franchise stores
Cultural impact	Intergenerational transmission of Zhuang brocade weaving	Training participants represented women of different age groups, helping ensure the continuation of traditional craftsmanship

The social innovation of the Genius Mothers Program lies in moving beyond the limitations of traditional donation-based philanthropy. Nearly 3,000 franchise stores participated in the initiative, with participating outlets recognized as “Public Welfare Stores” and provided with “Public Welfare Partner” promotional materials, integrating public welfare into everyday brand operations.

At the same time, the women receiving training are no longer passive recipients of assistance but become skilled artisans with marketable capabilities. Their income opportunities have expanded beyond farming or migrant work to earning stable livelihoods within their own communities through traditional craftsmanship. This represents not only economic improvement, but also the restoration of dignity and cultural identity.

3.3.5 Light Up Relief

Light Up Relief: Bringing Hope to Families in Need

For more than a decade, whenever disasters have struck, the Light Up Fund has responded with timely action. In the aftermath of major disasters—including the Henan floods, severe flooding in the Beijing-Tianjin-Hebei region, and the Gansu-Qinghai earthquake—the Group has worked closely with professional relief foundations to provide financial assistance and relief supplies to affected communities.

Whether responding to natural disasters, supporting vulnerable groups, or assisting communities during the COVID-19 pandemic, the Group’s flagship brand, CHLITINA, has cumulatively donated more than RMB 14.84 million in cash and relief supplies to help those in need. Beneficiaries include disaster-affected communities, disadvantaged groups, and students from financially challenged families participating in the Light Up Reading rural education program. Assistance has taken the form of emergency relief resources, daily necessities, home visits, and care initiatives. In 2025 alone, the Group donated RMB 744,000 and additional relief supplies. Cumulative donations have now exceeded RMB 14.84 million in cash and in-kind contributions, providing ongoing support to those in need.

The Group also actively engages with the communities surrounding its principal operating locations, focusing particularly on the neighborhoods where CHLITINA stores are located. Through its store partners, the Group organizes community outreach activities, including visits to senior citizens and community health education seminars, extending its commitment to social responsibility from charitable projects in distant locations to services that directly benefit local communities. The Group believes that every CHLITINA store should serve as a positive force within its local community.

Definition of the Group’s Communities

Major Operating Location	Community Definition
Taiwan Group Headquarters	Xinyi District, Taipei, Taiwan
Shanghai Operations Headquarters	Changning District, Shanghai, Mainland China
Shanghai Directly Operated Store	Xuhui District, Shanghai, Mainland China
Shanghai Manufacturing Base	Songjiang Industrial Zone, Shanghai, Mainland China
Mainland China Branch Offices	29 branch offices across major cities in Mainland China
Mainland China Franchise Stores	Across 34 provincial-level administrative regions and more than 380 cities in Mainland China

In 2025, the Group's community engagement activities were primarily organized by regional branch offices in collaboration with local franchise stores. Through resource investment, community events, charitable donations, and volunteer services, these initiatives addressed local social and environmental issues, promoted community development, fulfilled the Group's social responsibilities, and demonstrated care for local communities.

Major community activities in 2025

Project	Community	Implementing Unit	Key Outputs and Impacts
Wintertime Warmth Campaign	Xuhui District, Shanghai	Shanghai headquarters	Donated 60 sets of Shu Leng toothpaste and oral spray products valued at approximately RMB 20,000 in total to vulnerable children.
Dragon Boat Festival Campaign	Xuhui District, Shanghai	Shanghai headquarters	Donated 60 sets of Shu Leng toothpaste and oral spray products valued at approximately RMB 20,000 in total to low-income families.
Xuhui Businesses Supporting Communities	Xuhui District, Shanghai	HOME SPA, Kindshare, Hedeng Clinic	Participated in a charity event, providing health consultations and health screening services, and donated RMB 4,000 to the Xujiahui Community Foundation to support community welfare projects.
Double Ninth Festival Free Health Clinic	Changning District, Shanghai	International Healthcare Business Unit	Provided free winter health lectures, eye health assessments, blood pressure and blood glucose testing, health consultations, shoulder and neck massage services, and festival gifts. More than 40 senior residents participated. Total expenditure was approximately RMB 17,000.
Gem Fortune 2025 Thanksgiving Art Festival – The Garden of the Thirteenth Hour	Xinyi District, Taipei	Taiwan Group Headquarters	Supported an artist's exhibition and launched special art edition packaging for the CHLITINA Smart Hydration Facial Cleanser and BabuLong Natural Alkaline Mineral Water. Ten percent of total sales were donated to the Hsinchu County Atayal Academy Education Association to support cultural and music education for Indigenous children. Total donations amounted to NT$200,000. Approximately 500 visitors attended the exhibition. The Group also sponsored an Atayal Academy concert attended by approximately 200 people, with total event expenses of NT$1 million.
Laba Festival Warmth Giving Campaign	Yushili Community, Wenzhou	Wenzhou branch office	Together with franchise stores, branch offices provided community residents with sincere warmth in the form of Laba porridge, physical therapy services and souvenirs. Total expenditure was approximately RMB 2,000.
May 20 Philanthropy Campaign	Wenzhou Cancer Hospital	Wenzhou branch office	Together with franchise stores, branch offices staff visited hospitals to provide free haircuts and shoulder and neck massages for medical workers and patients, provided care to critically ill patients, and called on children present to participate in empty bottle recycling activities. Total expenditure was approximately RMB 2,000.
Honoring	Hongbo Sports	Wenzhou	Together with franchise stores, branch office

Project	Community	Implementing Unit	Key Outputs and Impacts
Wenzhou Veterans	Park, Wenzhou	branch office	staff provided shoulder and neck meridian massage services for military veterans and organized an Empty Bottle recycling activity for children. Total expenditure was approximately RMB 2,000.
Winter Warm Dreams	Ganquan Community Service Centre	Wenzhou branch office	Together with franchise stores, branch office staff provided complimentary essential oils for aromatherapy, massage, and gua sha treatments for nearly 20 elderly residents. Total expenditure was approximately RMB 2,000.
Smart Winter Wellness	Branch office neighborhood community	Shanghai branch office	Organized a public health seminar promoting winter wellness knowledge for community residents, with approximately 20 participants. Total expenditure was approximately RMB 2,000.
Community Kindergarten Care Program	Local community kindergarten	Jilin branch office	Established a corporate volunteer team to deliver skincare education sessions and creative arts workshops for children. Donated art education materials for 30 children with special needs, along with cooking oil, rice, noodles, printing paper, and other daily necessities to support teaching and daily operations. Total expenditure was approximately RMB 1,800.

The Group plans to establish a standardized community engagement recording mechanism in 2026 to consistently capture community participation data across all stores. It also intends to set a baseline target of at least two community activities per store each year, thereby progressively strengthening the systematic management and evaluation of community engagement initiatives.

3.3.6 Social Impact Initiatives in Taiwan

The Group's Taiwan headquarters also advances public welfare and sustainability initiatives through its long-term partner, the Jiantong Culture and Education Foundation. As the Group's flagship brand, CHLITINA supports the Foundation in putting the Group's philosophy of "Love and Sharing" into practice across four focus areas: education, culture, humanitarian relief, and environmental protection. Together, these efforts demonstrate a complementary dual-track approach, combining the systematic, large-scale public welfare model followed in Mainland China with deep, locally rooted cultural engagement in Taiwan.

⭑ 2025 Highlights | Public Welfare Initiatives in Taiwan

‣ Education:
Continued support for Indigenous education in remote areas of Jianshi Township, Hsinchu County; supported two international competitions and exchange programs; organized 10 public lectures with a total of 682 participants.

▸ Culture:
Produced 62 cultural programs, integrating radio, digital media, artistic performances, and public exhibition programs to promote cultural education and greater access to the arts.

▸ Humanitarian Relief:
Continued support for Bethany Children & Family Foundation, assisting with the care of disadvantaged children and family support services.

▸ Environmental Protection:
Planted native Taiwanese tree species in Chishang, Taitung, promoting biodiversity and local environmental education.

Supporting Rural Students on the International Stage and Promoting Community Learning

The Group’s educational initiatives in Taiwan focus on empowering rural communities and expanding access to knowledge. Through support for the Jiantong Culture and Education Foundation, educational resources are directed to Indigenous schools in remote areas and community learning environments, helping students build broader perspectives and stronger cultural identity while remaining rooted in their local heritage.

This approach responds to the need for educational equity and community-based learning, ensuring that public welfare extends beyond financial assistance to become a long-term support system for individuals and communities. Going forward, the Group will continue strengthening support for education in rural areas while evaluating opportunities to expand community learning programs to better meet the needs of different age groups and communities.

Overview of Public Welfare Projects in Taiwan in 2025

<table>
<tr><th>Project</th><th>Total Investment (NT$)</th><th>Key Outputs and Impact</th></tr>
<tr><td>Jianshi Primary School participation in International Youth Robot Competition</td><td rowspan="3">464,436</td><td>Won Grand Prize awards in both the Junior and Senior divisions</td></tr>
<tr><td>Atayal Academy participation in Singapore choir competition</td><td>Won the Youth division Championship and the Gold Awards in both the Youth and Sacred Music categories</td></tr>
<tr><td>Public Lecture Series (10 sessions)</td><td>Total attendance: 682 participants</td></tr>
</table>

Cultural Content, Arts Engagement, and Aesthetics Education

The Group’s cultural initiatives in Taiwan are centered on preserving cultural heritage and expanding access to the arts. Through the Jiantong Culture and Education Foundation, the Group supports radio broadcasting, digital media, literature, art exhibitions, and performing arts, making cultural resources accessible to local communities, families, and teachers and students in rural areas while promoting cultural inclusion and arts education.

Looking ahead, the Group will continue strengthening the connection between cultural programs and public welfare initiatives to generate long-term social and cultural impact.

Project	Total Investment (NT$)	Key Outputs and Impact
"Encountering Beauty" program on UniFM 96.7 Radio		Produced 52 episodes, reaching a cumulative audience of 23 million listeners over the years
"Encountering Literature" YouTube Series		Produced 10 episodes with a cumulative 269,000 views over the years
Gem Fortune Group Thanksgiving Art Festival		Connecting local artist and rural education
Atayal Music for Love Program	4,010,000	Thanksgiving concert combined with guided art experiences and urban cultural activities
"From Impressionism to Early Modernism" –exhibition on loan from the Metropolitan Museum		Supported the exhibition of 81 artworks and 32 public welfare visits
Corny Chicken Theater Company		Invited 40 teachers and students from rural schools to attend professional theater performances

Supporting Under-Privileged Communities and Advancing Local Sustainability

The Group's humanitarian relief and environmental initiatives in Taiwan focus on responding to local needs while creating long-term sustainable value. The Group supports organizations caring for disadvantaged children by contributing to residential care, family support services, and daily living resources. It also participates in environmental restoration efforts in Chishang, Taitung, using native tree planting as a foundation for ecological sustainability. Going forward, the Group will continue evaluating opportunities to deepen partnerships in both social welfare and environmental conservation while building sustainable models for long-term community impact.

Project	Total Investment (NT$)	Key Outputs and Impact
Humanitarian Relief and Environmental Protection	101,472	(1) Supported Bethany Children & Family Foundation through cash donations and essential supplies. (2) Supported Green Hope Spring's tree-planting initiative in Chishang, Taitung, and planted 100 native Taiwan trees.

2025 Overview of Social Impact Initiatives

Social Impact Category	Region	Key Performance Indicators	Community-Based Initiatives
Light Up Relief	Mainland China	Dozens of assistance and care cases supported in 2025	In line with society's efforts to foster more caring neighborhoods, the Group organized community-based activities through its franchise stores across China, including senior care programs, parent-child activities, and health seminars. In 2025, its 29 branch companies across China held a total of 41 community activities.
Light Up Reading	Mainland China	50 schools / 180,009 participants / 68,985 books	
Light Up Environmental Protection	Mainland China	Empty bottle program: 14.5 tons / 121% of target achieved	
Light Up Humanities	Mainland China	150 participants trained / RMB 400,000 raised through donation campaigns	
Education	Taiwan	Received multiple international awards; 10 public-interest lectures	Promoted partnerships with local schools, communities, arts and

Social Impact Category	Region	Key Performance Indicators	Community-Based Initiatives
		with a total of 682 participants.	cultural organizations, and social welfare partners to embed public-interest initiatives into local needs and everyday community life. In 2025, the program reached more than 10 partner organizations across Taiwan, including schools, arts and cultural venues, and social welfare institutions, delivering a total of 48 community initiatives and support projects
Humanities	Taiwan	Produced and broadcast 62 episodes of radio cultural programs reaching over 23 million people, and promoted 4 arts and cultural events and 32 exhibitions.	
Relief	Taiwan	Supported Bethany Children & Family Foundation through cash and in-kind donations.	
Environmental Protection	Taiwan	Supported the planting of 100 native Taiwanese trees in Chishang, Taitung.	

Promotion of the Brand’s Public Service Values

The impact of Light Up extends beyond its individual projects. Equally important is the communication and integration of its social impact values throughout the Group. In 2025, the Group extended its commitment to public service from headquarters to every member of the organization through three primary channels:

Communication Channel	Sessions	Participants Reached	Description
Public speeches by senior leadership	6	747	The CEO personally shared the Group’s corporate philanthropy during Germès franchisee training programs.
Germès Ambassador Program	15	709	Philanthropy-themed sessions were incorporated into the Beauty Ambassador Program to cultivate community service champions at franchise stores.
Nationwide branch-level business meetings	199	9,320	Brand values and public-service messages were integrated into business meetings across all branch companies to ensure these values reached frontline teams.
Total	220	10,776	

Chlitina’s social impact strategy reflects a complementary approach, with teams in Mainland China emphasizing systematic implementation and teams in Taiwan focusing on depth of engagement. In Mainland China, the Light Up program adopts a structured framework built on four pillars and leverages the Group’s franchise network to achieve broad-scale impact. In Taiwan, carefully selected initiatives focus on cultural heritage preservation and educational development, aiming to maximize the social impact of each individual project.

Over the past 17 years, Chlitina’s Light Up program has established a comprehensive public-service framework covering education, environmental protection, technology and the arts, and humanitarian relief. Nevertheless, the Group recognizes that significant challenges remain, including educational disparities in remote regions of China, the need to preserve cultural heritage, and global environmental issues. Looking ahead, the Group will continue to expand the scale of its public-service programs while strengthening the measurement and transparent disclosure of investment outcomes through systematic management to ensure meaningful and lasting social impact.

Chapter 4 | Ethical Governance

As ESG evolves from a voluntary corporate initiative into a regulatory requirement, and from an evaluation framework into an important consideration for investment decisions, the quality of corporate governance has become more than an internal management issue. It is now the foundation for determining whether an organization can translate its sustainability commitments into measurable and enduring performance.

For the Group, whose principal operations are based in Mainland China and which operates across multiple jurisdictions, governance challenges extend beyond regulatory compliance. They also involve establishing a consistent culture of integrity, disciplined decision-making, and risk awareness across different legal systems, cultures, and market environments.

This chapter provides a systematic overview of the Group's governance practices and key developments in 2025, covering the Board of Directors, digital strategy, risk management, information security, and supply chain management. Through a structured governance framework and continuously strengthened internal management systems, Chlitina is committed to enhancing decision-making transparency, strengthening operational resilience, and ensuring that business growth remains aligned with the long-term interests of stakeholders.

In 2025, Chlitina Holding Group recorded consolidated revenue of NT$3.878 billion and net profit after tax of NT$588 million, representing year-on-year growth of 24.40%, with net profit margin recovering to 15.16%. Despite a 4.63% decline in revenue compared with the previous year, the Group achieved a significant improvement in profitability while maintaining effective implementation of its risk management framework. This financial resilience demonstrates the Group's ability to adapt to market fluctuations and further illustrates that sound corporate governance is a critical foundation for sustainable long-term growth.

Economic Value Generated and Distributed

The foundation of sustainable business lies in an organization's ability to continuously generate stable and resilient economic value. Chlitina regards economic resilience as a core capability for advancing sustainable development. Through its multi-brand strategy, omni-channel presence, and ongoing operational efficiency improvements, the Group continues to strengthen its financial structure and market responsiveness, ensuring stable operations and long-term growth despite changes in consumer demand, cost fluctuations, and regional market competition.

The economic value created by the Company is reflected not only in its revenue and profitability, but also in how it is distributed to employees, suppliers, governments, shareholders, communities, and other stakeholders through employee compensation and benefits, supplier procurement, tax contributions, shareholder returns, social investment, and business reinvestment. The Group believes that business success should be shared with stakeholders and that transparent and responsible allocation of resources transforms economic performance into a foundation for organizational resilience, shared industry prosperity, and public trust.

Item	2025 Amount (NT$ thousand)	Description
Direct economic value generated (A)	4,007,322	Operating revenue (including net sales and investment income), net of government grants.
Economic value distributed (B)	3,996,767	Total of the five categories

Item	2025 Amount (NT$ thousand)	Description
		below.
1. Operating costs	2,283,344	Supplier procurement, marketing expenses, administrative expenses, R&D expenses, etc.
2. Employee salaries and benefits	861,148	Salaries, pensions, employee insurance, bonuses, and benefits
3. Payments to providers of capital	661,596	Cash dividends paid to shareholders and interest paid to creditors
4. Payments to government	177,060	Income taxes paid in Taiwan and Mainland China (net of government grants)
5. Social investment	13,619	Light Up relief assistance, rural education initiatives, and donations
Economic value retained (C = A – B)	10,555	Direct economic value generated less economic value distributed

The distribution of economic value in 2025 reflects three key characteristics of Chlitina Holdings Group's approach to translating business performance into employee care, social investment, and responsible compliance.

First, employees remain the Group's most important beneficiaries of value creation. In 2025, employee salaries and benefits accounted for 21.55% of total economic value distributed. As a business centered on people, compensation and benefits represent not only financial security but also the Company's long-term commitment to the career development and growth of every employee. Chlitina continues to invest in talent development and organizational capability, with particular emphasis on cultivating female leadership through parallel professional and management development programs that support women at every stage of their careers. As of 2025, women accounted for 71% of the Company's middle and senior management positions, demonstrating Chlitina Holdings Group's commitment to diversity and inclusion.

Second, the Group continued to increase its investment in social impact to expand its positive contribution to society. In 2025, Chlitina invested NT$13.619 million in social initiatives, representing a 37% increase over the previous year. These investments supported projects in rural education, emergency assistance, cultural development, and environmental conservation, responding to diverse community needs in education, daily living support, cultural preservation, and ecological protection. The Company believes that the value created by business should extend beyond financial performance and be transformed into meaningful and sustainable contributions to society. Through steadily increasing its investment in communities, Chlitina Holding Group continues to strengthen its connection with local communities and fulfil its responsibilities as a corporate citizen.

Third, the Group upholds tax transparency as a demonstration of ethical governance in its cross-border operations. As a multinational enterprise, the Group adheres to the principles of honest tax payment and regulatory compliance in every jurisdiction where it operates, ensuring that the economic value it generates contributes to local communities and public infrastructure through taxation. In 2025, all seven of the Group's subsidiaries in Mainland China were recognized as "Class A Taxpayers," maintaining this distinction for multiple consecutive years and demonstrating consistent excellence in tax management, filing quality, and regulatory compliance. Among them, Chlitina (China) Trade Co., Ltd. was recognized as one of the "Top 100 Taxpayers in Xuhui District, Shanghai" for four consecutive years from 2021 to 2024. Meanwhile, Weishuo (Shanghai) Daily Product Co., Ltd. was certified as a "High and New Technology Enterprise" in 2025, qualifying for a reduced corporate income tax rate of 15%, compared with the standard 25%. These recognitions further demonstrate the Group's strengths in legal compliance, innovation, and local economic contribution.

Government Financial Support

Government financial support received by the Group primarily consists of tax incentives, research and development support, and industry incentive programs provided under applicable regulations and industrial policies in its operating regions. All grants and incentives are applied for, recognized and disclosed in accordance with the requirements of the relevant authorities and are incorporated into the Company's financial and tax management processes to ensure complete, transparent, and traceable reporting.

The Company regards government financial assistance as an important resource that supports operational upgrading, technological innovation, and local development, rather than as a substitute for income generated through its own business activities. These resources are primarily used to strengthen product development, operational efficiency, digital management, and compliance capabilities, while supporting subsidiaries in responding to regional industrial priorities and policy requirements.

Type of Support	Beneficiary	Description
High-Tech Enterprise tax incentive	Weishuo (Shanghai) Daily Product Co., Ltd.	Eligible for a preferential corporate income tax rate of 15% (standard rate: 25%) and additional tax deductions for R&D expenses in accordance with applicable regulations.
District-level fiscal subsidy	Chlitina (China) Trade Co., Ltd.	Subsidy provided by the Xuhui District Government of Shanghai to high-performing enterprises making significant tax contributions within the district. The subsidy amounted to approximately RMB18 million in 2025.

