



Nanjing COSMOS Chemical Co., Ltd.

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## SUSTAINABILITY REPORT 2024



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# Message from the President



Jun Yang  
President of COSMOS

As a trailblazer in providing sustainable solutions for China’s personal care ingredients industry, COSMOS has consistently embraced the philosophy of “green chemistry”. Through innovative processes and technologies, reliable product quality, and meticulous manufacturing and operational management, we have established a new paradigm aligned with our mission to “Beautify & Brighten Livings”. For over two decades, we have integrated the highest standards of corporate responsibility into every stage of our operations, from raw material procurement to product delivery, contributing to the ongoing advancement of the ecosystem and sustainability standards in the industry. It is with great pride that we present COSMOS’s first sustainability report, which not only reflects on our sustainability achievements over the past year but also reaffirms our commitment to continued progress on this path.

As the global development landscape undergoes a profound transformation, sustainable development has transcended a widely accepted concept and evolved into a transformative practice across industries. The systemic risks posed by climate change are reshaping business norms, making low-carbon transformation an urgent need for corporate development. In the personal care ingredients industry, companies must not only navigate increasingly stringent ESG compliance and regulatory requirements but also meet the escalating demands of downstream customers and the market for both ingredient safety and environmental sustainability. In the face of these challenges, we believe that true sustainable development goes beyond passively meeting compliance requirements. It requires proactive innovation and value creation to propel the industry forward.

Since its inception, COSMOS has been guided by our vision of “Beautify & Brighten Livings” and we have deeply embedded sustainability into our growth pattern. Amid complex external challenges, we remain committed to our core values of “Technological innovation and mindful learning”, responding to the demands of the times with responsible practices. With keen insight and decisive execution, we continue to grasp every opportunity for industry-wide sustainable development. In 2024, we proudly joined the United Nations Global Compact (UNGC), pledging our support for the global sustainable development goals and long-term value creation for our business and the broader industry.

In 2024, we took another significant step forward by enhancing our corporate governance structure, laying a solid foundation for advancing our sustainability strategy. We have outlined a clear sustainability policy focusing on “Green Development, People-Oriented, Compliance and Integrity, Innovation-Driven, and Win-Win Cooperation”. At the same time, we established the Board Strategy and Sustainability Committee and developed a comprehensive governance framework and policies for sustainable development to ensure ESG principles are woven into both our strategic vision and daily operations. Our commitment to sustainability permeates every level of our organization — from our own production and operations to the broader value chain, and from internal teams to external partners.

## Safeguarding the Environment through Clean Production and Green Operations:

Guided by our commitment to environmental stewardship, we continuously advance green manufacturing practices. Through equipment upgrades, process optimizations, and the adoption of intelligent systems, we have built green factories and digital workshops, ensuring that every step of our operations meets compliance requirements while minimizing environmental impact and ecological footprint. In 2024, we conducted a comprehensive carbon emission inventory and verification across the Group, laying the groundwork for future emission reductions. Building on this, we officially joined the Science Based Targets initiative (SBTi), making a formal commitment to climate action.

## Driving Industry Sustainability through Innovation:

In a fiercely competitive market, we continue to break new ground by building a portfolio of safe, healthy, and eco-friendly innovative products. Our excellence in lean production has earned us lasting recognition and trust from our customers. In 2024, our subsidiaries, SINOBEST and COSMOS Ma’anshan, both passed on-site FDA inspections with zero “483 observations”, setting a benchmark for quality and safety management in the industry. Our dedication to innovation and product excellence also earned us the “Influential Raw Material Enterprise of the Year”, one of the Bluerose Awards presented by the 2024 China Cosmetics Summit. This honor motivates us to lead the industry’s sustainable development and work in unison with our value chain partners. That same year, we launched sustainable procurement initiatives, conducting ESG due diligence on our suppliers and advancing responsible practices throughout the value chain.

## Fostering a Better Society with People-Centric Values:

We have long been committed to responsible business practices that safeguard employee rights. Following international conventions and social responsibility standards, we strive to cultivate a workplace that values equality, inclusiveness, and shared growth. Through diversified incentive programs and comprehensive performance evaluations, we empower employees to achieve both personal growth and career development. We have also established a robust, risk-based, and full-lifecycle safety management system covering process safety, operational safety, occupational health, and fire emergency response, ensuring a healthy and safe work environment and fulfilling our corporate social responsibility. Beyond the workplace, we actively engage in community initiatives, pooling and channeling COSMOS’s collective energy toward building a more harmonious and sustainable future.

Looking back, 2024 marked a year of monumental progress in our sustainability journey. We set up the ISO 37001 anti-bribery management system and the ISO 20400 sustainable procurement system, and recently became the first in the industry to receive certification from SGS, an internationally recognized testing, inspection, and certification authority. These achievements represented a significant leap forward in strengthening our ESG management. In recognition of our exceptional management practices, we were also honored with the “2024 Growth Power Award for China’s A-Share Listed Companies.” Looking ahead, we will continue to refine our sustainability strategy, aligning with international best practices, and systematically analyzing ESG risks and opportunities. These will be closely integrated into our business development roadmap, propelling us to take deeper actions in areas such as climate action, green innovation and R&D, and sustainable value chain development.

After over two decades of growth and practice, we have come to a profound understanding that sustainable business value must be rooted in environmental stewardship and the shared prosperity of society. Despite the challenges of a complex and ever-evolving external landscape, COSMOS remains committed to long-termism—advancing with unwavering determination, staying true to our sustainability vision, and adhering to the right path regardless of the difficulty. We sincerely invite our global partners to join us in leveraging technology to safeguard the beautiful world and embracing shared responsibility to create a brighter future for all.

## About This Report

### Report Description

The *COSMOS 2024 Sustainability Report* is the first sustainability report (hereinafter referred to as “this report”) issued by Nanjing COSMOS Chemical Co., Ltd. (hereinafter referred to as “COSMOS”, “the Company”, or “we/us”). This report aims to provide an objective account of our management practices, initiatives, and performance in the areas of economic, environmental, social, and corporate governance.

### Reporting Scope

Unless otherwise specified, this report covers Nanjing COSMOS Chemical Co., Ltd. and its controlled subsidiaries, consistent with the scope of the Company’s annual report. The primary entities covered are detailed in the section “Terminology Explanation.”

### Reporting Period

This report is published on an annual basis, covering the period from January 1, 2024, to December 31, 2024, consistent with the reporting period of the annual report. Some content may extend beyond this timeframe as necessary for elaboration.

### Basis of Preparation

This report has been prepared with reference to the Global Reporting Initiative (GRI) *Sustainability Reporting Standards 2021*, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)* issued by the Shenzhen Stock Exchange. It reflects our commitments to the United Nations Sustainable Development Goals (SDGs) and demonstrates our efforts in upholding the Ten Principles of the United Nations Global Compact (UNGC).

### Data Sources and Declarations

The performance data, management mechanisms, and case studies disclosed in this report are sourced from the Company’s original operational records or financial reports. The financial data is presented in RMB. In case of discrepancies between this report and the Company’s annual consolidated financial statements, the latter shall prevail.

### Data Reliability

This report has been reviewed and approved by the Board of Directors of COSMOS. We guarantee that this report contains no false records or misleading statements. The Company engaged Bureau Veritas, an independent third party, to provide external assurance in accordance with AccountAbility’s *AA1000 Assurance Standard*. The independent assurance statement can be found in the *Appendix: Third-Party Assurance Statement*.

### Terminology Explanation

“COSMOS”, “the Company”, and “we/us” throughout this report all refer to Nanjing COSMOS Chemical Co., Ltd.

“Bases” collectively refer to the controlled subsidiaries of Nanjing COSMOS Chemical Co., Ltd., including:

“COSMOS Suqian” refers to Suqian COSMOS Chemical Co., Ltd.

“SINOBEST” refers to Anhui SINOBEST Cosmeceutical Co., Ltd.

“COSMOS Ma’anshan” refers to Ma’anshan COSMOS Chemical Co., Ltd.

“COSMOS Anqing” refers to Anqing COSMOS Chemical Co., Ltd.

### Report Accessibility

This report is available in both Chinese and English. In the event of discrepancies between the two versions, the Chinese version shall be authoritative. The electronic version of this report can be accessed through the Company’s official website (<http://www.cosmoschem.com>) or the CNINFO website (<http://www.cninfo.com.cn>) for online viewing or download.