For Chlitina, disclosure of government financial assistance is not only a matter of tax compliance and financial transparency but also an important indicator of sound corporate governance. The Group will continue to manage, recognize, and disclose government grants and tax incentives prudently in accordance with applicable laws, regulations, and accounting standards, ensuring that information remains accurate, complete, and verifiable. The Group is committed to using policy support responsibly to foster innovation, maintain sound operations, and contribute to local economic development.

4.1 Corporate Governance

Corporate governance is the foundation of sustainable business operations and an important guideline for Chlitina Holding Group in implementing ethical business practices, making sound decisions, and managing risks. In response to an increasingly complex regulatory environment, expectations from the capital market, and stakeholder concerns, the Group continues to strengthen its governance systems and management processes to ensure that the Board of Directors and management team can advance the Company's development in a transparent, responsible, and forward-looking manner.

4.1.1 Sound Management and Required Practices

Board Composition and Operations

The Board of Directors of the Chlitina Group consists of eight directors, including four independent directors, representing 50% of all Board seats, and four female directors, also representing 50% of all Board seats. This composition demonstrates the Company's emphasis on Board independence, diversity, and gender balance, and reflects the Chlitina Holding Group's concrete efforts to incorporate diverse perspectives into major decision-making and governance oversight.

Name	Position	Gender	Age Range	Professional Background
Chen Pi-Hua	Chairman / Chief Strategy Officer	Female	61-70	Operations Management
Wealthy Garden Investment Limited (Representative: Chen Pei-Wen)	Director	Female	61-70	Finance / Accounting / Management/ESG
Chao Chen-Yu	Director / Chief Executive Officer	Male	41-50	Operations Strategy / Economics / Management
Wu Sizong	Director	Male	71-80	Economics / Management
Tsai Yu-Chin	Independent Director	Female	61-70	Finance / Accounting
Hsu Wen-Kuan	Independent Director	Female	61-70	Finance / Accounting
Huang Lei-Kang	Independent Director	Male	51-60	Law / Risk Management
Lee Jin-Wei	Independent Director	Male	41-50	Business Operations / Information Technology

From an age-structure perspective, the Board demonstrates generational diversity. Directors under the age of 60 account for 38%, combining the innovative thinking of a younger generation of managers with the governance experience of senior professionals. This helps the Board maintain a balance in strategy development, risk assessment, and long-term decision-making. The term of the fifth Board of Directors is from June 25, 2024 to June 24, 2027, with all directors serving the same term, ensuring stability in Board operations and continuity in governance responsibilities.

Female directors account for 50% of the Board, while independent directors also account for 50%. This governance structure not only responds to investors' and other stakeholders' expectations regarding Board diversity, independence, and oversight effectiveness, but also provides an institutional safeguard for the quality of corporate decision-making. Through a diverse composition in terms of gender, age, and professional background, the Company is able to incorporate different perspectives into major business issues and enhance the Board's oversight capabilities regarding operational strategy, financial soundness, compliance risks, and sustainable development.

Director Nomination and Selection Process

The nomination and selection of directors and committee members of the Board are conducted in accordance with the Company's Articles of Association and Corporate Governance Best Practice Principles. The director nomination process comprehensively considers diversity, independence, professional capabilities, and the appropriate representation of stakeholder perspectives, ensuring that the composition of the Board effectively supports the Company's long-term development, oversight of major decisions, and sustainable governance needs.

In terms of diversity, the Company considers the gender, age, professional background, and industry experience of director candidates, seeking to ensure that the composition of the Board adequately reflects the characteristics of the Company's business and its stakeholder structure. In terms of independence, independent directors must meet the independence requirements established by the competent authorities and must not have any material interest in the Company, thereby maintaining the objectivity of the Board's oversight function. In terms of professional capabilities, the Company places emphasis on whether director candidates possess knowledge and experience related to the industry, operations, finance and accounting, legal and risk management, and information technology, enabling the Board to exercise substantive oversight in areas including strategic planning, risk management, regulatory compliance, and sustainable development.

Chairman Responsibilities and Prevention of Conflicts of Interest

Chairman Chen Pi-Hua also serves as the Group's Chief Strategy Officer and is responsible for developing and advancing the Company's medium- and long-term strategic direction. This arrangement takes into consideration her deep understanding of the brand's development history, industry context, and of the Group's operating model. Having the Chairman concurrently serve as Chief Strategy Officer helps maintain consistency, continuity, and stability in the Group's strategic direction and execution.

To prevent and mitigate potential conflicts of interest arising from the Chairman concurrently holding a senior management position, the Company has established multiple governance safeguards. First, the Board has one more independent director than required by law, with independent directors accounting for 50% of the Board, enabling effective and independent oversight of major decisions. Second, the Audit Committee and Remuneration Committee are composed entirely of independent directors, ensuring objectivity and professionalism in the review of financial reporting, internal controls, and regulatory compliance.

In terms of the division of management responsibilities, Chief Executive Officer Chao Chen-Yu independently oversees daily operations and strategy execution, establishing a clear division of responsibilities from the Chairman's medium- and long-term strategic role. This helps improve decision-making efficiency and reduce the risk of overlapping responsibilities. In addition, the Board has established related-party transaction review and conflict-of-interest recusal procedures. Directors who are involved in matters concerning themselves or a legal entity they represent must proactively disclose the relevant circumstances and recuse themselves from voting in accordance with applicable laws, thereby safeguarding the fairness and transparency of Board decision-making and maintaining stakeholder trust.

Functional Committees and Professional Governance

To strengthen the professional division of responsibilities and governance oversight effectiveness of the Board, the Group has established two statutory functional committees under the Board: the Audit Committee and the Remuneration Committee.

These committees conduct professional reviews of key governance matters, including financial oversight, internal controls, regulatory compliance, compensation systems for directors and senior executives, and ESG-linked performance. Through the operation of these functional committees, the

Company is able to enhance the depth of its review of major proposals and ensure that governance decisions are more professional, independent, and accountable.

Committee	Number of Members	Main Functions	Number of Meetings in 2025
Audit Committee	4	Financial oversight, internal control review, compliance oversight	5
Remuneration Committee	4	Review and approval of appointments, removals, and compensation of directors and senior executives; ESG-linked performance	4

In 2025, the Board of Directors held five meetings, with an average director attendance rate of 97.50%. Individual director attendance rates ranged from 80% to 100%. The attendance rate for the functional committees was 100%, demonstrating that directors and independent directors actively fulfill their governance responsibilities and continue to focus on the quality of financial reporting, the effectiveness of internal controls, and regulatory compliance. Through the stable operation and high participation of the Board and functional committees, the Company continues to strengthen its governance oversight structure, ensuring that major business decisions take into account risk management, long-term value creation, and stakeholder rights and interests.

ESG Promotion Organizational Structure

To embed sustainable development into the Group's operations and decision-making processes, the Group established the "Sustainable Development Planning Team" under the guidance of the Board of Directors. The Chief Executive Officer serves as the convener and is responsible for coordinating the Group's ESG strategy planning, goal implementation, performance tracking, and cross-departmental coordination. The team consists of seven project teams covering corporate governance, employee care, customer relations, environmental sustainability, sustainable products, brand marketing, and social welfare. This structure ensures that sustainability issues extend from the governance level into daily operations and management processes.

Each project team is responsible for different areas of sustainability management according to its assigned duties. Through clear division of responsibilities and cross-departmental collaboration, the Company continues to improve the comprehensiveness and efficiency of ESG management and implementation. The Sustainable Development Planning Team reports quarterly to the Board on sustainability performance, major developments, and subsequent initiatives, enabling ESG issues to receive oversight, guidance, and resource allocation at the highest level of governance.

ESG Planning Team Operating Mechanism

- Convener: Chao Chen-Yu

- Composition: 7 project teams

- Corporate Governance (internal controls, compliance, information security, risk management, digital transformation)
- Employee Care (talent recruitment and retention, compensation and benefits, occupational safety and health, diversity and inclusion)

- Customer Relations (quality management, customer service, product safety and labeling, customer privacy)
- Environmental Sustainability (greenhouse gases, water resources, waste, green procurement, climate risks)
- Sustainable Products (product innovation, green packaging, formula transparency)
- Brand Marketing (sustainable brand promotion, consumer communications)
- Social Welfare (community relations, education programs, human rights advocacy, industry collaboration)

- Reporting Frequency: Quarterly reports to the Board of Directors

- ESG-Related Training in 2025: 211 sessions

- Key Governing Frameworks: Code of Practice for Sustainable Development, Human Rights Policy, Ethical Corporate Management Best Practice Principles

Conflict of Interest Prevention and Management

To ensure the fairness of decision-making by the Board of Directors and management team and protect the rights and interests of shareholders and other stakeholders, Chlitina has established mechanisms for preventing and managing conflicts of interest, including related-party transaction review procedures, conflict-of-interest recusal procedures, and disclosure of directors’ concurrent positions. Through institutionalized disclosure and review processes, the Company ensures that major decisions are made on a transparent, objective, and legally compliant basis.

The scope of the Company’s conflict-of-interest disclosures includes directors holding positions on other boards of directors, cross-shareholdings with other stakeholders, information on controlling shareholders, related-party information, and information on related-party transactions and related balances, all of which are detailed in the 2025 Annual Report. The Rules of Procedure for Board of Directors Meetings stipulate that directors who have a personal interest in a proposal must proactively disclose the relevant circumstances and recuse themselves from discussion and voting in accordance with applicable laws, thereby preventing potential conflicts of interest from affecting the independence and fairness of Board decision-making.

Communication Mechanism for Matters of Significant Concern

Chlitina Holding Group has established a comprehensive mechanism for communicating matters of significant concern to the highest governance body, ensuring that important matters related to ethical business practices, regulatory compliance, internal controls, customer rights and interests, and operational risks can be identified, consolidated, investigated, and reported in a timely manner. Relevant matters may be raised through channels including complaints, whistleblowing, internal audits, compliance notifications, customer complaint escalation, and internal control notifications. Internal and external stakeholders may submit specific evidence or concerns through the whistleblower mailbox, audit@cn.chlitina.com. The Company initiates tiered handling procedures based on the nature, scope of impact, and significance of each case, and, when necessary, submits matters to the Board of Directors or Audit Committee for review.

In 2025, the Chlitina Group had no matters of significant concern reported to the highest governance body and received no external whistleblower reports. This result indicates that the Company’s existing communication and reporting channels are operating smoothly and that its established prevention, investigation, and corrective mechanisms are functioning effectively.

Chlitina Holding Group will continue to strengthen communication about and accessibility of its whistleblowing channels, ensuring that employees, suppliers, customers, franchise partners, and other external stakeholders clearly understand the reporting channels and have confidence in the Company's confidentiality, investigation, and case-handling procedures. Through institutionalized communication mechanisms, the Company is committed to enhancing governance transparency, reducing potential risks, and maintaining a culture of ethical governance.

Director Continuing Education and Competency Development

To ensure that the highest governance body possesses the professional knowledge and capabilities required to respond to rapidly changing regulatory environments, industry trends, and sustainability issues, Chlitina Holding Group continues to encourage directors to participate in external seminars, professional courses, and governance training. In 2025, every director completed more than six hours of annual continuing education, meeting the Company's requirements for continuous improvement in corporate governance.

Topics covered by director continuing education in 2025 included "ESG Strategy: Pathways to Natural Positive Growth," "Personal Data and Information Security Governance Practices and Directors' Responsibilities," "Corporate Governance and Securities Regulations," "Leading Strategies for Enterprises in AI Transformation," and "Sustainable Finance and Climate Change," etc. These programs covered a range of areas, including sustainable governance, climate risks, information security, regulatory compliance, artificial intelligence transformation, and capital market trends. Through an ongoing director competency development mechanism, the Board keeps abreast of emerging risks and opportunities, strengthens its oversight of impacts on the economy, environment, and people, and improves the quality of its professional judgment regarding major decisions, risk management, and sustainable transformation.

Board Performance Evaluation

Chlitina Holding Group regularly evaluates the performance of the highest governance body in overseeing the management of impacts on the economy, environment, and people, in order to assess the effectiveness of the Board and functional committees, governance maturity, and areas for continuous improvement. In 2025, the Company implemented both internal and external evaluation mechanisms. Through self-assessment and independent third-party evaluation, the Company ensured that Board performance evaluations were comprehensive, objective, and useful as a basis for reference.

The internal evaluation is conducted through Board self-assessment once a year. The evaluation covers the overall effectiveness of Board operations, the operations of each functional committee, and individual directors' meeting participation and professional contributions. The 2025 evaluation results showed that the overall Board performance score was 4.75, the average self-assessment score of directors was 4.84, and the average score for the functional committees was 4.88, with 5 being the highest possible score. The evaluation results were reported at the Board meeting on March 2, 2026, and served as a reference for individual directors' compensation, nomination and reappointment, and continuous improvement of the Board (Source: 2025 Annual Report, Board Performance Evaluation section). Through the annual evaluation mechanism, the Company is able to systematically review the Board's performance in strategic oversight, risk management, compliance management, and sustainability issues, further enhancing the accountability and governance effectiveness of the highest governance body.

For the external evaluation, the Group commissioned the "Taiwan Association of Board Governance (TABG)" to conduct an independent performance evaluation in 2025. The evaluation period covered January 2023 to September 2025. The evaluation covered seven major dimensions—Board composition and structure, director selection and continuing education, level of operational participation, decision-making quality, internal controls, sustainable development, and value creation—with a total of 40 indicators. The external evaluation concluded that the Company's Board governance practices complied with relevant requirements and provided three recommendations for continued governance improvement:

1. Establish a "Director Handbook" to help newly appointed directors quickly understand the corporate governance structure, directors' responsibilities and authorities, and important internal policies and procedures.
2. Evaluate the establishment of a "Sustainable Development Committee" under the Board as a functional committee to strengthen the Board's oversight of ESG strategy, climate risks, and sustainability performance.
3. Increase the frequency of separate communication meetings between the Audit Committee and the head of internal audit and independent auditors to at least twice a year, thereby enhancing the quality of financial oversight and internal control reviews.

The Company has established improvement plans in response to the above recommendations, including plans to establish a Director Handbook when directors are re-elected in 2027, establish a Sustainable Development Committee in May 2026, and increase the frequency of separate communication meetings between the Audit Committee and the head of internal audit and independent auditors to at least twice a year. Going forward, the Company will continue to monitor progress on these improvements and use the results of Board performance evaluations to further optimize its governance system, ensuring that the Board effectively fulfills its functions of strategic guidance, risk oversight, and sustainable governance.

Compensation Governance and ESG Linkage

Compensation governance is an important mechanism for ensuring long-term value creation, talent retention, and sustainable incentives. Through the independent operation of the Remuneration Committee, Chlitina has established a compensation system that balances market competitiveness, internal fairness, and governance transparency, enabling compensation arrangements for directors, senior executives, and key management personnel to be aligned with the Company's operating performance, long-term strategies, and sustainable development goals.

The Company has established a compensation policy for members of the highest governance body and senior executives. Its main components include fixed compensation, variable compensation, and retirement benefits. Fixed compensation is determined based on a comprehensive assessment of job responsibilities, professional capabilities, management scope, and market compensation levels. Variable compensation is determined based on the Company's overall operating performance, individual performance, and achievement of management objectives. Retirement benefits are provided in accordance with applicable laws and the Company's relevant policies. As of the end of 2025, the Company had not established compensation clawback provisions. Going forward, it will continue to refer to corporate governance practices and capital market expectations when assessing the need to introduce such mechanisms.

Of particular note, Chlitina Holding Group has incorporated certain sustainability performance indicators into the performance evaluation and compensation considerations for senior executives. In 2025, the annual strategic performance indicators for the General Manager of the China region and key executives included an "ESG Environmental Sustainability (Recycling and Environmental Protection) Indicator Achievement" item. Ten points were added to the annual strategic indicator score, and the result was linked to the weighting used to calculate the year-end bonus. This arrangement represents the Company's initial substantive step toward extending ESG from initiatives and project management into management responsibilities and incentive mechanisms, marking the beginning of a more concrete linkage between ESG and compensation.

From the perspective of investors and stakeholders, whether ESG performance is linked to senior executive compensation is an important indicator of whether a company's sustainability commitments are supported by effective implementation mechanisms. Chlitina Holding Group has taken the first step. Going forward, the Company may further evaluate expanding the scope of application, increasing the types of ESG indicators, and gradually increasing the weighting of ESG indicators in variable compensation, thereby establishing a closer institutional connection among environmental sustainability, social responsibility, corporate governance, and long-term value creation.

The design and decision-making process for compensation policies is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. The Remuneration Committee operates independently and is composed of independent directors who are not among the individuals being evaluated, ensuring objectivity and fairness in the compensation review process. In designing compensation policies, the Committee considers the Company's operating performance, market compensation levels, industry trends, talent retention needs, and corporate governance requirements to ensure that the compensation system supports the Company's long-term and stable development. The Company also gathers stakeholder views on compensation matters through shareholder meetings, investor communications, and corporate governance mechanisms, using such views as a reference for reviewing and adjusting compensation policies. In 2025, Chlitina Holding Group had no compensation policies or compensation proposals requiring separate disclosure of voting results.

Employee Compensation and Benefits Investment

In 2025, Chlitina Holding Group's total investment in employee compensation and benefits reached NT$861.148 million, covering fixed salaries, variable bonuses, statutory social insurance, specialized training, health management, and various employee benefits. These investments not only reflect the Company's emphasis on employees' basic livelihood security but also demonstrate Chlitina Group's continued commitment to talent retention, capability development, and employee care.

Item	Percentage
Fixed Salaries	74.07%
Variable Bonuses	6.83%
Project Incentives	0.04%
Statutory Social Insurance	16.83%
Specialized Training	1.51%
Health Management	0.47%
Product Benefits	0.13%
Holiday and Childcare Benefits	0.13%
Total	100.00%

From the perspective of the compensation and benefits investment structure, fixed salaries account for approximately 74.07% and statutory social insurance approximately 16.83%. Together, they account for more than 90% of the total, indicating that Chlitina Holding Group's compensation structure is primarily based on stable employee security and places emphasis on basic salary protection and statutory benefit entitlements. This structure helps establish stable employment relationships and supports employees in receiving basic protection throughout their long-term careers.

Variable bonuses account for approximately 6.83%, indicating that the Company has established performance-linked incentive arrangements. However, in light of the increasingly strong market trend toward sustainability performance, the Company may further evaluate strengthening the linkage between variable compensation and ESG indicators in the future by incorporating environmental sustainability, customer service, talent development, and governance performance into the incentive mechanisms for a broader range of management personnel and key positions. This would further strengthen the compensation system’s support for long-term value creation.

In addition to salaries and statutory benefits, Chlitina Holding Group has also invested specific resources in employee capability development and physical and mental well-being. In 2025, the Company invested NT$12.976 million in specialized training and NT$4.021 million in health management, reflecting its focus not only on employees’ current compensation but also on talent capability accumulation, career development, and health and well-being. Going forward, the Group will continue to review its compensation and benefits structure, balancing fairness, competitiveness, and sustainable incentives to support stable organizational growth and long-term talent retention.

Ethical Business Practices and Anti-Corruption Management

Ethical business practices are the fundamental baseline of corporate governance at Chlitina Holding Group and an important foundation for maintaining brand trust, regulatory compliance, and stakeholder relationships. Based on the Code of Ethical Conduct and the Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct, the Group has established a comprehensive anti-corruption management system covering policy communication, risk assessment, training, whistleblower reporting, case investigation, and improvement tracking. This ensures that ethical governance principles are implemented in daily operations and business interactions.

In 2025, Chlitina continued to conduct corruption risk assessments across its operating locations and integrate anti-corruption policy communication and training into daily management processes. Through policy communication and training for Board members, managers, and general employees, the Company strengthened all personnel’s understanding of anti-corruption, conflict-of-interest prevention, whistleblowing channels, and standards of ethical conduct, reducing integrity risks arising from information gaps or management oversights.

Category	Number of People	Policy Communication Coverage	Substantive Training Coverage	Training Hours
Board Members	8	100%	0%	—
Managers	173	100%	61%	8.7
General Employees	642	100%	87%	46.7
Total	823	100%	81%	55.4

In 2025, communication of Chlitina Holding Group’s anti-corruption policy achieved 100% coverage, demonstrating that the Company has communicated its ethical business requirements to the Board, managers, and general employees. The Group has planned enhancements for 2026 to improve the consistency and comprehensiveness of anti-corruption training across different operating regions.

In 2025, the Group maintained stable performance in ethical business practices, with no major fraud cases and no external whistleblower reports confirmed as corruption incidents. Two whistleblower reports were received during the year; following investigation, neither was determined to constitute corruption or another major violation. In addition, no major violations or significant fines occurred in 2025, demonstrating the effective operation of the Company’s anti-corruption management and regulatory compliance mechanisms.

To ensure accessible whistleblowing channels, the Group provides multiple reporting channels, including the whistleblower mailbox, audit@cn.chlitina.com, internal grievance mailbox, whistleblower hotline, and written reports, allowing employees, suppliers, business partners, and other stakeholders to raise concerns or provide specific evidence. The Company also expressly prohibits retaliation in any form and protects whistleblowers’ legal rights and confidentiality to strengthen stakeholder trust in the reporting system.

Going forward, the Group will continue to deepen its culture of ethical business practices, expand the coverage of anti-corruption training, and strengthen consistent policy communication and risk assessment mechanisms across regions. At the same time, it will continue to review whistleblower case-handling procedures, conflict-of-interest management, and integrity requirements for the supply chain, ensuring that anti-corruption management not only meets regulatory requirements but also serves as an important institutional foundation for maintaining long-term corporate trust and sound governance.

2025 Ethical Business Performance

- Major fraud cases during the year: 0

- External whistleblower reports confirmed as corruption incidents: 0 (2 reports received; neither was determined to constitute corruption after investigation)

- Major violations: 0; Significant fines: 0

- Accessible whistleblowing channels: whistleblower mailbox (audit@cn.chlitina.com), internal grievance mailbox, whistleblower hotline, and written reports

- Whistleblower protection: Retaliation is strictly prohibited

Regulatory Compliance

Regulatory compliance is a fundamental requirement of corporate governance and an important foundation for building stakeholder trust. The Group defines a major violation as an incident that has a material impact on operations, financial performance, reputation, or stakeholders. It continuously monitors regulatory developments in Taiwan and mainland China related to cosmetics, medical aesthetics, and consumer products, and uses internal controls, legal reviews, and risk prevention mechanisms to ensure that business activities at all operating locations comply with applicable laws and regulations.

Regulatory Compliance Area	Major Violations	Amount of Fines	Non-Monetary Sanctions
Environmental regulations (emissions, waste, chemical management)	0	NT$0	0
Social regulations (labor, human rights, consumer protection)	0	NT$0	0

Regulatory Compliance Area	Major Violations	Amount of Fines	Non-Monetary Sanctions
Economic regulations (fair trade, antitrust, taxation)	0	NT$0	0
Total	0	NT$0	0

Note: Major violations are defined as events that have a significant impact on operations, finances, reputation, or stakeholders; the reporting period is from January 1, 2025 to December 31, 2025.

In 2025, Chlitina reported no major violations of laws or regulations in the three major areas of environmental, social, and economic compliance. This continued the Company's recent record of zero major regulatory penalties and reflects the effective operation of its internal control systems, legal monitoring, compliance reviews, and risk prevention mechanisms. The Group's legal department continues to monitor regulatory developments related to cosmetics and medical aesthetics on both sides of the Taiwan Strait, including mainland China's Cosmetics Supervision and Administration Regulation, revisions and updates to Taiwan's Cosmetic Hygiene and Safety Act, and regulations concerning consumer product labeling, advertising claims, product registration, and market supervision.

In response to regulatory changes, the Company promptly reviews and adjusts its internal compliance procedures to ensure that product development, registration and filing, labeling management, advertising and promotional activities, sales, and customer services continue to comply with the latest regulatory requirements. Going forward, the Group will continue to strengthen its compliance management mechanisms through cross-departmental collaboration, regulatory compliance training, internal audits, and compliance risk assessments, thereby enhancing the sensitivity and response capabilities of employees and operating units to regulatory changes.

Participation in External Industry Associations and Organizations

The Group values communication and collaboration with industry associations, professional organizations, and sustainability initiative platforms. Through participation in external organizations, it continues to keep abreast of the latest trends and regulatory requirements in areas including cosmetics, medical aesthetics, chain operations, quality management, women's leadership, social welfare, and sustainable development. The Company also uses its participation in relevant organizations to share practical experience with industry peers, promote higher industry standards, and advance the dissemination of sustainable values.

Through participation in these external organizations, Chlitina Holding Group not only continues to gain insights into international trends in governance, sustainable development, and industry transformation, but also shares its practical experience in sustainable beauty, women's empowerment, chain operations, product quality, and beauty industry education with industry partners and professional communities. In particular, Chlitina holds the position of executive council member of the China Association of Fragrance Flavor and Cosmetic Industries, while Germès is represented at the vice president level at the Shanghai Hairdressing and Beauty Trade Association. These roles reflect the Company's professional standing, level of industry engagement, and external influence within the beauty industry value chain.

Going forward, Chlitina will continue to deepen its engagement with government, industry, academic and research institutions, and social organizations through participation in industry associations and industry collaboration. It will also incorporate external trends and professional perspectives into corporate governance, product innovation, supply chain management, and sustainability strategies, further strengthening corporate resilience and creating shared value across the industry.

4.1.2 Digital Management Strategy Implementation

The beauty industry is at a critical point in its digital transformation. In response to changing consumer behavior, upgrades to store operations, the digitalization of education and training, and the need to improve the efficiency of cross-regional management, the Group has adopted “a digitalized health and beauty industry value chain” as its vision and is pursuing a dual-track strategy of in-house development and integration with external platforms. This approach is driving comprehensive digitalization from store operations and education and training to headquarters management.

In 2025, Chlitina Holding Group’s digital transformation gradually moved from the “system development phase” into the “application enhancement phase.” From an investor perspective, digital transformation should not only be seen as a tool for cost control and improved operational efficiency, but also as critical infrastructure for strengthening management visibility across the Company’s network of more than 4,000 franchised stores, enhancing operational standardization, and enabling the timely monitoring of market developments.

Core Digital System Architecture

System	Primary Functions	Coverage
Store Management System	Store operations management	All franchised and company-operated stores nationwide
Germès Online	Education and training platform	All employees and franchisees
Feishu (Lark)	Internal collaboration and communication	Group headquarters and management
Portal Website System	Brand website and membership management	End consumers

Among these core digital systems, the Store Management System is Chlitina’s most strategically significant in-house development. The system integrates core functions including store appointment scheduling, customer management, revenue reporting, and inventory tracking, helping stores improve day-to-day operating efficiency while strengthening headquarters’ ability to monitor store operations in real time.

Through the real-time flow of data from stores to headquarters established by the Store Management System, management can use more comprehensive operating data as a basis for decision-making, reducing the uncertainty associated with relying solely on experience or intuition and further improving the accuracy, timeliness, and traceability of operational decisions. The system also helps the Group implement standardized management across its franchise network, strengthening brand consistency and operational transparency.

In 2025, both the Store Management System and the Portal Website System obtained China’s Multi-Level Protection Scheme (MLPS) certification, meeting local cybersecurity compliance standards. This achievement not only enhances system security and external trust but also demonstrates that the Group has incorporated information security, personal data protection, and regulatory compliance requirements into its digital transformation and governance practices.

AI Applications and Smart Technology Development

Chlitina has begun exploring AI applications and is working to gradually integrate artificial intelligence technology into beauty service processes and operational management scenarios. In 2025, the Group's digital management strategy achieved several concrete results. First, the Store Management System and Portal Website System obtained MLPS certification, strengthening the cybersecurity compliance of the digital infrastructure. Second, following the adoption of the Feishu productivity application for the Group's daily collaboration, cross-regional and cross-departmental communication efficiency improved, supporting more timely and transparent management processes. In addition, the Germès Online platform continued to improve its online certification system, enabling employees and franchise partners to obtain professional training and competency certifications more efficiently.

In terms of intelligent applications, AI-powered smart robots have entered the exploratory application stage and may be further applied to customer service, training support, and operational management in the future. Overall, the digital systems have gradually evolved from individual tools into an integrated infrastructure supporting brand operations, store management, education and training, and headquarters decision-making.

2025 Digital Management Strategy Results

- The Store Management System and Portal Website System both obtained MLPS certification
- Feishu was fully adopted for daily collaboration among the Group's management, improving cross-regional communication efficiency
- The Germès Online platform strengthened its online certification system, supporting employee skills certification and career development
- AI-powered smart robots entered the exploratory application stage
- The vision of a digitalized healthy beauty industry value chain continued to advance

Looking ahead, the Group's digital strategy will focus on three key areas. First, it will deepen the use of data-driven decision-making by establishing a comprehensive data analysis system from stores to headquarters, enhancing operational insights and real-time management capabilities. Second, it will cautiously advance the commercial application of AI technology, particularly in optimizing customer experiences, improving service process efficiency, and generating education and training content, while balancing innovation benefits with risk management. Third, it will continue to strengthen the security of digital systems, ensuring that digital transformation does not come at the expense of data security, customer privacy, or brand trust.

4.1.3 Risk Management and Response

Risk management is central to corporate resilience and an important factor for investors when assessing a company's long-term value and governance maturity. Chlitina Holding Group has established a multidimensional risk management framework covering financial, operational, strategic, environmental and occupational safety, climate, and information security risks. Through four systematic steps—risk identification, assessment, monitoring, and response—the Group works to reduce the potential impact of various risks on its operations, financial performance, brand reputation, and stakeholder rights and interests.

Risk Management Framework

Risk Category	Key Risk	Management Mechanisms
Financial Risks	Interest rates, foreign exchange rates, customer credit	Regular monitoring by the Finance Department; hedging instruments

Risk Category	Key Risk	Management Mechanisms
Operational Risks	Customer management, product manufacturing, trademarks and patents	Regular monitoring by the Finance Department; hedging instruments
Strategic Risks	Operational legal compliance, business development, product advertising compliance	Assessment and review by the Legal Department; oversight by the Board of Directors and management meetings
Environmental and Occupational Safety Risks	Workplace environmental and occupational safety inspections, disaster prevention and response, environmental management certification	Regular inspections and corrective actions; disaster prevention drills; ISO 14001 / ISO 45001 certification
Climate Risks	Extreme weather, transition risks	TCFD framework
Information Security Risks	Cyberattacks, data breaches	Information security management team

Climate-Related Financial Risks

The physical impacts of climate change on Chlitina Holding Group are increasingly observable and quantifiable. In 2025, based on the TCFD framework, the Group identified the potential impacts of extreme weather events and climate transition trends on store operations, production and office facilities, and operating costs, and continued to assess the related financial impacts.

Event	Scope of Impact	Estimated Business Loss	Proportion of Group Total Revenue
Typhoon- and flood-related store closures	Temporary closure of some stores	Daily revenue losses at some individual stores	Very limited impact on the Group
Increased air-conditioning electricity costs	Production facilities and office spaces across the Group	Increased cooling costs due to higher temperatures	Slight increase in operating costs

Based on the quantitative results, individual extreme weather events such as typhoons and floods have a relatively limited impact on the Group's overall revenue. The primary impact is the daily revenue loss incurred by franchised stores during short-term closures. By contrast, increased air-conditioning electricity costs resulting from higher temperatures represent a more persistent trend-related cost that will require longer-term monitoring as part of energy management, operating cost control, and climate adaptation strategies.

On the supply chain side, Chlitina Holding Group has established relevant emergency equipment and backup mechanisms to enhance operational resilience during extreme weather events. By continuously strengthening disaster response, logistics backup, and production and operational scheduling capabilities, the Company seeks to reduce the potential impacts of climate events on product supply, store services, and customer experience.

Internal Control System

The Group has established an internal control system in accordance with the requirements of the competent authorities and issues an "Internal Control System Statement" through the Board of Directors each year to confirm the effectiveness of the design and implementation of its internal control system.

Through internal audits, compliance reviews, segregation of duties, and process controls, the Company continues to strengthen operational transparency and risk prevention capabilities.

In 2025, the Group was not required to obtain a special audit report from its independent auditors, indicating that the internal control system operated normally overall.

At the same time, the Group reported no major regulatory violations or significant fines during the year, continuing its strong record of regulatory compliance. Going forward, the Company will continue to review the adequacy of its internal control system and make ongoing improvements in response to changes in business scale, regulatory requirements, and emerging risks.

4.1.4 Information Security

As digital transformation accelerates and the value of data assets increases, information security has become an indispensable part of corporate governance and an ESG issue of growing concern to investors and stakeholders. The Group adopts “policies first, technology-enabled protection, and continuous drills” as the core principles of its information security management and has established a comprehensive information security management system covering policies and procedures, organizational responsibilities, technical safeguards, and incident response.

Information Security Governance Structure

Chlitina Holding Group has established an Information Security Management Team responsible for coordinating information security policy development, risk assessment, technical safeguards, education and awareness, and incident response.

In 2025, the information security team consisted of five information security professionals, and information security-related investment totaled NT$2.54 million, providing ongoing support for the stable operation of the Group’s digital systems and data security protection.

At the policy and procedure level, the Group has developed two core documents, the “Information Security Management System” and the “Information Security Management Practical Rules,” based on Taiwan’s Personal Data Protection Act, mainland China’s Data Security Law, and Multi-Level Protection Scheme 2.0 (MLPS 2.0). These documents serve as the basis for information security management, system access, data protection, and incident handling.

In 2025, the Group obtained China’s National Cybersecurity Multi-Level Protection Scheme (S3A3) certification, demonstrating that its information systems meet local cybersecurity compliance requirements in areas including system security, data protection, access controls, and network security. The certification also strengthens external stakeholders’ confidence in the security of the Company’s digital operations and the maturity of its information security governance.

Key Information Security Investments

Level	Management Area	Specific Measures	2025 Investment
Platform	Cloud and platform management	Cloud-based and virtualized operation and maintenance of key systems	RMB 86,100 for virtualization maintenance
Tools	Security monitoring and endpoint control	Information security monitoring system, endpoint authorization management	RMB 220,000 for security monitoring

Level	Management Area	Specific Measures	2025 Investment
Data	Data backup and encryption	Data encryption, access controls, backup mechanisms	RMB 167,500 for data backup
Network	Network access and control	Network access control; traffic monitoring	RMB 90,000 for access control system

In 2025, Chlitina Group continued to invest in information security across the platform, tools, data, and network layers.

Among these investments, the security monitoring system represented the largest investment in information security technology and was primarily used to enhance anomaly detection, threat monitoring, and real-time response capabilities. Data backup was used to strengthen data preservation, disaster recovery, and business continuity.

In addition, the Group established a multi-layered protection architecture through measures including virtualization maintenance, endpoint authorization management, data encryption, access controls, network access control, and traffic monitoring, reducing risks such as cyberattacks, data breaches, system interruptions, and unauthorized access.

Total information security investment for the year was approximately NT$2.54 million, demonstrating the Company's continued commitment to strengthening information security protection and digital operational resilience.

Security Certification for In-House Systems

The Group's two core in-house-developed systems, the Store Management System and Portal Website System, have both obtained Multi-Level Protection Scheme certification.

The certification not only supports regulatory compliance but also indicates that these systems meet nationally recognized security standards in areas including identity authentication, access controls, data encryption, log auditing, and security management.

The Store Management System and Portal Website System support store operations management and interaction with end consumers, respectively, and involve important information including store revenue, customer data, membership management, and brand services.

Through MLPS certification, the Company has further strengthened the security and stability of its core digital systems, ensuring that improved operational efficiency and data security protection advance together throughout the digital transformation process.

Security Drills and Incident Records

2025 Information Security Protection Measures

- Conducted one risk scanning and penetration testing exercise

- Conducted one cloud backup test to verify disaster recovery capabilities

Over the past three years, the Group has also continued to implement automated cybersecurity monitoring, multi-layer disaster recovery backups, network access control enhancements, and private cloud upgrades, gradually improving the stability, protection capabilities, and response efficiency of its information systems.

In 2025, Chlitina Holding Group continued to validate its information security safeguards and disaster recovery capabilities through periodic risk scans, penetration testing exercises, and cloud backup testing. No major information security incidents occurred during the year, indicating that the existing information security governance structure, technical safeguards, and incident prevention mechanisms operated effectively.

Nevertheless, as the use of AI applications, cloud services, remote collaboration, and cross-regional data flows continues to increase, the Company will continue to review its information security risk landscape and strengthen its relevant policies, procedures, and technical safeguards.

4.1.5 Supply Chain Management

Chlitina Holding Group regards supply chain management as an important part of implementing sustainable governance and reducing ESG risks. The beauty industry supply chain involves multiple stages, including raw materials, packaging materials, outsourced processing, logistics, and end services. Related risks may involve environmental management, chemical use, labor rights, occupational health and safety, and human rights protection. Accordingly, the Company has established a "Supplier Selection and Qualification Certification Procedure" and adopted management measures appropriate to different risk categories, including document reviews, commitment letters, on-site audits, corrective action follow-up, and annual evaluations. This has enabled the Company to gradually establish a comprehensive management cycle covering the full process from onboarding new suppliers to the continuous improvement of existing suppliers.

Chlitina Holding Group incorporates sustainability requirements into procurement decisions and supplier relationships through environmental and social standards screening for new suppliers, environmental assessments of existing suppliers, social audits of suppliers, and the signing of EHS Commitment Letters. This supply chain management system demonstrates the completeness of the Company's approach from system design and risk identification to implementation, while also reflecting Chlitina Group's commitment to continuously strengthening supply chain resilience and sustainability performance.

New Supplier Sustainability Screening

In 2025, all 15 new suppliers joining Chlitina Holding Group, including suppliers of raw materials, primary packaging materials, and outsourced processing services, passed environmental standards screening, representing a 100% screening rate. As part of the new supplier onboarding process, business partners are required to sign an "EHS Commitment Letter" covering environmental protection, labor rights, occupational health and safety, human rights protection, and social responsibility. Suppliers are also encouraged to provide ISO 14001 environmental management system certification or other relevant management system certifications.

Supplier Category	Total New Suppliers in 2025	Suppliers Passing Environmental Standards Screening	Screening Rate (%)
Raw materials (cosmetic ingredients)	12	12	100%
Primary packaging materials (bottles	1	1	100%

Supplier Category	Total New Suppliers in 2025	Suppliers Passing Environmental Standards Screening	Screening Rate (%)
and containers)			
Secondary packaging materials (cartons)	1	1	100%
Outsourced processing	1	1	100%
Total	15	15	100%

New Supplier Environmental Screening Criteria

- Compliance documentation: Suppliers must hold a valid business license and relevant compliance documentation required in their place of operation.
- Environmental, health, and safety management systems: Preference is given to suppliers certified to ISO 14001 or ISO 45001.
- EHS Commitment Letter: Suppliers must sign the "Related Party EHS Management and Social Responsibility Commitment Letter."

Only suppliers that pass environmental and social standards screening may be included in the "Approved Supplier List" and become qualified business partners of the Group. The list is updated annually, and suppliers' social compliance, environmental performance, and willingness to cooperate on improvements are considered in subsequent procurement decisions, continuation of business relationships, and supplier selection priorities.

Chlitina identifies high-risk suppliers based on two types of indicators—actual environmental impacts and potential environmental impacts—as a basis for determining suppliers requiring further audits and follow-up management:

Risk Type	Definition	Assessment Indicators
Actual environmental impact	Environmental violations that have already occurred, such as excessive emissions or improper disposal of hazardous waste	Fines or notices issued by environmental authorities; impacts on the environment or public health
Potential environmental impact	Operation in highly polluting or energy-intensive industries, or production processes with significant environmental risks	No environmental management system established; significant environmental risks in upstream or downstream operations that could potentially be transmitted through the supply chain

For suppliers identified as high-risk, the Group conducts unscheduled spot checks and on-site audits and requires suppliers to submit corrective action plans within a specified timeframe. Among the 15 new suppliers onboarded in 2025, none was classified as high-risk, indicating that the basic screening mechanism at the new supplier onboarding stage effectively supported risk management.

Existing Supplier Assessment

In 2025, Chlitina Holding Group continued to assess the environmental impacts of existing suppliers, with suppliers of cosmetic raw materials and major packaging materials serving as strategic priorities for the year. The assessment covered whether suppliers had signed EHS Commitment Letters, whether they had established environmental management requirements, whether they had potential or actual significant environmental impacts, and whether further corrective actions, guidance, or adjustments to business relationships were required.

The Company identifies potential environmental risks in the supply chain through supplier document reviews, EHS Commitment Letters, procurement management records, and supplier communication mechanisms. Assessment results are used as a reference for subsequent supplier classification and management, continued cooperation, corrective action follow-up, and procurement decisions.

Assessment Item	2025 Data	Remarks
Total number of suppliers that signed EHS Commitment Letters	189	84% of suppliers
Suppliers identified as having potential or actual significant environmental impacts	2	See explanation below
Suppliers with agreed corrective action plans	0	No suppliers with serious issues were unwilling to make improvements during the year
Suppliers relationships terminated due to environmental impact	0	Guidance and improvement are prioritized over punitive measures

Based on annual on-site and document-based assessments, Chlitina Group identified two suppliers with potential environmental impacts, involving carbon emissions management and chemical storage management, respectively:

Impact Type	Description	Supplied Material Type Involved	Action Taken
Carbon emissions management	Some small and medium-sized packaging suppliers have limited energy-saving and carbon-reduction measures, resulting in energy waste	Packaging materials	Promoted energy conservation and emissions reduction and helped supplier strengthen ESG awareness
Chemical storage	A raw material distributor had not properly stored chemical raw materials	Raw materials	Issued a corrective action report and required improvements to be completed within three months

For the two suppliers identified above, Chlitina Holding Group took three corrective actions. First, the Group issued corrective action reports requiring the suppliers to complete improvements within three months. Second, relevant departments of the Group shared information and experience on corporate energy conservation and carbon reduction, helping suppliers optimize processes, reduce energy use, and mitigate environmental risks. Third, the results of the improvements were incorporated into the supplier contract renewal assessment for 2026, increasing suppliers' focus on environmental management improvements.