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# About COSMOS

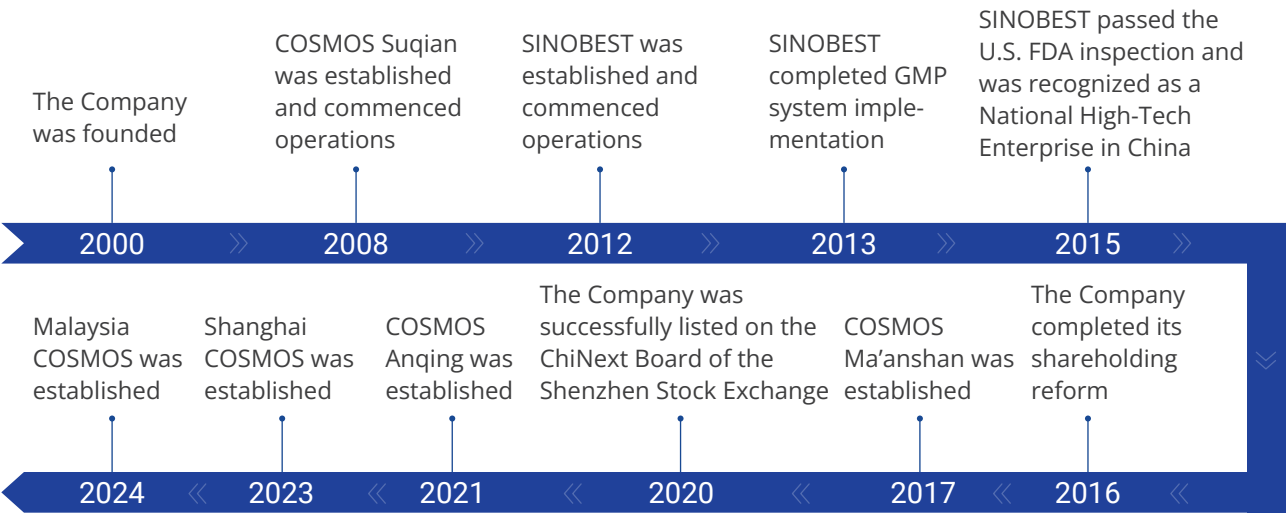
## Company Profile

### COSMOS Overview

Founded in 2000, COSMOS specializes in the research, development, production, and sales of personal care ingredients. It was listed on the ChiNext Board of the Shenzhen Stock Exchange in July 2020 (Stock Code: 300856). Over the past two decades, the Company has deployed production bases in Jiangsu and Anhui provinces in China, as well as in Malaysia, with a strong focus on cosmetic active ingredients and synthetic fragrances. It is among the few manufacturers of personal care ingredients in China to have passed the U.S. FDA inspection and obtained certification from the European Federation for Cosmetic Ingredients (EFFCI). As one of the world's leading producers of chemical sunscreen agents, COSMOS offers a comprehensive product portfolio covering major categories of sunscreen agents available on the market. The Company continues to launch innovative products that span the full UVA and UVB spectrum, catering to the diverse needs of downstream customers. With a global presence, COSMOS operates warehousing and logistics hubs across the Americas, Europe, and Oceania. Its core products hold significant market shares within their respective segments, demonstrating strong international competitiveness. Thanks to its superior product quality and service capabilities, COSMOS has become a key raw material supplier to multinational enterprises across the cosmetics, specialty chemicals, flavors and fragrances, and oral care industries. In 2024, the Company was honored with the "Influential Raw Material Enterprise of the Year", one of the Bluerose Awards presented by the China Cosmetics Summit.