As of the end of 2025, both suppliers had passed follow-up reviews, representing a 100% compliance rate. The Company did not terminate its business relationship with any supplier due to environmental impacts. Instead, it primarily adopted guidance, corrective actions, and follow-up measures to help supply chain partners strengthen their environmental management capabilities. This approach demonstrates Chlitina Holding Group's commitment to promoting shared sustainability benefits throughout the supply chain.

In addition to environmental assessments, Chlitina Holding Group also conducted social impact assessments of existing suppliers, focusing on labor rights, occupational health and safety, and human rights protection. In 2025, the Company conducted on-site social assessments of two key suppliers in accordance with its supplier rating system.

Social Assessment Indicator	2025 Data	Remark
Number of suppliers subject to social assessment	2	
Suppliers with potential or actual significant negative social impact	0	No significant social risks identified during the year
Suppliers with agreed corrective action plans (CAPs)	100%	Both suppliers signed corrective action plans; no social nonconformities were identified
Suppliers whose business relationships were terminated due to social impacts	0	No suppliers with serious violations that were unwilling to make improvements during the year

The on-site social assessments conducted during the year focused on three major areas. First, labor rights, including working-hour records, wage payment records, and compliance with working conditions. Second, occupational health and safety, including the provision of personal protective equipment, fire safety facilities, operational safety, and the completeness of Safety Data Sheets (SDSs) for chemicals. Third, human rights protection, including employee grievance mechanisms, commitments to non-discrimination, and implementation of human rights-related policies.

The assessments found that both suppliers met the applicable social compliance standards, with no cases of child labor, forced labor, or major labor disputes identified. No supplier business relationships were terminated due to social impacts during the year, indicating that the social compliance performance of existing suppliers remained stable.

The Group upholds a sustainable supply chain partnership approach of "guidance rather than punishment." Even when suppliers have not experienced significant social impacts, the Company proactively shares best practices in human resources management and occupational health and safety. These include sharing management experience, providing standardized SOPs, and offering occupational safety and health training resources to help business partners improve their social performance.

In addition, the Company reviews supplier records of occupational safety lapses and labor disputes every six months to ensure that risks are identified and addressed promptly. Through regular monitoring, communication, and guidance, Chlitina Holding Group continues to strengthen supply chain social risk management and gradually increase suppliers' attention to human rights, working conditions, and occupational health and safety.

Supply Chain Sustainability Management Performance Indicators

Indicator	2025 Actual	2028 Target	2030 Target
New supplier environmental screening rate	100%	100%	100%
EHS Commitment Letter signing rate	84%	≥85%	90%
Supplier relationships terminated due to environmental impacts	0	—	—
Supplier relationships terminated due to social impacts	0	—	—
Number of suppliers identified with significant environmental impacts	2	Continuous monitoring	Continuous monitoring
Number of suppliers identified with significant social impacts	0	Continuous monitoring	Continuous monitoring
Follow-up review pass rate	100%	100%	100%

In 2025, the Group achieved a 100% environmental screening rate for new suppliers and a 100% follow-up review pass rate after corrective actions, demonstrating that the Company has established clear and effective processes for supplier onboarding and corrective action follow-up.

The EHS Commitment Letter signing rate was 84%, indicating that most suppliers have been incorporated into the environmental, health and safety, and social responsibility commitment framework. However, 16% of suppliers have not yet completed the signing process. Some of these are long-term raw material suppliers whose contractual arrangements differ—for example, they use quality agreements in place of EHS Commitment Letters—and therefore have not yet been incorporated into the standardized commitment letter management framework.

To improve consistency in supply chain management, the Group has established phased targets of ≥85% by 2028 and 90% by 2030, with a long-term target of 100% by 2050. The Group will gradually encourage all suppliers to sign EHS Commitment Letters when their contracts are renewed.

The Company also plans to advance the development of an ISO 50001 energy management system and an energy and carbon management platform in 2026, with completion of the relevant certification targeted for 2028. Over the medium term, the Group will continue working toward green factory certification and gradually strengthen supply chain carbon management, energy efficiency, and environmental performance monitoring capabilities.

Looking ahead, the Group will continue to deepen its supply chain ESG management system, with risk classification, document reviews, on-site audits, corrective action follow-up, and performance target management as its core mechanisms. By working with suppliers to improve environmental and social performance, the Company aims to progressively reduce supply chain sustainability risks while ensuring product quality and supply stability, and to work with its partners to build a more resilient, responsible, and transparent sustainable beauty industry supply chain.

Green Logistics and Packaging

Supply chain carbon management extends beyond suppliers, with logistics and packaging also serving as key areas. Chlitina Holding Group has implemented a range of measures for green logistics:

Green Logistics and Packaging Measures

- Local sourcing strategy: Prioritize sourcing raw materials from geographically proximate suppliers to shorten transportation distances.
- Consolidated and full-load transportation: Consolidate shipments of multiple products to maximize loading efficiency for each trip, with a target loading rate of more than 90% to reduce transportation frequency and empty-load rates.
- FSC-certified paper materials: In 2025, FSC-certified paper materials accounted for 78% of paper packaging materials by weight.
- Environmentally friendly inks: 100% of printing for outer boxes and cartons uses environmentally friendly inks.

Supplier Action Plans (CAPs) and Guidance-Over-Punishment Approach

A distinctive feature of Chlitina Holding Group's supply chain management philosophy is its "guidance rather than punishment" approach. When suppliers are found during audits or assessments to have areas that do not meet environmental, social, or management requirements, the Company's first response is not to immediately impose penalties, suspend cooperation, or terminate the business relationship. Instead, it initiates a Corrective Action Plan (CAP), works with the supplier to identify root causes, develops corrective measures, establishes a follow-up timeline, and conducts a follow-up review after improvements have been completed. The underlying principle of this approach is that strengthening suppliers' sustainability capabilities ultimately strengthens the resilience of the Group's own supply chain. Through guidance, communication, and continuous follow-up, the Company not only helps suppliers address management gaps but also strengthens the long-term foundation for cooperation in areas including quality stability, environmental management, occupational health and safety, and human rights protection.

In 2025, Chlitina Holding Group assessed a total of 225 new and existing suppliers, and there were no cases in which business relationships were terminated due to environmental or social violations during the year. This result should not be interpreted as meaning that there were no issues within the supply chain. Rather, it reflects the Company's use of the CAP mechanism to incorporate identified issues into a corrective action process and promote effective improvements through follow-up, guidance, and re-assessment. This represents the practical outcome of the "guidance rather than punishment" approach and demonstrates the Company's management philosophy of working with suppliers to strengthen sustainability capabilities together.

In response to the potential impacts of climate change on supply chain stability, product quality, and business continuity, the Group continues to strengthen climate resilience management at production sites and across the supply chain. The Company reduces potential operational impacts from extreme weather, water supply disruptions, unstable electricity supplies, and high-temperature conditions through measures including infrastructure improvements, emergency resource allocation, product weather-resistance testing, and the replacement of energy-intensive equipment.

Supply Chain Climate Resilience Measures

- Backup power systems are installed in office and production areas and can be activated immediately in the event of a power outage. Remote work and shift arrangements are also activated for critical positions to ensure business continuity.
- The Company continues to implement an equipment upgrade program, including replacing aging air-conditioning systems with top-tier energy-efficient equipment and

adopting LED lighting throughout its facilities to reduce energy consumption and enhance operational resilience.

- Water circulation systems are being optimized to reduce water consumption during production and improve water-use efficiency.
- The Company is strengthening raw material composition testing and stability controls and reducing the impacts of climate change on product quality and supply through supplier diversification and the development of alternative raw materials.
- The highly distributed network of more than 4,000 franchised stores worldwide helps reduce the concentration of impacts from localized disasters. The Group has also established extreme weather early-warning and emergency response procedures, as well as standardized post-disaster employee care and store reopening plans.

Chlitina Holding Group adopts a phased equipment upgrade strategy, progressively strengthening the climate resilience of production facilities and supply chain nodes through planned, step-by-step implementation while maintaining financial stability and efficient resource allocation. Compared with large-scale one-time investments, this approach is more practical and better aligned with the Company's long-term operating and capital allocation priorities.

Going forward, the Company will continue to integrate climate risk identification, energy management, equipment efficiency improvements, and supplier collaboration to strengthen the supply chain's ability to adapt to extreme weather and transition risks. This will help ensure stable product supply and consistent service quality while reducing the potential impacts of climate change on business continuity.

4.2 Ethical Business, Policies, and Regulatory Compliance

Integrity is the fundamental governance principle of Chlitina Holding Group. For a beauty services chain with more than 4,000 franchised stores, ethical business conduct is not only an internal requirement for self-discipline, but also a long-term commitment to franchisees, suppliers, consumers, employees, and investors. Every transaction, service interaction, and franchise location can affect stakeholders' trust in the brand and directly influence investors' assessment of the Group's governance quality, risk management capabilities, and long-term value.

This section provides a comprehensive disclosure of how the Group translates "integrity" from a corporate value into measurable, traceable, and verifiable practices through its anti-corruption management system, franchise compliance and risk management, policy commitments, grievance and remediation mechanisms, and regulatory compliance. Through policy development, risk assessments, education and training, whistleblower protection, and internal audits, the Company continues to strengthen its culture of integrity and governance, ensuring that business growth is built on a foundation of legality, transparency, and responsibility.

4.2.1 Ethical Business

Material Topic Management Approach

Anti-corruption is a material topic in the ESG governance of Chlitina Holding Group. Any form of corruption, bribery, kickbacks, or improper transfers of benefits may expose the Company to legal penalties, financial losses, operational disruptions, and reputational damage. For a beauty services brand built on trust, reputational damage can be more far-reaching than an isolated financial loss, as it may weaken franchisee confidence, consumer loyalty, and market perception, ultimately affecting the Group's long-term revenue-generating capacity and corporate value.

The Group adopts "zero tolerance" as the highest principle of its anti-corruption management and uses the Code of Ethical Business Conduct and Ethical Business Conduct Commitment Letter as its core policy documents. All employees are required to sign an Anti-Bribery Agreement upon joining the Company, while suppliers are informed of the relevant integrity clauses and behavioral requirements at the beginning of the business relationship. On this basis, the Company has further established supporting policies, including the Personal Data Protection Management Regulations and Information Security Regulations, requiring all employees to learn and comply with them. Together, these measures form a management framework covering policy development, education and communication, risk assessment, and day-to-day implementation.

Item	Group Actions
Impact description	Corrupt practices may result in legal proceedings, financial losses, and reputational damage
Policies and Commitments	Established the Ethical Corporate Management Best Practice Principles; all employees sign Anti-Bribery Agreements, and suppliers are subject to the same requirements
Management actions	Established a whistleblower mailbox, conducts internal audit spot checks, and carries out regular risk assessments for high-risk departments
Effectiveness tracking	Management effectiveness is assessed through training on the Ethical Corporate Management Best Practice Principles, grievance mechanisms, and audit, legal, and compliance reviews

Corruption Risk Assessment

In 2025, Chlitina Holding Group conducted a systematic scan of corruption risks across its global operations and business relationships by reviewing internal control cycles at selected operating locations in accordance with its annual audit plan. The assessment covered headquarters, R&D centers, training facilities, directly operated stores, manufacturing facilities, general medical and aesthetic clinics, and subsidiaries and franchise supervision locations.

Category	Total Locations	Locations Assessed	Assessment Coverage
Headquarters (Taipei, Taiwan / Shanghai)	2	2	100%
R&D centers (Hsinchu, Taiwan / Songjiang, Shanghai	2	2	100%
Training school (Germès)	1	1	100%
Directly operated stores (2 in Mainland China / 2 in Taiwan / 1 in Vietnam)	5	4	80%
Manufacturing plant (Weishuo)	1	1	100%
General medical and aesthetic clinics (including 2 that have ceased operations)	5	3	60%
Subsidiaries (29 in Mainland China / 1 in Taiwan)	30	30	100%
Total	46	43	93%

Overall assessment coverage reached 93% in 2025. Of the three locations not included in the assessment, two were international medical clinics that had ceased operations, while one was a directly operated store in Vietnam. That location was not assessed primarily because of its relatively small size. Notably, all 30 subsidiaries responsible for supervising the franchise network achieved 100% assessment coverage. For a beauty services group centered on a franchise model, subsidiaries serve as an important management bridge between the Group and its over 4,000 franchised stores. Their compliance status directly affects the governance quality and brand consistency of the overall franchise network.

Identification of Significant Corruption Risks

Through its annual risk assessment process, Chlitina Group identified three major areas of significant corruption risk: procurement process risks, government interaction risks, and franchise qualification review risks:

Significant Corruption Risks Identified in 2025

- Procurement process risks: The potential for suppliers to provide kickbacks or improper payments during business dealings
- Government interaction risks: The potential for improper public relations activities when applying for licenses or receiving government subsidies
- Franchise qualification review risks: The current franchisee onboarding process does not include personal credit or criminal record checks

Among these, franchise qualification review risk warrants particular attention. Although franchise agreements already contain provisions on ethical business conduct, the absence of background screening at the initial selection stage may allow a small number of applicants who do not meet the Group’s integrity standards to enter the franchise network. To strengthen risk management at the entry point, the Group plans to gradually assess the introduction of background screening mechanisms for franchisees in the future, with the goal of improving overall compliance across the franchise network.

> The corruption risk structure of a franchise model differs fundamentally from that of a directly operated model. In a directly operated system, risks are primarily concentrated among internal employees, whereas in a franchise system, the risk boundary extends to thousands of independently operated business entities. This means the Group must establish more comprehensive compliance management mechanisms that not only control risks at headquarters and subsidiaries, but also gradually extend integrity requirements to every franchised location. The 93% assessment coverage of operating locations in 2025, together with 100% assessment coverage among subsidiaries, demonstrates substantive progress by Chlitina Holding Group in strengthening integrity governance across its franchise network.

Risk Identification and Control Mechanism

Risk identification is only the first step in management. More importantly, specific and actionable control mechanisms must be established for each risk. The Group has established management processes covering prevention, monitoring, and response for the three major risk areas:

Risk Area	Existing Control Mechanisms	2026 Enhancement Plan
Procurement process (kickbacks)	Suppliers sign Anti-Bribery Agreements; tiered procurement approval system; annual audit spot checks	Continue strengthening digital procurement management and monitoring of unusual transactions
Franchise qualification review	Integrity clauses in franchise	Assess the introduction of

Risk Area	Existing Control Mechanisms	2026 Enhancement Plan
(insufficient screening)	agreements; 100% risk assessment by subsidiaries responsible for franchise supervision	background screening mechanisms for franchisees
Government interactions (improper public relations activities)	Compliance consultation contact; consultation with external legal counsel	Strengthen compliance management for government interactions

Overall, the Company has established three lines of defense consisting of prevention, monitoring, and response. Preventive measures include asking employees to sign an Anti-Bribery Agreement, incorporating integrity clauses, and implementing tiered procurement approvals. Monitoring measures include audit spot checks and digital system monitoring. Response measures include whistleblower investigations, disciplinary mechanisms, and follow-up on corrective actions. However, the current control mechanisms still rely primarily on manual approvals and periodic spot checks, leaving room to strengthen automated digital early-warning capabilities. In 2026, the Company will focus on expanding the application of unusual transaction detection tools to improve the accuracy and timeliness of risk prevention and control through technology.

Anti-Corruption Communication and Training

Chlitina Holding Group is committed to ensuring that all members of its governance bodies, employees, and key business partners fully understand its anti-corruption policies. In 2025, the Company completed comprehensive policy communication with the Board of Directors, management personnel, general employees, and key suppliers, achieving 100% coverage for anti-corruption policy communication.

Anti-Corruption Policy Communication

Communication Target Category	Total Number of People	Number of People Reached	Coverage
Board of Directors	8	8	100%
Management personnel	173	173	100%
General employees	642	642	100%
Total	823	823	100%

The Board of Directors, management personnel, general employees, and key suppliers all achieved 100% policy communication coverage. This demonstrates that Chlitina Holding Group has communicated its anti-corruption policy comprehensively across different levels of the organization and to key business partners, ensuring that relevant parties understand the Company’s fundamental requirements for ethical business conduct and anti-corruption behavior.

Anti-Corruption Training

Training Group	Total	Completed Training	Completion Rate
Board of Directors	8	0	0%
Employees in Mainland China	722	665	92%

Training Group	Total	Completed Training	Completion Rate
Employees in Taiwan and Southeast Asia	93	0	0%
Total	823	665	81%

In 2025, the anti-corruption training course was titled "Code of Ethical Business Conduct." Total training hours reached 55.4 hours, with 665 participants and an overall completion rate of 81%. The completion rate among employees in Mainland China reached 92%.

No formal training was yet provided to the Board of Directors or employees in Taiwan and Southeast Asia. The Group plans to expand the training scope to these groups in 2026 to achieve coverage across all regions.

In addition, the Company continues to strengthen integrity awareness among its governance and management teams through ongoing compliance communication. Each year, the Company provides directors and internal managers with educational materials on insider trading prepared by the Taiwan Stock Exchange and sends monthly reminders regarding trading restrictions by email. Relevant personnel are prohibited from trading in the Company's shares during the 15- or 30-day periods preceding revenue announcements, investor conferences, Board meetings, and quarterly or annual financial report announcements, ensuring a high level of compliance awareness from the governance level through management.

Anti-Corruption Policy Communication and Compliance Risk Management Across the Franchise Network

For a beauty services group with more than 4,000 franchised stores, anti-corruption management cannot stop at the boundaries of the Group itself. Franchisees are the frontline representatives of the brand, and their business practices directly affect consumers' trust in the CHLITINA brand. Therefore, extending the culture of ethical business conduct across a large franchise network is one of the most challenging and industry-specific governance issues facing Chlitina Group.

Anti-Corruption Communication Across the Franchise Network: From Training and Communication to Inspection and Oversight

Chlitina Holding Group is gradually strengthening anti-corruption management across its franchise network, moving from communication and training toward more systematic mechanisms. In 2025 and prior years, the Market Regulation Department provided franchisees with communication and training on anti-corruption compliance and related requirements during routine meetings and training sessions. At the same time, during routine store inspections, employees of the 30 subsidiaries and the Market Regulation Department provided franchisees with compliance reminders and monitored their adherence to ethical business conduct requirements.

Roadmap for Strengthening Compliance and Risk Management Across the Franchise Network

- 2025 measures: The Market Regulation Department provided franchisees with communication and training on anti-corruption compliance and ethical business conduct
- 2026 plan: Plan to add anti-corruption provisions to franchise agreements
- Medium-term goal: Achieve full coverage of existing and newly added franchise agreements
- Long-term vision: Establish a three-level integrity governance network from Headquarters to Subsidiaries to Franchisees

Confirmed Corruption Incidents and Actions Taken

Chlitina Holding Group has established a comprehensive internal whistleblower reporting and investigation mechanism. In 2025, the Company received two internal whistleblower reports. Each case was investigated and handled by the relevant functional department in accordance with established procedures, and neither case was determined to constitute corruption. The Audit Office also conducted reviews of the relevant units based on the annual audit plan and the reports received, with no corruption identified.

Disclosure Item	2025 Results
Total number of confirmed corruption incidents	0
Employees dismissed or disciplined for corruption	0
Business partners whose contracts were terminated or not renewed due to corruption	0
Corruption-related legal proceedings	0
Whistleblower reports received	2 (neither was determined to constitute corruption after investigation)

During the year, two internal whistleblower reports were received and investigated. Neither case was related to corruption. This result demonstrates that the Company's reporting channels are functioning properly and that cases are received, investigated, and closed in accordance with established procedures.

"Zero confirmed corruption incidents" means that, under the existing audit and investigation mechanisms, no conduct constituting corruption was identified. It does not mean that the Group faces no corruption risks. For a company with more than 4,000 franchised stores operating across multiple jurisdictions, corruption risks objectively exist and cannot be completely eliminated. Accordingly, the Company has identified high-risk areas including procurement kickbacks, government interactions, and franchise qualification screening, and continues to strengthen risk prevention, audit coverage, and detection capabilities.

More importantly from a governance perspective, the fact that "two internal whistleblower reports were received, neither of which constituted a corruption incident" demonstrates that the reporting channel is being used and that cases are being handled through established procedures. Compared with simply disclosing a single "0," this information provides a clearer picture of how the system operates. It indicates that reporting channels are accessible, investigation mechanisms are functioning effectively, and the Group is committed to transparently disclosing the results of its integrity management.

Internal Control Self-Assessment Findings and Areas for Improvement

In addition to the corruption risk assessment, Chlitina Holding Group conducts an annual self-assessment of its internal control system. During the 2025 self-assessment, the Company identified several areas for improvement and has disclosed them transparently in accordance with its commitment to transparency.

Self-Assessment Finding	Current Status	Improvement Action and Timeline
Anti-corruption training coverage needs to be improved	No formal training has yet been provided to employees in Taiwan and Southeast Asia; overall training completion rate was 82%	Expand training coverage to Taiwan and Southeast Asia in 2026
Additional provisions are needed in franchise agreements	Franchise agreements do not currently contain anti-corruption or anti-bribery provisions	Pilot in 2026 and full implementation in 2027
Anti-corruption training across the franchise network	Current coverage remains insufficient	Continue expanding coverage to all franchised stores in 2026

The above self-assessment findings do not constitute material deficiencies, but rather areas for improvement that the Company has proactively identified as part of its ongoing efforts to strengthen its practices. Chlitina has chosen to fully disclose these areas for improvement because the Company believes that genuine integrity in governance begins with honestly acknowledging its shortcomings and pursuing continuous improvement through clear action plans.

Whistleblower Mechanisms and Protection

Chlitina Holding Group has established multiple reporting channels and a whistleblower protection mechanism in accordance with the Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct approved by the Board of Directors. These mechanisms ensure that internal and external stakeholders can safely and conveniently raise concerns or provide specific evidence.

Whistleblower Mechanism

- Whistleblower mailbox: audit@cn.chlitina.com (managed jointly by the Audit Office and Human Resources Center)
- Stakeholder Section of the official website: Contact information for relevant departments is provided for internal and external parties
- Written reports: Concerns may be reported directly to management, the head of internal audit, or the relevant department
- Handling of material fraud cases: Immediately referred to independent directors upon receipt
- Confidentiality obligations: Personnel responsible for handling reports are required to strictly protect the identity of the whistleblower and the contents of the report
- Protection measures: Ensure that whistleblowers are not subject to improper treatment as a result of making a report (prohibition of retaliation)

In 2025, the whistleblower mechanism operated as intended, with the Audit Office and Human Resources Center responsible for its administration. All reports received were investigated, responded to, and closed in accordance with established procedures. The Group also plans to add a dedicated session on anti-corruption and ethical business conduct to its director training program in 2026, further strengthening the governance body’s focus on integrity-related matters.

4.2.2 Policies and Regulatory Compliance

Policies and regulatory compliance provide the institutional foundation for ethical business conduct. If ethical business conduct means “doing the right thing,” policy commitments and regulatory compliance ensure that the right thing is “done in the right way.” Building on the anti-corruption management disclosures in the previous section, this section provides a comprehensive overview of Chlitina Group’s policy governance framework, covering its sustainability strategy statement, core policy framework, conflict-of-interest management, remediation mechanisms, regulatory compliance performance, and participation in industry associations.

Sustainability Strategy Statement

> 2025 was a pivotal year for Chlitina’s sustainability transformation. We firmly believe that “beauty” should be built on a healthy ecosystem and a fair society. By strengthening climate resilience governance and advancing women’s empowerment, we are transforming sustainability into a core competitive advantage and fulfilling our commitment to “love bravely, without waiting.” On the path toward integrity, every act of proactive disclosure is an act of courage.
>
> Chao Chen-Yu
> Chief Executive Officer

This strategy statement conveys three key messages. First, sustainability is not an add-on to business operations, but an important component of core competitiveness. Second, the Group regards climate resilience and women’s empowerment as the two pillars of its sustainability transformation, addressing environmental risks and the creation of social value, respectively. Third, “Love Bravely, Don’t Wait,” a motto also translated as “As Long as You Dare to Try”, is not only a brand spirit, but also reflects the Company’s core attitude toward addressing sustainability challenges, making integrity-related disclosures, and improving governance.

Policy Commitments and Core Policies

The Group has established a core policy framework covering sustainability governance, human rights protection, and ethical business conduct. Through Board approval, employee training, supplier commitment letters, the signing of the Ethical Business Conduct Commitment Letter and Anti-Bribery Agreement upon joining the Company, annual compliance communications, and ongoing implementation of relevant systems, the Group is gradually embedding its policy commitments into organizational processes and day-to-day management.

Core Policy Document	Applicable Scope	Internalization Mechanism
Code of Practice for Sustainable Development	Entire Group	Board approval; quarterly performance reports
Human Rights Policy	All employees and supply chain partners	Employee training; supplier commitment letters (EHS)
Ethical Corporate Management Best Practice Principles	All employees and business partners	Signed upon joining; annual compliance communications
Regulations Governing the Protection of Personal Data	All employees	Personal data protection training

Core Policy Document	Applicable Scope	Internalization Mechanism
Information Security Regulations	All employees	Information security awareness
Procedures for Handling Reports of Illegal and Unethical Conduct	Internal and external stakeholders	Board approval; ongoing implementation

The effectiveness of a policy lies in its implementation. In 2025, Chlitina Group conducted a total of 211 employee training sessions covering a range of topics, including ethical business conduct, occupational safety, personal data protection, and environmental management. Training was delivered by organizational level and subject area to reach employees across the organization, ensuring that policies do not remain merely written commitments but are put into practice in frontline services, internal management, and business relationships.

Prevention of Conflicts of Interests and Communication of Material Concerns

The Group has established mechanisms to prevent and manage conflicts of interest involving directors and members of the highest governance body, including reviews of related-party transactions, recusal procedures for conflicts of interest, disclosure of concurrent positions held by directors, and disclosure of information relating to controlling shareholders. Although the Chairman and Chief Executive Officer are members of the same family, the Company maintains the objectivity and independence of Board decision-making through measures including a 50% independent director representation, functional committees composed entirely of independent directors, and strict implementation of conflict-of-interest recusal procedures.

The Group has also established a comprehensive mechanism for reporting material concerns to the highest governance body. Relevant matters may be consolidated through whistleblower reports, grievance procedures, audits, compliance channels, escalated customer complaints, and internal control reporting, and are submitted to the Board of Directors or Audit Committee based on their nature and materiality. In 2025, no material concerns were reported to the highest governance body, indicating that day-to-day management mechanisms operated effectively and that routine matters could be addressed promptly at the management level.

Remediation Mechanisms and Channels for Business Conduct Concerns

For stakeholders who may be adversely affected by the Company’s operations, products, or services, the Group has established multiple grievance and remediation mechanisms. These mechanisms apply to employees, consumers, suppliers, business partners, and other stakeholders affected by the Company’s activities.

Grievance Channel	Applicable Stakeholders	Management Mechanism
Employee grievance mechanism	All employees and workers	Dedicated grievance mailbox; anonymity protection
Customer complaints and customer service	End consumers	Official customer complaint tracking system; public sentiment monitoring
Supplier communication and grievance channel	Suppliers and contractors	Regular communication; dedicated grievance channel
Compliance / Human rights grievance channel	All stakeholders	Compliance consultation contact window; escalation to management
Integrity reporting channel	All stakeholders	Whistleblower mailbox; confidentiality and prohibition of retaliation

In 2025, all cases received were investigated, responded to, and closed in accordance with established procedures. These mechanisms are currently designed and managed primarily by the Company internally. Going forward, the Company will gradually assess the incorporation of feedback from relevant stakeholders to further strengthen the effectiveness, accessibility, and credibility of its remediation mechanisms.

Regulatory Compliance Performance

2025 Regulatory Compliance Performance

- Material violations of environmental laws and regulations: 0
- Material violations of social laws and regulations: 0
- Material violations of economic laws and regulations: 0
- Incidents resulting in fines: 0
- Incidents resulting in non-monetary sanctions: 0
- Total amount of relevant fines paid during the reporting period: NT$0

Materiality definition: An incident is considered a material violation when it has a significant impact on operations, financial performance, reputation, or stakeholders.

In 2025, the Group had no material violations of laws or regulations in the environmental, social, or economic areas, nor any incidents resulting in fines or non-monetary sanctions. For a group operating across multiple jurisdictions in Taiwan, Mainland China, and Southeast Asia, maintaining a record of zero material violations and zero fines reflects the management team's continued commitment to regulatory compliance, internal controls, and risk prevention. In terms of proactively responding to regulatory trends, Chlitina continues to monitor developments in beauty and medical aesthetics regulations in Taiwan and Mainland China, with particular attention to policies related to the high-quality development of China's cosmetics industry and increasingly stringent EU anti-greenwashing regulations. These efforts represent an important step in moving from reactive compliance toward proactive risk management.

Participation in Industry Associations and Industry Influence

Through participation in a range of industry associations and organizations, the Group actively contributes to industry standards development, and exchanges on industry trends and sustainability governance practices. Such participation not only helps the Company stay informed of regulatory and market developments, but also enables Chlitina to contribute its practical experience in beauty industry education, chain operations, quality management, and women's governance to the broader industry ecosystem.

Organization	Role	Primary Function
Taiwan Cosmetics Industry Association	Member (CHLITINA brand)	Industry regulatory and policy communication
Taiwan Women on Board Association	Member and Board Member	Women's governance, diversity, and inclusion
China Association of Fragrance Flavor and Cosmetic Industries	Executive Director (Ms. Chen Pi-Hua); Executive Director (CHLITINA brand)	Participation in industry standards development, industry governance and decision-making, and technical

Organization	Role	Primary Function
		exchanges
China Chain-Store & Franchise Association (CCFA)	-Committee member (Mr. Chao Chen-Yu) -Member (CHLITINA brand)	Monitoring chain operation trends and policy developments
Shanghai Association of Taiwan Investment Enterprises	Vice Chairman (Mr. Chao Chen-Yu)	Strengthening cross-strait exchange and cooperation among Taiwan-invested enterprises
Shanghai Association of Taiwan Enterprises Xuhui District Working Committee	Vice Chair (Mr. Chao Chen-Yu)	Deepening connections among Taiwan-invested enterprises in the region and coordinating local resources
Shanghai Daily Chemical Industry Association	-Council Director (CHLITINA Brand) -Member (Weishuo)	Industry exchange, training, and policy communication in the daily chemical products sector
Scientific Skincare Innovation Alliance (SIA)	Member (Weishuo)	Innovation in skin science
Shanghai Hairdressing and Beauty Industry Association	Vice Chair (Germès)	Standardization of beauty education

In particular, the Group serves as an Executive Director of the China Association of Fragrance Flavor and Cosmetic Industries, while Germès serves as Vice Chairman of the Shanghai Hairdressing and Beauty Industry Association. These roles demonstrate that the Company is not only a participant in and adopter of industry standards, but also an active contributor to the direction of industry development.

Collective Agreements and Labor-Management Communication

In 2025, no Chlitina employee was covered by collective bargaining agreements. Employees' working and employment conditions are governed by applicable labor laws and regulations, the Company's internal policies, and individual employment contracts rather than collective bargaining agreements. The Company respects employees' freedom of association and has established labor-management communication mechanisms in accordance with applicable laws. In Mainland China, labor unions serve as a platform for communication, while in Taiwan, two-way communication is conducted through regular labor-management meetings. Labor-management communication channels achieved 100% coverage in both regions. This demonstrates that the Company uses substantive communication mechanisms to address employee feedback and issues relating to working conditions. For a company operating across multiple regions, this approach provides a practical means of balancing regulatory requirements with management practices.

Overall, the Group has gradually established a systematic, traceable, and verifiable governance foundation for ethical business conduct. First, the Company has established a policy framework comprising seven core policy documents, incorporating sustainability governance, human rights protection, anti-corruption, personal data protection, information security, and whistleblower mechanisms into day-to-day management. Second, the 2025 corruption risk assessment covered 93% of operating locations, with 100% coverage across the subsidiary network responsible for franchise supervision, demonstrating the Company's strong focus on compliance risks throughout its franchise management chain. Third, the whistleblower and protection mechanisms continued to operate, with all cases received in 2025 investigated, responded to, and closed in accordance with established procedures. Fourth, the Company maintained a record of zero confirmed corruption incidents, zero material regulatory violations, and zero fines during the year, reflecting a certain level of effectiveness in its integrity governance and regulatory compliance mechanisms.

At the same time, certain areas require continued improvement, including the coverage of formal anti-corruption training for the Board of Directors and employees in Taiwan and Southeast Asia. These matters do not constitute governance deficiencies, but rather represent areas for improvement that the Company has proactively identified as it works toward a more mature integrity governance framework. The Group believes that only by transparently disclosing areas for improvement and establishing specific, trackable action plans can integrity governance move beyond policy statements and become a governance capability that stakeholders can understand, evaluate, and trust over the long term.

Chapter 5 | Product –Chlitina Products

Moving from a strong foundation of governance to the field of product innovation is a concrete expression of Chlitina’s sustainability vision. If corporate governance is the foundation for stable and resilient business growth, products are the most direct language through which a company engages with consumers.

Since its founding, Chlitina Holding Group has integrated rigor into every aspect of product development, raw material selection, process design, and quality verification. In 2025, Chlitina Holding Group continued to deepen its focus on product innovation and sustainable R&D. A total of 18 new products were launched during the year, including 13 developed and manufactured in-house. Of these in-house products, 8 adopted the energy-saving and carbon-reducing cold-blending process, bringing the share of in-house products using green processes to 62%. The Group’s plant stem cell cultivation technology obtained a U.S. patent, completing its patent portfolio in Taiwan, China, and the United States. A total of 12 new products with sustainability attributes were launched, accounting for 67% of all new products for the year, up from 50% in the previous year. At the same time, the Company continued to promote plastic reduction in packaging and the use of green materials, gradually integrating sustainability considerations into product life cycle management.

Product Innovation and Sustainability Transformation

For the beauty and skincare industry, product capabilities are at the heart of a brand’s competitive advantage. Chlitina Holding Group’s product innovation strategy is built around three interconnected pillars: reducing operating costs and environmental risks through green processes; strengthening consumer trust and compliance credibility through third-party efficacy testing; and building international competitive barriers through patent development.

This strategy not only responds to global trends toward lower-carbon, evidence-based, and more transparent beauty products, but also provides a technological and trust-based foundation for the Company’s long-term brand value and market valuation.

From product technology investment, technological innovation outcomes, and R&D resource allocation to intellectual property management, this section systematically presents how the Group integrates sustainability considerations into every stage of product development and provides consumers with products that are safe, effective, and more environmentally responsible through scientific validation, third-party testing, and authoritative certifications.

5.1 Product Innovation and R&D

Item	Details
Policy commitment	Guided by the core philosophy of “Science-Based, Beauty-Focused,” establish a quality control and green R&D system covering the entire product life cycle
Goals	Continue increasing the proportion of green processes (cold-blending process), strengthen third-party efficacy testing, and advance the commercialization of

Item	Details
	emerging technologies such as plant stem cell cultivation
Actions	Operate two R&D centers in Hsinchu, Taiwan, and Songjiang, Shanghai, in coordination; introduce green processes including cold blending, supercritical CO_2 extraction, and solvent-free extraction
Evaluation mechanism	Review the proportion of green new products, efficacy report pass rates, and patent application progress annually, with joint reviews by the Quality Control and R&D departments
Key 2025 performance	Cold-blending process used in 62% of in-house products (8 of 13); 46 third-party efficacy reports for 18 products; 12 new products with sustainability attributes; U.S. patent obtained for plant stem cell cultivation technology

5.1.1 Product Technology Investment and Implementation

R&D Philosophy and Core Principles

The Group's product R&D is not simply driven by market trends, but is rooted in the fundamental philosophy of "Science-Based, Beauty-Focused." This philosophy is reflected in three core skincare steps: cleansing and purifying the skin, repairing the damaged skin barrier, and ultimately supporting the skin's natural regenerative capacity. This methodology serves not only as a guide for product development, but also determines the rigorous standards the Company applies to raw material selection, formulation design, process control, and efficacy testing.

In 2025, CHLITINA launched two major product lines: the Skin Radiance Refining Series (including home-use retail products and professional treatment sets), and the White Crystal Dark Spot Correcting Series (special certification). The Skin Radiance Refining Series focuses on cell-based anti-aging inspired by regenerative medicine and uses D-AFE®, a patented active ingredient derived from deer amniotic fluid, together with two other key active ingredients, PDRN and adenosine, to support the skin's natural repair mechanism at its source. The White Crystal Dark Spot Correcting Series underwent a comprehensive upgrade and obtained China's authoritative special-use cosmetic certification for whitening. It combines white pine extract with 4MSK and niacinamide and is designed to deliver six benefits: brightening, enhancing radiance, reducing sallowness, reducing redness, fading dark spots, and diminishing post-inflammatory marks. Both series delivered positive results in efficacy, consumer feedback, and sales performance, further strengthening CHLITINA's professional positioning in the high-performance skincare market. For Chlitina Holding Group, product innovation is not simply about launching new products; it is a long-term effort to integrate regenerative medicine concepts, efficacy validation, and sustainable processes into lasting brand trust.

Dual R&D Center Collaborative System

Chlitina's R&D system is built around two centers, in Hsinchu, Taiwan, and Songjiang, Shanghai. Each has a clearly defined role, while technical transfers, formulation integration, and consistent quality specifications create synergies between the two.

Item	Hsinchu, Taiwan R&D Center	Songjiang, Shanghai R&D Center
Established	2012	2022
Core expertise	Cosmetic formulation R&D; nanoemulsion/nanolipid carrier technology; plant cell and stem cell	Development of active ingredients derived from plants used in both food and medicine; design and optimization

Item	Hsinchu, Taiwan R&D Center	Songjiang, Shanghai R&D Center
	tissue culture technology; supercritical extraction processes	of mass-production processes; technical support for quality and production abnormalities
2025 achievements	New product development, U.S. patent acquisition, and breakthroughs in cold-blending technology	Development of two new raw materials derived from Oroxylum indicum and Cordyceps chanhua, and formulation integration

Collaboration between the two R&D centers goes beyond the division of responsibilities and is reflected in knowledge sharing and technology transfer. Through clearly defined roles and close collaboration, the Taiwan and Shanghai R&D centers leverage their respective strengths in upstream innovation and R&D and downstream industrialization and validation, connecting the full process from product development and mass-production validation to technology transfer. By sharing resources and complementing each other's strengths, the two centers have established an efficient collaborative R&D system that not only improves product development efficiency and the ability to commercialize technologies, but also creates synergies greater than the sum of its parts and continues to strengthen the Company's innovation capabilities and competitiveness.

Third-Party Efficacy Validation System

The credibility of product efficacy should not rely solely on claims made by the Company; it should also be supported by independent third-party scientific validation. In 2025, the Group completed 46 third-party efficacy testing reports for 18 products launched during the year. Testing was conducted by internationally recognized laboratories, including NOA Testing and SGS, accredited by CMA (China Metrology Accreditation) and CNAS (China National Accreditation Service for Conformity Assessment). Testing covered key efficacy indicators including moisturizing, whitening, skin repair, firming, anti-wrinkle, and soothing effects.

The Group allocated the greatest concentration of validation resources to the Skin Radiance Refining Series, for which 18 efficacy reports were completed, consistent with the series' strategic positioning as the flagship product line for 2025. The Group has institutionalized third-party efficacy testing as an important stage in the product launch process rather than treating it merely as marketing material. This approach not only reduces the regulatory risks associated with product efficacy claims, but also provides the brand with a more verifiable compliance foundation amid increasingly stringent global regulation of greenwashing and efficacy claims.

5.1.2 Achievements in Technological Innovation

In 2025, Chlitina Holding Group launched a total of 18 new products, including 12 new products with sustainability features, accounting for 67% of all new products launched during the year, up from 50% in the previous year. This significant increase not only reflects the growing proportion of sustainable products, but also demonstrates that sustainability considerations are gradually becoming central to product development decisions and an important factor in new product planning, process selection, and packaging design.

Among other flagship product series, transformation of the Trotula Le spa Jolie Rose facial care series and the Trotula Beauté d'Arômes body care series is particularly noteworthy. Both were originally manufactured in France. In 2025, production was fully shifted to China, significantly reducing transportation-related carbon emissions from raw materials through finished products while also improving delivery flexibility and supply chain responsiveness. This case demonstrates that green transformation and operational efficiency are not mutually exclusive; rather, supply chain adjustments can create mutually reinforcing business benefits. The Skin Radiance Refining Series uses deer amniotic fluid stem cell ingredients sourced through a partnership with a high-quality deer farm in Taiwan. During prenatal examinations, amniotic fluid is collected from pregnant does at 16 to 20 weeks of gestation through amniocentesis and then processed using patented stem cell purification technology. The entire process emphasizes zero cruelty and zero harm, reducing concerns related to animal ethics. The core ingredient of the White Crystal Dark Spot Correcting Series, white pine bark extract, is sourced from bark recovered after forestry operations in Quebec, Canada, avoiding additional forest harvesting. The residual material after extraction can also be converted into biomass energy or compost, putting into practice a circular approach of "from nature and back to nature."

Green Innovation and the Energy-Saving Carbon-Reducing Cold-Mix Process

In conventional skincare manufacturing, emulsification and mixing generally require raw materials to be heated to 75°C to 80°C and then cooled to room temperature with cooling water after thorough mixing. This "heating-cooling" process not only consumes energy but also extends the production cycle. The cold-mix process developed by Chlitina Holding Group's R&D team over many years represents a key improvement to conventional manufacturing processes. By redesigning the formulation structure, raw materials can be uniformly mixed at room temperature, eliminating the need for heating and cooling and thereby reducing energy consumption and the environmental impact of production.

Process Type	New Products in 2025	Ratio	Energy Consumption Characteristics
Cold-mix process	8	62%	Formulated at room temperature, eliminating heating and cooling
Conventional hot-mix process	5	38%	Requires heating to 75–80°C and subsequent cooling to room temperature
Total	13	100%	—

The data show that in 2025, the cold-mix process accounted for 62% of self-developed and self-manufactured new products, demonstrating a concrete foundation for the Group's advancement of greener manufacturing processes. At the same time, the Company recognizes that 38% of products, such as high-viscosity creams, still require conventional hot-mix processing due to formulation characteristics. Different product forms have their own optimal manufacturing processes. Going forward, process performance should therefore not be evaluated based on a single metric, but rather by balancing product quality, stability, safety, and environmental benefits.

5.1.3 R&D Investments

Plant Stem Cell Cultivation Technology

Plant stem cell cultivation technology is a core component of the Group's strategy for sustainable raw materials. The availability of conventional natural plant ingredients is highly dependent on climate, soil, and seasonality and may involve risks such as pesticide residues, land degradation, and water consumption. The plant stem cell cultivation system developed by the Taiwan R&D Center enables target plant cells to grow in a controlled laboratory environment, reducing dependence on natural ecosystems, agricultural land, and climatic conditions. Taking the core ingredient "Bletilla striata stem cell extract" as an example, its preparation uses supercritical CO_2 extraction, in which carbon dioxide in a supercritical state serves as the solvent, enabling an extraction process with virtually no organic solvent residue. Compared with conventional organic solvent extraction, supercritical CO_2 extraction is more environmentally friendly, while the resulting active ingredients also offer higher purity and stability. The technology has obtained patents in Taiwan (2022), China (2023), and the United States (2025), establishing comprehensive international patent protection and demonstrating the Group's R&D capabilities in advanced botanical extraction technologies and sustainable raw material development.

Three-Country Patent Strategy

The plant stem cell cultivation technology has obtained patents in Taiwan, China, and the United States. Its strategic value extends beyond protecting the technology itself. First, patent coverage in these three markets corresponds to the Company's existing and potential core markets, providing legal protection and market access advantages for future international product expansion. Second, patent assets strengthen the Company's negotiating position in technology licensing, strategic partnerships, and commercial negotiations. Third, as the global beauty industry undergoes accelerated consolidation and demand for high-performance skincare continues to rise, differentiated patented technologies will become an important factor supporting enterprise value and brand competitiveness.

Green Product Life Cycle Management

The value of sustainable products is reflected not only in their formulations and manufacturing processes but should extend throughout the entire product life cycle. In 2025, the Group established a cross-functional green product management framework covering five major stages: raw material design, manufacturing, distribution and transportation, product use, and end-of-life treatment. The framework is implemented collaboratively by the R&D, supply chain, design, and marketing departments.

Chlitina has adopted a dual-track strategy combining formulation design with packaging reduction. On the one hand, the Company reduces environmental impacts at the product level through the use of natural ingredients, highly biodegradable formulations, and greener raw materials. On the other hand, FSC Mix certification signals responsible management of paper sourcing. By using FSC-certified paper, reductions in gift box structures, and optimized packaging design, the Company is reducing plastic use and carbon emissions at the packaging stage. Based on the weight of paper packaging materials included in the statistical scope, FSC-certified paper accounted for 78% of total paper packaging inputs in 2025, an increase of 3 percentage points from 2024. The reduction rate for gift box structural materials reached 93% in 2025, also an increase of 3 percentage points from 2024. These figures provide a quantifiable baseline for the Company's long-term green product transformation and will serve as a basis for tracking annual improvements and carbon reduction performance in the future.

R&D Team and Capability Building

The Group's investment in R&D consists not only in financial resources but also in continuous talent development and the accumulation of technical capabilities.

Since establishing its Raw Materials Development Department in 2019, the Taiwan R&D Center in Hsinchu has gradually developed a comprehensive R&D chain covering plant cell cultivation, active ingredient extraction, and efficacy validation. The Shanghai Songjiang R&D Center has continued to strengthen its capabilities in formulation technology, process optimization, and quality control. In 2025, the R&D team achieved several breakthroughs in technical capability building. The Taiwan R&D Center continued advancing research on Bletilla striata stem cell cultivation technology.

The Shanghai R&D Center successfully developed two new raw materials derived from Oroxylum indicum and Cordyceps chanhua, and presented the related technologies at the China Beauty Expo (CBE) in Hangzhou under the theme "Decoding the Anti-Aging Treasures Medicinal and Edible

Resources: Butterfly and Cicada Songs." The presentation demonstrated the Company's depth of R&D expertise in natural botanical extracts. In addition, the R&D team completed the submission and management of 46 third-party efficacy testing reports in 2025, ensuring that efficacy claims for core products were supported by scientific evidence. Through the continued accumulation of talent, technology, testing, and knowledge management capabilities, Chlitina has further strengthened its ability to develop high-performance skincare products.

R&D Laboratory Resources and Environmental Management

R&D activities inevitably generate laboratory waste. The Group follows the principles of "quantitative management and classified handling" and conducts categorized accounting and compliant disposal of waste from its two R&D laboratories in Taiwan and Shanghai. In 2025, total laboratory waste amounted to 399.81 kg.

Waste Category	Weight (kg)	Share	Handling Method
Product residues	236.52	59.16%	Compliant disposal by qualified external service providers
Paper	99.62	24.92%	Recycling and reuse
Plastics (including metallic materials)	41.91	10.48%	Sorting and recycling
Glass	21.76	5.44%	Sorting and recycling
Total	399.81	100.00%	—

Product residues accounted for the largest share of laboratory waste at 59.16%, primarily resulting from R&D samples and residual materials that are unavoidable during formulation testing. The Group has established a reduction target for product residues and is reducing unnecessary experimental material waste through precise formulation design and small-batch trial production. Paper waste accounted for 24.92%, primarily consisting of testing reports, experimental records, and R&D management documents.

5.1.4 Intellectual Property Management and Patent Strategy

Intellectual Property Management System

Intellectual property is the culmination of R&D and innovation and an important legal safeguard for a company's core competitiveness. In accordance with its internal control system, the Group has established an intellectual property management framework covering trademarks, patents, and trade secrets. Key management principles include: all product trademarks must be registered in the relevant operating markets; all R&D projects must be formally registered and managed; intellectual property developed with Company resources should be promptly submitted for patent protection; intellectual property created by R&D personnel using Company resources belongs to the Company; and the Legal Department is responsible for maintaining patents and trademarks and regularly monitoring the external market for potential infringement.

In 2025, the Group completed the development of its intellectual property management plan and submitted it to the Board of Directors in the second quarter of 2026, elevating intellectual property management from a legal function to a governance-level responsibility and strengthening the Board's oversight of R&D results protection, patent strategy, and technology asset management.

Patent Strategy: Expanding Patent Protection from One Country to Three

Chlitina’s patent strategy follows the principle of “core technologies aligned with core markets,” prioritizing patent protection in the markets where technologies originate and in major sales markets. The patent application pathway for its plant stem cell extraction technology clearly illustrates the timeline from R&D results to commercial protection.

In 2025, patent protection for plant stem cell technology was established in three core markets: Taiwan, China, and the United States. The strategic significance of these patents extends beyond technology protection, providing legal safeguards and market access advantages for the Company’s future international product expansion. In terms of further strengthening intellectual property management, the Group has also identified several areas for improvement. First, the intellectual property management plan has been completed and is scheduled to be submitted to the Board of Directors for review in 2026. Second, the current patent portfolio focuses primarily on plant stem cell technologies, while patent coverage for other green manufacturing processes, such as freeze-drying technology, can be further expanded. Third, international patent coverage is currently concentrated in the United States, China, and Taiwan and has not yet extended to emerging markets such as Southeast Asia. These areas will be incorporated into the 2026 intellectual property strategy.

Product Safety, Compliance, and Authoritative Certifications

In product safety and compliance, the Group continued to demonstrate solid performance in 2025. Its subsidiary and manufacturing plant, Weishuo, operates an integrated management system covering ISO 9001 quality management, ISO 14001 environmental management, and ISO 45001 occupational health and safety management. It has also obtained GMPC and ISO 22716 cosmetics management system certifications, ensuring a systematic management foundation from R&D and manufacturing through to product quality release. In 2025, Chlitina recorded zero product safety incidents, while product quality and safety complaints across its three major channels totaled zero. This reflects the effectiveness of the Company’s rigorous controls throughout product R&D, quality management, manufacturing processes, and market operations. For consumers, product safety is the baseline of brand trust; from a corporate governance perspective, product safety is a core requirement of enterprise risk management and responsible business practices.

Looking ahead to 2026, Chlitina Holding Group will focus on five key areas in product innovation and R&D. First, it will continue expanding the range of formulations suitable for the cold-mix process, with the goal of increasing the proportion of greener manufacturing processes. Second, it will deepen the application of patented plant stem cell technology and new raw materials such as Cordyceps chanhua and Oroxylum indicum, expanding its green raw material database. Third, it will advance the submission of the intellectual property management plan to the Board of Directors and establish a governance-level intellectual property oversight mechanism (the plan was submitted to the Board of Directors in the second quarter of 2026). Fourth, it will improve standards for the classification and statistical reporting of laboratory waste and align data definitions across its Taiwan and China laboratories. Fifth, it will initiate quantitative calculation of product life cycle carbon footprints, laying the foundation for future carbon-neutral product certification.

The value of innovation must ultimately withstand rigorous tests of quality and safety. The focus is therefore shifting from “how to create good products” to “how to ensure product safety,” encompassing quality management systems, safety testing standards, and marketing compliance. Through institutionalized safety safeguards, the Group seeks to protect every measure of consumer trust in its brands.

5.2 Product Responsibility and Safety

Chlitina Holding Group has established a quality control system covering the entire product life cycle, from “R&D, procurement, manufacturing, and sales,” to ensure that every product brought to market not only delivers the intended benefits but also meets fundamental requirements for safety, compliance, and transparency.

For the Company, product responsibility is not merely about regulatory compliance; it is also a commitment to consumer health, franchisee trust, and long-term brand value. In 2025, the global beauty industry continued to face increasingly stringent demands for transparency. The EU’s Green Claims Directive raised the evidentiary threshold for environmental claims, while China’s National Medical Products Administration (NMPA) continued to strengthen cosmetics regulatory standards. Consumers’ zero-tolerance attitude toward greenwashing has also become a broad market consensus. These trends have placed higher expectations on product responsibility in the cosmetics industry. Chlitina has adopted third-party laboratory efficacy testing as a core strategy to ensure that product efficacy, safety, and environmental claims are supported by scientific data.

Management Approach

Item	Description
Material Topic	Product Responsibility and Safety
Policy Commitment	Establish a quality control system covering the entire product life cycle and comply with regulations including the Cosmetics Supervision and Administration Regulation and the Consumer Rights and Interests Protection Law.
Targets	Ensure that all products pass quality inspections, that efficacy claims are supported by third-party evidence, and that there are zero product safety incidents.
Actions	Implement the Good Manufacturing Practice for Cosmetics (GMPC) guidelines; commission CMA/CNAS dual-accredited laboratories to conduct efficacy testing; conduct legal reviews of labeling compliance; and provide anti-greenwashing training.
Evaluation Mechanisms	Tiered handling and regular analysis of product complaints; annual submissions for quality awards and external certifications; and tracking of third-party efficacy report coverage.
2025 Key Performance	Zero product safety incidents; 46 third-party efficacy reports; three nationally recognized quality certifications/awards; initial response to customer complaints within 24 hour.

5.2.1 Product Quality Management

Quality Management System Framework

The Group’s quality management system is based on international standards. Weishuo, the Group’s subsidiary and manufacturing plant in Songjiang, Shanghai, has advanced production equipment, precision testing instruments, and a rigorous scientific production management system. In addition to obtaining ISO 9001 quality management system certification, it has obtained two authoritative certifications: the Good Manufacturing Practice for Cosmetics (GMPC) guidelines and ISO 22716:2017 Cosmetics—Good Manufacturing Practices (GMP). These systematic certifications demonstrate that the plant has reached internationally recognized high standards in production environments, manufacturing processes, personnel operations, and quality control, while establishing a stable, reliable, and fully traceable foundation for quality management. This quality management system safeguards every stage from raw material procurement through finished product release. Standardized procedures, documented records, and regular internal audits ensure the effective operation of the quality management system and enable the Group to consistently provide customers and the market with safe, high-quality products.

In terms of organizational responsibilities, the Product Department is responsible for strategy development and defining product requirements and specifications; the R&D Center is responsible for formulation safety assessments and efficacy validation; the Supply Chain and Manufacturing units are responsible for delivering products on schedule, to the required quality standards, and within budget; the Quality Control Department is responsible for inspections from raw materials through finished products, ensuring that every batch meets both product safety and quality standards; and the Legal Department is responsible for compliance reviews of marketing materials. From initial product proposal through market launch, cross-functional collaboration ensures that product quality requirements are implemented at every stage.

Quality Management Stage	Management Actions	Responsible Department	Verification Mechanism
Raw material reception	Supplier qualification review and raw material compliance testing	Songjiang Weishuo Manufacturing Plant / Quality Control Department	Incoming inspection records
Formulation development	Safety assessment and preliminary efficacy testing	R&D Centers	Formulation review meetings
Manufacturing	Implementation of GMP requirements and monitoring of process parameters	Songjiang Weishuo Manufacturing Plant / Quality Control Department	Batch inspection reports
Finished product inspection	Batch quality inspection and third-party sampling	Quality Control Department	Quality inspection report archive
Label review	Compliance review of ingredient labeling and efficacy claims	Product Department, Quality Assurance Department, Legal Department (Regulatory Affairs)	Approval records
Post-launch monitoring	Customer complaint tracking and adverse event reporting	Operations / Customer Service	Customer complaint analysis reports

In 2025, the Group further integrated green management principles into its management system and extended them throughout the entire product life cycle. During new product development, sustainability requirements have been incorporated into product design, covering environmentally compliant raw material procurement, packaging designs that reduce material use and carbon emissions, and energy-efficient processes such as the cold-mix process. This approach integrates green principles into product development from the outset. For existing products, the Company is also gradually implementing green optimization measures, improving raw material procurement specifications and packaging designs to enhance sustainability throughout the product life cycle.

In response to the continued strengthening of cosmetics quality management requirements by China's National Medical Products Administration, the Group has also initiated forward-looking plans to upgrade its quality management system. The upgrades will focus on quality management intelligence and digitalization, risk-based classification and management, end-to-end traceability, and implementation of corporate responsibilities. Through these efforts, the Group will continue to strengthen its quality management system and enhance its measurability, verifiability, and traceability, providing a solid foundation for product quality and safety and the Company's sustainable development.

Authoritative Certifications and External Recognition

External certifications provide objective evidence of the effectiveness of a quality management system.

Year	Certification / Award	Issuing Organization
Ongoing	ISO9001, ISO14001, ISO45001, GMPC, ISO22716	International standards certification bodies
2025	National Advanced Enterprise for Quality and Integrity; National Quality-Leading Brand in the Beauty Services Industry; National Quality-Leading Enterprise in the Beauty Services Industry	China Association for Quality Inspection

In 2025, the Group also received three quality awards from the China Association for Quality Inspection: "National Advanced Enterprise for Quality and Integrity," "National Quality-Leading Brand in the Beauty Services Industry," and "National Quality-Leading Enterprise in the Beauty Services Industry." These awards provide further external recognition of the Company's quality management performance. The certifications and awards not only demonstrate the Group's manufacturing management capabilities but also strengthen franchisees' and consumers' confidence in the consistency of product quality.

Value of the Quality Certification System

Maintaining the five-part certification system comprising ISO 9001, ISO 14001, ISO 45001, GMPC, and ISO 22716 represents more than a compliance requirement for Chlitina Group; it also has three important business implications. First, it can reduce potential financial losses and legal risks arising from product quality incidents. Second, as the franchise network expands, international certifications provide franchisees with a foundation for confidence in product quality. Third, as the Company expands into international markets, its existing certification system can help lower market entry barriers and improve the efficiency of cross-border operations.

Product Complaint Management

The final line of defense in quality management is the customer complaint handling mechanism. The Group has established comprehensive procedures for investigating customer complaints and implementing corrective and preventive actions. Consumer complaints are handled according to a tiered system, with the goal of providing an initial response within 24 hours and completing investigation, feedback, and case closure within the prescribed time frame to ensure closed-loop management. The Company regularly analyzes complaint data and uses the findings as an important basis for quality improvement and service optimization, gradually shifting complaint management from "reactive response" to "proactive prevention." Through complaint trend analysis, the Group can identify potential issues related to product quality, service, or channel management at an early stage and feed these findings back into R&D, quality control, operations, and franchise management processes.

2025 Product Quality and Safety Complaint Performance

Under the GRI 416 disclosure framework, in 2025, Chlitina Holding Group received zero product quality and safety-related complaints across its three major channels: retail stores, e-commerce, and medical aesthetics. This fully reflects the Company’s rigorous controls across product R&D, quality management, manufacturing processes, and post-market monitoring. The Weishuo production line continues to implement QC process controls to ensure the quality and safety of every product released from the plant.

Channel	Product Quality and Safety Complaints	Total Complaints and Main Types
Franchise stores	0	225 complaints, all related to service quality and customer experience
E-commerce	0	26,017 complaints, all related to logistics and service
Medical aesthetics	0	7 complaints, all related to service quality and customer experience

Although there were zero product quality and safety complaints in 2025, the Group continues to regularly analyze complaint data across all channels to identify opportunities for improvement in service quality, logistics and delivery, and customer experience. For the Company, zero product safety complaints are not the end point of management but rather a baseline for continuously improving quality and service processes.

In terms of channel structure, the Group’s customers primarily include franchisees in the franchise channel, customers of the e-commerce channel (HOME SPA), and end customers of the medical aesthetics channel. Franchisees constitute the primary customer group. The Group has a Franchise Business Department, Operations and Service Coordination Department, and regional branches responsible for communication and ongoing interactions with franchisees, with each franchisee assigned a dedicated point of contact. Regional branches conduct regular visits to franchise stores. Franchisees can also contact the Group through multiple channels, including customer service email, the 400 service hotline, customer service on the mini-program online platform, the official website, and Weibo.

For product quality-related returns and exchanges, Chlitina has established comprehensive application and inspection procedures. All products are accompanied by quality inspection reports, and franchisees can access the relevant documentation at any time. This transparent mechanism helps strengthen franchisees’ confidence in product quality and ensures that channel partners can respond promptly and accurately to consumer concerns.

5.2.2 Product Safety and Labeling Management

Product Safety Regulatory Compliance

As a cosmetics manufacturer, Chlitina has always made customer health and safety a top priority in product responsibility. The Company strictly complies with product safety and labeling regulations, including the Cosmetics Supervision and Administration Regulation, the Consumer Rights and Interests Protection Law, the Cosmetics Labeling Management Measures, and the Cosmetics Registration and Filing Management Measures. It has also established risk control mechanisms covering R&D, procurement, manufacturing, and sales to ensure that product information is transparent, compliant, and traceable.

For labeling management, the Group has implemented a pre-launch legal review system for product ingredients, efficacy claims, and marketing materials. All product labels and marketing copy must be reviewed by legal personnel before publication to confirm compliance with applicable regulations and prevent non-compliant, exaggerated, or misleading claims. This system is not only a measure for mitigating legal risks but also an institutionalized expression of the Company's commitment to honest communication with consumers.

Health and Safety Impact Assessment by Product and Service Category

The Group's product portfolio covers professional skincare, body care, oral care, cosmetics, and medical aesthetics services. All product and service categories are subject to a comprehensive health and safety impact assessment throughout the design, R&D, manufacturing, and sales stages.

Product / Service Category	Full Life Cycle Health and Safety Assessment	Compliance Assessment (Regulatory Filing)	Third-Party Efficacy Testing	Assessment Coverage
Professional skincare products (facial)	✓ Completed	✓ Filing or special certification	39 reports	100%
Body care products	✓ Completed	✓ Filing	Planned	100%
Oral care products	✓ Completed	✓ Filing	Planned	100%
Cosmetics	✓ Completed	✓ Filing	7 reports	100%
Medical aesthetics services	✓ Completed	✓ Compliance review	Clinical evidence	100%

In 2025, all of the Group's product and service categories completed health and safety assessments. The depth of assessment varies by product type. Because professional skincare products are applied directly to facial skin and involve a relatively broad range of efficacy claims, they undergo not only the safety assessments and regulatory filings required by law but also third-party efficacy testing. Medical aesthetics services are subject to compliance reviews and clinical evidence requirements in accordance with specialized regulations governing medical devices and medical technologies.

The Group's third-party efficacy testing currently focuses primarily on its core professional facial skincare product line, covering 18 new products launched in 2025 and 46 efficacy reports. There remains room to expand efficacy testing coverage for other product categories. The Company has identified expanding third-party efficacy testing to professional body care products and other categories as a key priority for 2026, with the goal of gradually establishing a comprehensive health and safety assessment and efficacy validation system covering all product categories.

Product and Service Information and Labeling Requirements

The Group has established a comprehensive information disclosure and labeling management system for all products and services in accordance with the Cosmetics Supervision and Administration Regulation, the Cosmetics Labeling Management Measures, and its internal Labeling Management Procedures. The Group is committed to ensuring that 100% of its products and services strictly comply with the laws and regulations of their respective markets of operation and that information is accurate, complete, and traceable.

For labeling management, the Company has implemented a "three-level review" compliance process. The first review is conducted by the R&D Center to confirm formulation compliance; the second is conducted by the regulatory affairs department to assess regulatory compliance; and the third is conducted by the Legal Department to review advertising and efficacy claims. This process ensures that labels include the product name, registration or filing information, full ingredient list, expiration date, and other legally required elements. All new products must complete the three-level review and approval process before launch, and the approval records are retained for future reference.

Information Requirement Category	Product and Service Disclosure	Coverage
Product ingredient list and origin	Complete ingredient information provided in accordance with applicable regulations, including the full ingredient list based on the INCI international ingredient nomenclature, country of origin, batch number, and expiration date	100%
Safe-use instructions	Directions for use, storage conditions, precautions, allergy warnings (such as recommendations for a patch test), and other legally required notices	100%
Waste disposal information	Packaging material labeling, FSC environmental labeling (78% paper coverage), environmental labeling for plastic bottles (100% coverage), and waste sorting instructions	100%
Service information	CHLITINA: Product efficacy and details of beauty treatment procedures, treatment features, and pricing are displayed; UPLÍDER: operates in accordance with the Regulations on the Administration of Medical Institutions, with pricing publicly displayed in prominent locations	100%

The Group achieved 100% disclosure coverage across four key areas: product ingredient sources, safe-use instructions, waste disposal information, and service information. Waste disposal information is particularly noteworthy: in China, FSC environmental labeling covers 78% of paper packaging materials, while environmentally friendly ink printing on product cartons and shipping cartons has achieved 100% coverage. This approach demonstrates that the Company goes beyond basic regulatory labeling requirements by proactively incorporating environmental information into product labels, helping consumers properly sort and recycle packaging materials.

Highlight	Description
Intelligent automated proofreading system	An automated proofreading scanner has been introduced to automatically check electronic labels and incoming material labels, identifying printing errors, defects, and color inconsistencies. The label proofreading error rate was 0 in 2025.
Environmental Sustainability labeling	Environmentally friendly ink printing covers 100% of product cartons and shipping cartons in mainland China, while FSC-certified environmentally friendly paper covers 78% and continues to increase.
Professional service transparency	Every customer who visits a store undergoes a skin assessment before treatment and is informed of their skin condition and service details, ensuring transparent service information.
Cross-regional labeling compliance	A cross-regional labeling review process has been established to address the different regulatory requirements of China's NMPA and Taiwan's Food and Drug Administration.

Nationally Recognized Special Certifications

Under China's cosmetics regulatory system, whitening and sunscreen products are classified as "special cosmetics" and must obtain a special cosmetics approval number issued by the National Medical Products Administration before they can be marketed and sold. Obtaining such certification requires rigorous safety and efficacy reviews and serves as official recognition of a product's safety and efficacy compliance.

Product Series	Special Certification Type	Status	Significance
White Crystal Dark Spot Correcting Series	Whitening special certification	Obtained	Nationally recognized whitening efficacy certification
Sunscreen Series	Whitening and sun protection dual-effect certification	Obtained	CHLITINA was the first brand to obtain such an official certification for a dual effect of whitening and sun protection

The CHLITINA Sunscreen Series was the first to obtain the dual-effect special certification for both whitening and sunscreen efficacy, marking a milestone for the brand's product portfolio. The dual-effect certification indicates that the product has met rigorous national review standards for both whitening and sunscreen efficacy, providing consumers with two layers of official assurance. At the same time, obtaining the special certification provides a strong regulatory basis for product marketing claims, ensuring that efficacy commitments are supported not merely by the Company's own statements but also by an authoritative government agency.

Third-Party Efficacy Validation System

In addition to obtaining special certifications from national authorities, the Group has further established a third-party efficacy validation system based on independent laboratory testing. In 2025, Chlitina commissioned independent laboratories accredited by both CMA (China Metrology Accreditation) and CNAS (China National Accreditation Service for Conformity Assessment), including NOA Testing and SGS, to conduct efficacy testing on 18 new products. A total of 46 efficacy test reports were completed, covering multiple efficacy areas, including moisturization, skin repair, brightening, wrinkle reduction, soothing, and firming. The testing included both in vitro cellular studies and human efficacy trials.

Validation Type	Methodology	Representative Results
In vitro cellular testing	Evaluation of the efficacy mechanisms of active ingredients at the cellular level	Skin Radiance Refining Serum: significant increases in four types of collagen (Types I, III, IV, and XVII)
Cell proliferation testing	Evaluation of the ability of ingredients to promote cell repair and regeneration	Skin Radiance Refining Serum: positive effects on both cell healing capacity and proliferation rate
Clinical efficacy testing	Measurement of changes in skin indicators following actual use by test subjects	Skin Radiance Refining Cream: TEWL (transepidermal water loss) decreased by 32.12% after 4 hours, while skin elasticity (R2) increased by 19.23% after 14 days
Competitor comparison	Blind comparison testing against	Skin Radiance Refining Cream: repair efficacy surpassed significantly that of commercially

Validation Type	Methodology	Representative Results
testing	comparable products available on the market	available competing products
Sensitive skin suitability testing	Evaluation of the product gentleness among subjects with sensitive skin	Skin Radiance Refining Series: passed testing demonstrating gentleness and non-irritation in subjects with sensitive skin

The Skin Radiance Refining Serum provides a representative example of the depth and breadth of the Group's efficacy validation. In vitro testing demonstrated significant increases in four types of collagen—Types I, III, IV, and XVII—with particularly pronounced results for Type XVII collagen. These findings provide cellular-level evidence supporting the product's mechanisms for wrinkle reduction and skin firming. In human efficacy testing, subjects showed statistically significant improvements in multiple indicators, including skin repair, soothing, and firming, after 14 days of use.

The Group also incorporated competitor comparison testing into its validation program. Results showed that the Skin Radiance Refining Cream delivered better repair efficacy than comparable products available on the market. This demonstrates the Company's confidence in its product efficacy while reflecting its commitment to using scientific evidence to address consumer expectations.

Independent Third-Party Efficacy Validation, Greenwashing Prevention, and Environmental Education

In 2025, greenwashing evolved from a topic of academic discussion into an increasingly important focus of regulatory enforcement worldwide. The EU Green Claims Directive raises the evidentiary requirements for environmental claims, while regulators in multiple jurisdictions have increasingly addressed greenwashing under consumer protection and advertising laws. For the beauty industry, exaggerated efficacy claims, unclear ingredient labeling, and environmental claims without adequate supporting evidence may expose companies to allegations of greenwashing or misleading communication, as well as potential legal and reputational risks.

Highlights	Description
Core principle	All efficacy claims must be supported by scientific data from independent third-party laboratories.
Evidence Base	10 core products and 46 reports issued by CMA/CNAS dual-accredited laboratories provide an evidence base for efficacy claims.
Institutional safeguards	All product labels and marketing materials must undergo pre-launch legal review and approval before publication.
Internal Education	The Regulatory Affairs Department conducted 64 specialized compliance training sessions in 2025, reaching 1,830 participants.
Forward-looking response	The Group continues to monitor changes in NMPA requirements for quality management systems in cosmetics companies.
2025 results	Zero product safety incidents, zero product quality and safety complaints across the three major channels, and 46 third-party efficacy test reports completed.

The Group's greenwashing prevention strategy operates on three levels. First, upstream controls: all marketing claims related to product efficacy must correspond to the findings of third-party testing reports, ensuring that terms such as "highly effective" or "significant" are supported by test data or statistical significance. Second, legal review: product labels and marketing materials must undergo compliance review by legal personnel before publication, helping prevent the use of vague terms such as “natural,” “pure,” or “green” that lack clear legal definitions and could mislead consumers. Third, organizational learning: through ESG and regulatory compliance training, employees are educated on the definition of greenwashing, common practices, and potential legal consequences, helping build awareness of greenwashing risks throughout the organization.

Risk Management for Greenwashing Compliance

As regulatory scrutiny of greenwashing continues to increase worldwide, environmental and efficacy claims have become not only marketing considerations but also matters of legal and regulatory compliance. Chlitina Holding Group’s three lines of defense—third-party validation, pre-launch legal review, and organizational learning—not only help reduce the legal and reputational risks associated with potential greenwashing allegations but also establish a compliance foundation for future international expansion, particularly into highly regulated markets such as the European Union. The 46 efficacy reports issued by CMA/CNAS dual-accredited laboratories provide an important evidence base for supporting the credibility of the Group’s product claims.

Consumer Privacy Protection

Product responsibility extends beyond the safety and quality of physical products to the protection of consumers’ personal information. In accordance with Taiwan’s Personal Data Protection Act, China’s Personal Information Protection Law (PIPL), the Data Security Law, and other applicable cross-border regulations, the Group has established a life-cycle management system covering the collection, use, storage, and destruction of consumers’ personal information. The Company is committed to using customer information solely for purposes for which it was collected. In 2025, the Group recorded no recorded no breaches of consumer personal information, and reported zero incident under GRI 418-1.

Product Safety Assurance for Franchisees

The Group’s business model is centered on its franchise network. Product safety assurance therefore extends beyond the manufacturing stage to each franchised store across the sales network. The Company has established a product safety assurance mechanism through contractual requirements, disclosure of quality inspection reports, product traceability, training, system support, return and exchange procedures, regular store inspections, and multiple customer complaint channels.

Assurance Mechanism	Specific Measures	Stakeholders
Franchise agreement terms	Clearly define product quality standards and obligations to maintain brand image	Franchisees
Public disclosure of quality inspection reports	All product quality inspection reports are available for franchisees to access at any time	Franchisees / Consumers
Product traceability	Each product package carries a unique identification code to ensure product safety and traceability	Franchisees / Consumers
Regular training	Product knowledge, service technique training, and business management training	Franchise store employees
System support	Store Operations Management System + Germès Online Learning Platform	Franchisees

Assurance Mechanism	Specific Measures	Stakeholders
Return and exchange mechanism	Comprehensive application procedure for product returns and exchanges due to quality issues, and inspection procedures	Franchisees
Regular store inspections	Regular on-site inspections of franchised stores by Group employees	Franchise stores
Customer complaint channels	Customer service email box, 400 hotlines, mini-programs, official website, Weibo official account	Consumers / Franchisees

The core principle of this multilayered assurance mechanism is “empowerment rather than one-way control.” Through training, we enhance franchisees’ product knowledge and service capabilities; through system support, we reduce the risk of operational errors; and through transparent quality inspection reports, we build franchisees’ trust in our products. Ultimately, product safety assurance is transformed from a “headquarters requirement” into a commitment jointly upheld across the entire distribution network. In 2025, there were 216 administrative penalty records involving franchised stores, including seven penalties for false advertising. In response to such violations, the Group implemented a five-level disciplinary framework, including requiring corrective action within a specified period, issuing formal criticism, imposing financial penalties (contractual liquidated damages), suspending product supply or business support, and revoking eligibility for performance awards. The Company also conducts routine compliance inspections through dedicated market audit campaigns, localized supervision by branch offices, and dynamic spot checks by headquarters. In 2025, there were zero recorded violations related to product labeling.

The Group’s approach to product responsibility and safety is built on scientific evidence and transparency. As consumers become increasingly discerning about claims related to beauty and product efficacy, the Company believes that the strongest way to earn and maintain trust is to ensure that every product claim is supported by independent third-party verification and that every product meets the expectations of consumers. Ultimately, the Company fulfills its commitment to product safety and the brand promise through effective complaint handling, rigorous service quality management, and the protection of consumer rights at every point of interaction.

5.3 Customer Relationship Management

For a beauty group with more than 4,000 franchised stores across mainland China, Taiwan, and Hong Kong, customer relationship management goes beyond after-sales service and is instead an ongoing effort to build and maintain brand trust. Every customer complaint handled promptly, every piece of personal information protected, and every marketing material reviewed for compliance contributes to consumers’ long-term trust in the Chlitina Group.

5.3.1 Customer Relations

The Group places “sharing success with customers” at the center of its business philosophy. Through a multilayered, multichannel customer relationship framework, it builds strong connections between its brands, franchise partners, and end consumers. Chlitina’s customer relationship management extends beyond traditional after-sales service. Through brand resources, training programs, and digital tools, the Group helps franchise partners strengthen their business capabilities while continuously improving customer satisfaction, loyalty, and trust in the brand, supporting sustainable growth for both the Company and its customers.

Multichannel Customer Service Framework

The Group has established a three-tier customer service network comprising headquarters, regional offices, and stores. The network covers franchise, e-commerce, and medical aesthetic channels and integrates a range of online and offline touchpoints to ensure that consumers can conveniently access service and support.

Service Level	Functional Role	Coverage
Headquarters	Coordinates business policies, brand strategy, service standards, and training	Brand Marketing Department, Franchise Business Department, Operations and Service Coordination Department, and Training Department
Regional	Provides localized support and responds to market needs	Regional branches
Store	Directly interacts with consumers and communicates brand values	Trained and certified estheticians

The Group's customer service framework encompasses online channels, including its official website, Weibo, and mini-program, as well as offline channels, including regional branches and franchised stores. Through a three-tier service structure in which headquarters establishes standards, regional offices provide timely support, and stores respond directly to consumers, Chlitina balances consistency in service delivery with local flexibility.

Franchise Network and Brand Development Milestones

Since the CHLITINA brand entered the mainland China market in 1997, it has established a vast franchise network through nearly three decades of development. As of the end of 2025, there were more than 4,000 CHLITINA franchised beauty salons worldwide. This scale not only demonstrates the brand's market reach but also makes franchise network management, service standardization, and marketing compliance key challenges in customer relationship management.

Digital Empowerment Tools

In 2025, the Group accelerated its digital transformation in customer relationship management by introducing several core tools, including F88 AI Skin Analysis Device, the Royal Garden Essential Oil AI Massage Robot, and the Store Operations Management System. These tools support the franchise network from both the consumer service and store operations perspectives.

Tool	Functional Role	Empowered Users	Core Value
F88 AI Skin Analysis Device	Skin analysis and personalized skincare recommendations	Beauticians / Consumers	Intelligent customer acquisition assistant that accurately identifies consumer needs
Store Operations Management System	Management of store performance, inventory, and training progress	Franchisees	Provides real-time operational data to improve management efficiency
Royal Garden	AI-powered wellness	Franchisees /	Intelligent wellness

Tool	Functional Role	Empowered Users	Core Value
Essential Oil AI Massage Robot	management combining traditional massage with technology, covering seven wellness modalities and eight major areas of the body	Consumers	management and targeted care

These digital tools represent key initiatives through which Chlitina is integrating traditional beauty consultation and body care services with artificial intelligence. F88 AI Skin Analysis can analyze skin conditions and provide personalized skincare recommendations while also serving as an intelligent customer acquisition assistant, helping estheticians better identify consumer needs and provide appropriate services. The Store Operations Management System focuses on operational management, enabling franchisees and headquarters to monitor store performance, inventory, and training progress in real time, thereby improving store management efficiency and headquarters' oversight capabilities. Through the adoption of digital tools, Chlitina is gradually shifting customer relationship management from experience-based practices toward a more data-driven, real-time, and trackable management model.

In addition, in October 2025, the Group announced that international film star Cecilia Liu would serve as its global brand ambassador. This brand image upgrade further strengthened consumer recognition of and trust in the CHLITINA brand.

Regulatory Compliance and Compliance Disclosure

The Group's regulatory compliance and compliance indicators across all channels in 2025 were as follows:

Item	2025
Violations resulting in fines or penalties	0
Violations resulting in warnings	0
Incidents resulting in violations of voluntary standards	0

The Group's product information and labeling-related compliance performance in 2025 was as follows:

Item	2025
Violations resulting in fines or penalties	0
Violations resulting in warnings	0
Incidents resulting in violations of voluntary standards	0

In 2025, the Group had no confirmed violations relating to product health and safety, product information and labeling, or customer privacy protection. As regulatory requirements for the cosmetics industry continue to become more stringent, product safety, efficacy claims, labeling compliance, and personal data protection have become important areas of brand governance.

Marketing Communications Compliance Disclosure

The Group is committed to ensuring that all advertising and promotional content is truthful, science-based, and compliant with applicable laws and regulations. Chlitina has implemented a three-level review process for marketing materials: the Marketing Department conducts an initial review of content and presentation, the Legal Department reviews the compliance of product efficacy claims, and the Project Manager provides final approval for publication. This process helps ensure the compliance of all external communications.

Item	2025	Description
Marketing communications violations	7 cases	Increased from 0 cases in 2024; all occurred in the franchise channel in Taiwan
Nature of violations	Exaggerated efficacy claims and implied therapeutic effects	Involved promotional materials provided to franchisees that violated the Fair Trade Act or applicable advertising regulations
Response time	Removal within 24 hours	Promotional materials were removed immediately upon notification by regulatory authorities

In 2025, the Group recorded seven marketing communications violations, compared with zero in 2024. Analysis showed that all seven cases involved promotional materials provided to franchisees in Taiwan and included exaggerated efficacy claims and implied therapeutic effects that violated the Fair Trade Act or applicable advertising regulations. Upon receiving notification from the relevant authorities, the Group removed the non-compliant materials within 24 hours in all cases.

The increase in marketing communications violations from zero in 2024 to seven in 2025 is fully disclosed by Chlitina rather than being omitted. The focus of governance is not limited to addressing incidents after they occur but also includes corrective measures to keep risks within manageable levels. Following a review of the promotional content and approval process, the Group implemented two corrective actions. First, it strengthened copy review by adopting more conservative wording. In addition to screening for prohibited terms under applicable regulations, future reviews will consider the overall meaning of the content, the accompanying images, and how consumers may reasonably interpret the message, thereby avoiding the use of metaphors or implications that could convey efficacy claims beyond what is permitted by law. Second, the Group raised the review standards for high-risk marketing content. For claims concerning product efficacy, user experience, supporting data, consumer testimonials, or expert endorsements, the Marketing and Legal Departments will conduct more rigorous assessments. Where content may reasonably be interpreted in different ways, the more conservative version will generally be adopted.

With more than 4,000 franchised stores operating across a decentralized network, managing marketing communications compliance is considerably more challenging than under a wholly company-operated model. The Group provides a standardized library of marketing materials to reduce the need for franchisees to independently create promotional content that could violate regulations. All relevant company marketing materials must also be reviewed by the Legal Department. Going forward, the Company will continue to strengthen marketing material management and develop the “Franchised Store Marketing Material Management Policy” to further reduce compliance risks in franchise-channel marketing communications.

Compliance Monitoring and Marketing Material Review

Preventive measures upstream of customer complaint management are equally important. The Group’s performance in compliance monitoring and marketing material review in 2025 was as follows:

Compliance Indicator	2025	Description
Franchise store compliance improvement cases	216 cases	Primarily involving administrative matters such as business licenses, fire safety, and sanitation
Penalties for false advertising	7 cases	Involved the franchise channel in Taiwan; the Group removed the materials within 24 hours
Product labeling violations	0 cases	The three-level review system involving R&D, Regulatory Affairs, and Legal Departments operated effectively
Regulatory training	64 sessions covering 1,830 participants	Specialized marketing compliance training

The data show that the Group’s Regulatory Affairs Department issued 216 corrective action notices and penalties to franchise stores. These cases involved routine operational matters for franchise stores as independent business entities, primarily relating to business licenses, fire safety, sanitation, and non-standard items, demonstrating the effectiveness of the brand’s regulatory oversight. The Group’s role is to promptly notify franchisees and require corrective action. For the seven false advertising penalty cases, the Group established a rapid response mechanism requiring removal within 24 hours and conducted 64 related training sessions covering 1,830 participants, demonstrating a systematic approach to marketing compliance management. The absence of product labeling violations also aligns with the three-level review mechanism described in Section 5.2.

Customer Privacy Protection

For CHLITINA, with more than one million members and more than 4,000 franchised stores worldwide, customer skin profiles and purchase records constitute highly sensitive information. Personal data breaches could expose customers to fraud risks and potentially result in legal claims and compensation liabilities, further damaging the brand’s reputation. Accordingly, the Group regards “information security as the foundation of brand trust” and is committed to establishing a high-standard privacy protection framework.

In accordance with Taiwan’s Personal Data Protection Act, mainland China’s Personal Information Protection Law, and the Group’s Regulations Governing the Protection of Personal Data, the framework applies to customer personal data collected through company-operated stores, the HOME SPA e-commerce business, and UPLIDER medical aesthetic clinics, as well as data relating to franchise store members, employees, and other individuals. The management measures establish comprehensive requirements covering data subject rights, protection of written records, protection of electronically stored files, personal data processing procedures, system development, and third-party outsourcing management. In response to evolving business models and transaction methods, the Company strictly complies with the personal data protection laws and regulations applicable at each operating location and continuously reviews and strengthens its data protection measures.

Item	2025
Confirmed customer privacy complaints from external parties	0
Complaints from regulatory authorities	0
Confirmed incidents of data leakage, theft, or loss	0
Rate of secondary use of customer data	0%

Key Privacy Protection Measures

The Group has implemented the following key measures to protect customer information:

Protection Level	Measure	Scope of control
Policy	Established the Regulations Governing the Protection of Personal Data in accordance with Taiwan's Personal Data Protection Act and mainland China's Personal Information Protection Law.	Applicable across the Group
Systems	Centralized management of customer data through a unified CRM system	Centralized control by headquarters
End-User	Implemented tiered account access controls and established a data de-identification framework across the franchise network, while strictly applying the principle of "minimum necessary access."	Franchise stores may access only the minimum information required for business operations
Regulatory	Complies with personal data protection laws and regulations applicable at each operating location.	Cross-border regulatory compliance

Compared with a company-operated network, the Group's 4,000 franchised stores form a decentralized operating network, significantly increasing the complexity of customer data security management, as each store represents a potential point of access to information. To strengthen data security controls, the Group has implemented a "centralized system + tiered end-user access" framework. Customer data is centrally stored and managed through a unified CRM system, while tiered account access controls and a data de-identification framework are being implemented across the franchise network, with the principle of "minimum necessary access" strictly enforced. This control framework not only supports the principles of personal information protection but also reduces the risk of misuse of personal information.

5.3.2 Franchise Training Program

The Group recognizes that the core competitiveness of its franchise network lies not only in the number of stores but also in the professional capabilities and service standards of each esthetician. The Company focuses on building capabilities through training, with regular audits providing additional oversight, and has established a training system through its core platform, Germès, covering four key areas: professional skills, management capabilities, general competencies, and digital transformation. In 2025, the Company continued to invest in training resources to ensure that participating estheticians and franchise network members could achieve meaningful professional development.

Germès: The Brand's Training Hub

Germès operates a headquarters in Shanghai and an office in South China and serves as the core platform for the Group's training system, overseeing the full training process from curriculum development and instructor development to program delivery.

Its training philosophy is centered on the brand's four core values: "professional excellence, proactive advancement, courageous love, and agile growth." This approach ensures that estheticians not only master professional techniques but also understand and convey the brand's values.

2025 Training Overview

In 2025, training covered professional skills, management capabilities, and general competencies, among other areas. Professional skills accounted for the largest share of training, reflecting the Company's commitment to a "skills-first" approach. Management courses focused on strengthening the capabilities of store operators, while general competency and digital transformation courses addressed emerging industry needs such as livestream marketing and digital management.

Training Area	Representative Course	Participants	Training Hours per Person	Strategic Significance
Professional skills	Beauty Ambassador Program	749	224	Foundational core course covering the Group's complete technical system
	Precision Skincare Series (Aging Skin/Acne-Prone Skin)	11,866	16	Specialized training by skin type supporting a more personalized service delivery
	Royal Garden Essential Oil Experience Program	7,204	16	Unique brand techniques combining meridian theory with aromatherapy
	AI Wellness Management Program	1,265	12	Focused on the Royal Garden Meridian AI Massage Robot to expand into the intelligent wellness market
	Other professional skills courses	158,223	9	Standardized and specialized technical training
Management capabilities	Annual Store General Manager Certification Program	428	32	Capability development and in-depth training for store operators
	The Keys to a New Store Success	49	32	New store creation and operations system training
	Dream School Advanced Management Program	84	40	Training of high-potential mid- and senior-level management talent
Digitalization	Store Operations Management System Capabilities Training	5,932	1.5	Develops digital store management capabilities and proficiency in using digital tools

5.3.3 Customer Complaint Handling Process

Customer complaint handling is one of the most sensitive and critical aspects of customer relationship management. Every complaint represents a potential loss of consumer trust in the brand. When handled effectively, that trust can be restored and even strengthened; when handled poorly, a complaint can escalate into a reputational crisis and spread rapidly through social media. Chlitina's customer complaint management is guided by two core principles: achieving a 100% resolution rate and responding as quickly as possible.

In 2025, the Company further enhanced its complaint management approach, evolving from a single standard service procedure to a more comprehensive "three-channel × multidimensional" classification framework. An Average Resolution Time (ART) was also introduced, making service response speed measurable, trackable, and actionable for continuous improvement.

Detailed Complaint Classification and Average Resolution Time

Traditional complaint management often focuses primarily on complaint volume and resolution rate. However, these two indicators have limitations: complaint volume does not distinguish between complaint types, making it difficult to identify systemic risks, while resolution rate reflects only the outcome and does not measure response speed. In 2025, the Group addressed these limitations by implementing three management enhancements.

Item	Management Approach	Core Value
Three-Channel classification	Independently track franchised stores, HOME SPA e-commerce, and UPLIDER medical aesthetic clinics	Identifying channel-specific risks
Detailed classification of complaint types	Four categories for the franchise channel (service quality/customer experience, membership card cancellations, non-standard items, and complaints involving stores that have ceased operations); three categories for the e-commerce channel (returns, price differences, and logistics); two categories for the medical aesthetics channel (service quality and treatment outcomes)	Shift from "volume tracking" to "type-based analysis"
Average resolution time	Full time recorded in business days from case acceptance to resolution	Make service response speed measurable and comparable

Professional Channel (Franchised Stores) Customer Complaint Analysis

Customer complaints in the franchise channel primarily originate from consumers and franchisees. In 2025, the Group received 225 customer complaints relating to franchised stores. All cases were resolved, with an average resolution time of seven business days.

Complaint Type	Cases	Proportion	ART (Business Days)	Analysis
Service quality and customer experience	126	56%	5	Primarily involved beautician attitude or technical skills, or store environment; this category had the

Complaint Type	Cases	Proportion	ART (Business Days)	Analysis
				fastest response time
Customer membership cancellation	33	15%	7	Primarily involved membership card refund procedures
Non-standard items	45	20%	11	Involved clarifications about non-standard items and determination of liabilities, resulting in a more complex process
Complaints involving stores that have left the franchise network	21	9%	9	Involved after-sales service for consumers of stores that had ceased operations

The distribution of complaint types shows that "Service Quality and Customer Experience" accounted for the largest share, at 56%, primarily involving beautician service attitude and technical skills, and store environment. The average resolution time for this category was five business days, the fastest among the four types of complaints in the professional channel, reflecting the Company's focus on customer experience and its ability to respond promptly to service-related issues. By comparison, complaints involving "Non-Standard Items" took an average of 11 business days to resolve, mainly because they require clarification of whether an item is non-standard and determination of the parties responsible, making the process more complex.

Additional Service Complaints in the Franchise Channel

In addition to complaints from store consumers, the franchise channel also handles two types of service-related cases relating to franchise store product exchanges and logistics issues.

Additional Service Type	Cases	ART (Business Days)	Description
Franchise Store Product Exchanges	594	4	Part of routine operations; fastest resolution time among all service types
Logistics and Delivery	29	7	Involved delivery-related issues

There were 594 franchise store product exchange cases. Although this figure was higher than the number of store complaints, product exchanges are part of routine operations. The average resolution time was four business days, the fastest among all service types, demonstrating the Group's strong responsiveness in supply chain and operational support.

E-Commerce Channel (HOME SPA) Customer Complaint Analysis

The HOME SPA e-commerce channel is the Group's online sales channel for direct interaction with end consumers. In 2025, the channel received 26,017 customer complaints, all of which were resolved, with an average resolution time of just 0.97 business days.

Complaint Type	Cases	Percentage	Average Resolution Time (Business Days)
Seven-day return policy	25,278	97%	0.77
Product price reduction / Product description discrepancies	559	2%	0.61
Logistics issues	180	1%	1.80

The volume of complaints in the e-commerce channel was significantly higher than that in the franchise channel, primarily due to the e-commerce industry's low-barrier return model. As a result, total complaint volume should not be used as the sole basis for comparison across channels. In 2025, 97% of complaints in the e-commerce channel involved the "seven-day return policy." This is a statutory consumer right protected under China's e-commerce regulations and does not indicate a product quality issue. The Group chose to include these returns in its customer complaint management system rather than treat them simply as routine returns, reflecting its commitment to consumer rights and data integrity. "Product Price Reduction/Product Description Discrepancies" accounted for 559 complaints, or 2%, with an average resolution time of 0.61 business days, the fastest of all complaint categories. This demonstrates the e-commerce team's ability to respond quickly to disputes relating to pricing and product descriptions.

Medical Aesthetics Channel (UPLIDER) Customer Complaint Analysis

In 2025, the UPLIDER medical aesthetics channel received seven service quality complaints, all of which were resolved, with an average resolution time of 30 business days. Although the number of complaints in the medical aesthetics channel was very low, the resolution period was relatively long, which is closely related to the specialized nature of medical aesthetic services. Complaints involving medical procedures generally require assessment by qualified physicians, a treatment observation period, and consultation among multiple professionals. Accordingly, a 30-business-day resolution period is considered reasonable for the industry. The Group will continue to address medical aesthetic complaints through professional medical review and communication with consumers to ensure that such cases are handled carefully, professionally, and in compliance with applicable requirements.

Comparison of Customer Complaints Across Three Channels

Channel	Customer Complaint	Resolution Rate	Average Resolution Time	Key Characteristics
Professional Channel (Franchised Stores)	225	100%	7 business days	B2B2C model, complaints involving franchisees and consumers
E-Commerce Channel (HOME SPA)	26,017	100%	0.97 business days	B2C model, 97% of complaints involving the exercise of statutory right to return products within 7 days
Medical Aesthetics Channel (UPLIDER)	7	100%	30 business days	Medical services requiring professional assessment and an observation period

The e-commerce channel recorded 26,017 customer complaints in total, which may initially appear high. However, a closer analysis shows that 97%, or 25,278 cases, involved the “seven-day return policy,” a consumer right protected under China’s e-commerce regulations rather than an indication of product defect. The key quality- and information-related complaints were those involving “Product Price Reduction/Product Description Discrepancies,” totaling 559 cases, or 2%. By including statutory returns in its customer complaint management system, the Group demonstrates its commitment to data completeness rather than signaling a product quality concern. Another notable indicator is the e-commerce channel’s average resolution time of 0.97 business days, demonstrating strong service responsiveness.

In 2025, the Group upgraded its customer relationship management system from “standardized service” to “refined classification and tiered management.” Through surveys and “qualitative consumer behavior insight focus groups,” the Group collected customer feedback and incorporated it into product and service improvement initiatives. By leveraging diverse service and feedback mechanisms across channels, the Group continues to enhance the customer experience and satisfaction. Through strong customer loyalty, brand strength, professional training and empowerment, and customer satisfaction, the Group seeks to support the sustainable development of its brands.

Across a decentralized network of more than 4,000 franchised stores, maintaining brand trust is not a one-time effort but an ongoing practice reflected in every store and every consumer interaction. With “empowered relationships” as its core philosophy, Chlitina combines standardized training with digital and intelligent tools and a comprehensive compliance framework to establish an end-to-end customer relationship management system that both protects consumer rights and supports the growth of franchise partners, advancing sustainable quality standards in the beauty industry.

Chapter 6 | Summary and Appendix

6.1 | GRI Content Index (in accordance with GRI Standards)

Statement of Use	Chlitina Holding Limited has reported the information cited in the GRI Content Index for the period from January 1, 2025 to December 31, 2025, with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None applicable

GRI Standards	Disclosure		Corresponding Section	Page
GRI 2: General Disclosures 2021	GRI 2-1	Organizational details	About This Report / Basic Information; About Chlitina Holding Group	4 8
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	GRI 2-3	Reporting period, frequency and contact point	About This Report / Basic Information; Contact us	4 8
	GRI 2-4	Restatement of information	About This Report / Restatement of information	4 6
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	GRI 2-6	Activities, value chain and other business relationships	About Chlitina Holding Group; From Laboratory to Vanity Table; 2025 Value Chain Developments	8, 9 10
	GRI 2-7	Employees	About Chlitina Holding Group / 815 Beauty Partners; 3.2 Workplace Harmony and Employee Development	8, 11 115-120
	GRI 2-8	Workers who are not employees	About Chlitina Holding Group / Non-employee workers	8 12-13 116
	GRI 2-9	Governance structure and composition	1.1 Identifying Sustainability Priorities Through Global Trends; 4.1 Corporate Governance	23-29 146-179

	GRI 2-10	Nomination and selection of the highest governance body	4.1 Corporate Governance / Director Nomination and Selection Process	148
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	GRI 2-13	Delegation of responsibility for managing impacts	1.1 Identifying Sustainability Priorities Through Global Trends / Sustainable Development Planning Team	26
	GRI 2-14	Role of the highest governance body in sustainability reporting	About This Report / Information Quality and External Assurance; 1.3 Material Topics and Strategic Objectives	6 37-40
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	GRI 2-19	Remuneration policies	3.2.2 Employee Compensation and Benefits / Compensation Governance Framework; 4.1 Corporate Governance / Compensation Governance and ESG Linkage	121 152
	GRI 2-20	Process to determine remuneration	3.2.2 Employee Compensation and Benefits / Compensation Governance Framework; 4.1 Corporate Governance / Compensation Governance and ESG Linkage	121 152
	GRI 2-21	Annual total compensation ratio	About Chlitina Holding Group / Compensation Management; 3.2.2 Employee Compensation and Benefits/Annual Total Compensation Ratio	11 118

	GRI 2-22	Statement on sustainable development strategy	Message from Management / Message from the Chairman; Message from the CEO	16-17 18-20
	GRI 2-23	Policy commitments	3.1 Human Rights Policy Statement; 4.2.2 Policies and Regulatory Compliance / Policy Commitments and Core Policies	103 175
	GRI 2-24	Embedding policy commitments	3.1 Human Rights Policy Statement / Human Rights Due Diligence; 4.2.2 Policies and Regulatory Compliance / Policy Commitments and Core Policies	105 175
	GRI 2-25	Processes to remediate negative impacts Child Labor Remediation and Corrective Action Mechanism	1.5 Stakeholder Engagement / Grievance and Feedback Process / Remediation Mechanism; 3.1 Human Rights Policy / Child Labor Remediation and Corrective Action Mechanism; 4.2.2 Policies and Regulatory Compliance / Remediation Mechanisms and Channels for Business Conduct Concerns; 5.3.3 Customer Complaint Handling Process	44, 113 176 203-206
	GRI 2-26	Mechanisms for seeking advice and raising concerns	1.5 Stakeholder Engagement / Grievance and Remediation Mechanism; 4.2.1 Ethical Business / Reporting Mechanisms and Protection Against Retaliation	44 128
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GRI 3: Material Topics 2021	GRI 3-1	Process to determine material topics	1.2 Stakeholder Identification and Engagement; 1.3 Material Topics and Strategic Objectives	30-36 37-40

	GRI 3-2	List of material topics	1.3 Material Topics and Strategic Objectives / Distribution of the 21 Material Topics Across the ESG+P Framework	39-40
	GRI 3-3	Management of material topics	Chapter 2 Green Management; Chapter 3 Employee Engagement and Social Impact; Chapter 4 Ethical Governance; Chapter 5 Product	56-102 103-145 180-206
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	GRI 302-5	Reductions in energy requirements of products and services	2.3 Green Product; 5.1 Product Innovation and R&D / Green Innovation and the Energy-Saving Carbon-Reducing Cold-Mix Process	92 183
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6.2 | Climate-Related Information Index for Listed Companies

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1	Oversight and governance of climate-related risks and opportunities by the board of directors and management	2.1.1 Climate Governance	57-58
2	How identified climate-related risks and opportunities affect the business, strategy, and financial position over the short, medium, and long term	2.1.2 Climate Risk Management; 2.1.3 Climate Change Response Strategy	58-61 61-66
3	Financial impacts of extreme climate events and transition actions	2.1.2 Climate Risk Management; 2.1.3 Climate Change Response Strategy	58-6 61-66
4	How the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system	1.4 Risks, Impacts, and Response Measures; 2.1.2 Climate Risk Management	41-44 58-61
5	If scenario analysis is used to assess climate change risks, disclose the scenarios, parameters, assumptions, analytical factors, and major financial impacts	2.1.3 Climate Change Response Strategy	61-66
6	If a transition plan is in place to address and manage climate-related risks, disclose the contents of the plan and the metrics and targets used to identify and manage physical and transition risks	2.1.3 Climate Change Response Strategy; 2.1.4 Metrics and Targets; 2.2.5 Energy Reduction and Energy Conservation Measures	61-66 66-70 86-88
7	If an internal carbon price is used as a planning tool, disclose the basis for determining the price	2.1.3 Climate Change Response Strategy	61-66
8	If climate-related targets have been established, disclose the activities covered, greenhouse gas emissions scopes, target time frame, and	2.1.3 Climate Change Response Strategy; 2.1.4 Metrics and Targets; 2.2.1 Energy Management and Consumption Overview	61-66 66-70 74-79

	annual progress toward achievement; if carbon offsets or renewable energy certificates are used, disclose this as well		
9	Greenhouse gas inventory and assurance status, along with emission reduction targets, strategies, and specific actions	About This Report; 2.1.4 Metrics and Targets; 2.2.3 Greenhouse Gas and Air Pollution Management	4 66-70 82-83

6.3 | SASB Metrics Index

Disclosure Topic	Metric Code	Disclosure Index	Corresponding Section	Corresponding Pages
Water Management	CG-HP-140a.1	(1) Total water withdrawn, percentage in regions with high or extremely high baseline water stress (2) Total water consumed, percentage in regions with high or extremely high baseline water stress	2.2.2 Water Resources Management	79-82
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	2.2.2 Water Resources Management	79-82
Product Environmental, Health, and Safety Performance	CG-HP-250a.1	Revenue from products containing substances of very high concern	2.3 Green Product; 5.2 Product Responsibility and Safety	92-102 187-196
	CG-HP-250a.3	Discussion of processes to identify and manage emerging concerns related to materials and chemicals	2.3 Green Product; 5.2.1 Product Quality Management; 5.2.2 Product Safety and Labeling Management	92-102 187-190 190-196
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	2.3 Green Product; 5.1 Product Innovation and R&D / Green Innovation and the Energy-Saving Carbon-Reducing Cold-Mix Process	92-102 183
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total weight of packaging (2) Percentage made from recycled or renewable materials (3) Percentage that is recyclable, reusable, or compostable	2.1.5 Raw Materials Management; 2.3.1 Green Packaging	70-73 92-102
	CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	2.3.1 Green Packaging; 3.3 Public Welfare and Community Engagement	92-102 132-143
Environmental and Social Impacts: Palm Oil Supply Chains	CG-HP-430a.1	Weight of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chain models as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book and Claim	2.2.6 Biodiversity Management; 4.1.5 Supply Chain Management	88-91 162-168

6.4 United Nations Global Compact Index

Category	Principle	Principle Description (Summary)	Corresponding Section	Corresponding Pages
Human Rights	Principle 1	Businesses should support and respect internationally recognized human rights.	3.1 Human Rights Policy Statement; 3.2 Workplace Harmony and Employee Development; 4.1.5 Supply Chain Management; 4.2.2 Policy and Regulatory Compliance	103-115 115-132 162-168 175-179
	Principle 2	Businesses should ensure that they are not complicit in human rights abuses.	3.1 Human Rights Policy Statement; 4.1.5 Supply Chain Management; 4.2.2 Policy and Regulatory Compliance	103-115 162-168 175-179
Labor	Principle 3	Businesses should uphold freedom of association and effectively recognize the right to collective bargaining.	3.1 Human Rights Policy Statement; 3.2 Workplace Harmony and Employee Development; 4.2.2 Policy and Regulatory Compliance	103-115 115-132 175-179
	Principle 4	Businesses should eliminate all forms of forced and compulsory labor.	3.1 Human Rights Policy Statement; 4.1.5 Supply Chain Management	103-115 162-168
	Principle 5	Businesses should effectively abolish child labor.	3.1 Human Rights Policy Statement; 4.1.5 Supply Chain Management	103-115 162-168
	Principle 6	Businesses should eliminate discrimination in respect of employment and occupation.	3.1 Human Rights Policy Statement; 3.2 Workplace Harmony and Employee Development	103-115 115-132
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.	2.1 Climate Change Management; 2.2 Environmental Protection; 2.2.6 Biodiversity Management	56-73 73-92 88-91

	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	2.1.4 Metrics and Targets; 2.2 Environmental Protection; 2.3 Green Product	66-70 73-92 92-102
	Principle 9	Businesses should undertake initiatives to promote greater environmental responsibility.	2.2.5 Energy Reduction and Conservation Measures; 2.3 Green Product; 5.1 Product Innovation and R&D	86-88 92-102 180-186
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	4.2 Ethical Business, Policies and Regulatory Compliance	168-179