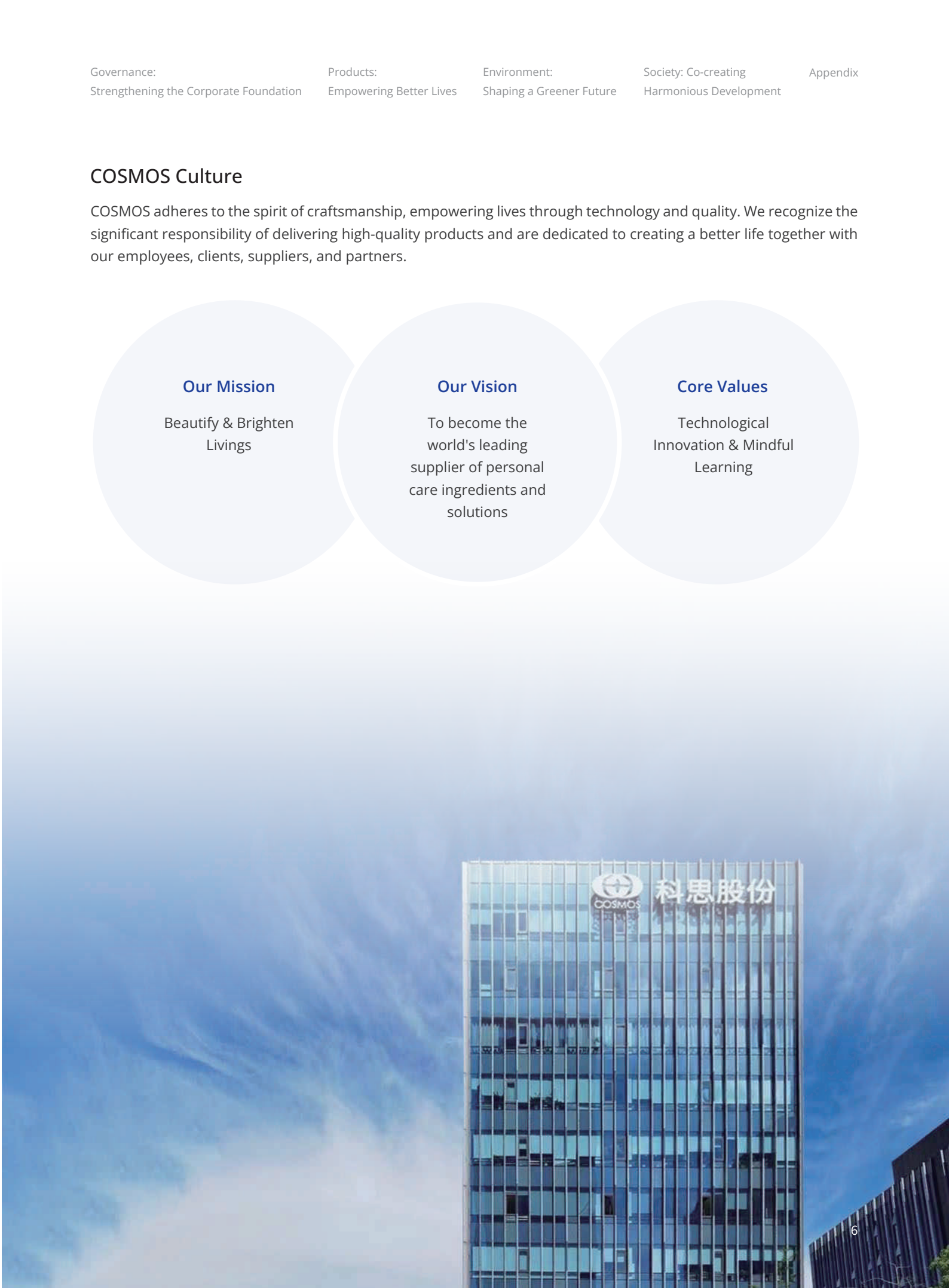
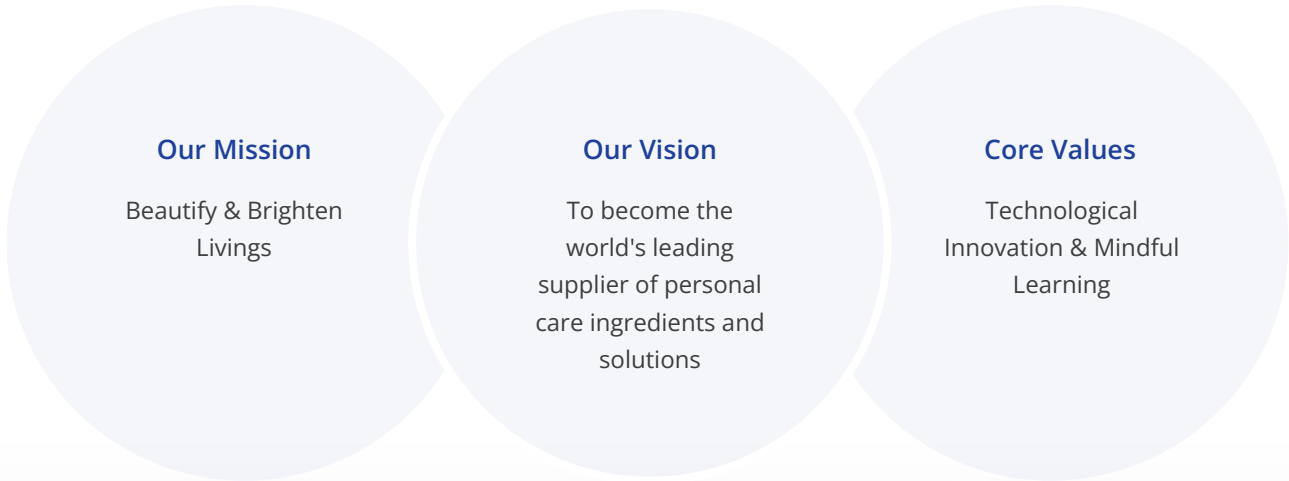


### COSMOS Milestones



## COSMOS Culture

COSMOS adheres to the spirit of craftsmanship, empowering lives through technology and quality. We recognize the significant responsibility of delivering high-quality products and are dedicated to creating a better life together with our employees, clients, suppliers, and partners.





## Business Overview

COSMOS focuses on the personal care industry, meticulously building an integrated ecosystem covering R&D, production, and sales. Upholding rigorous quality management standards, we deliver safer, more effective, and more comfortable solutions for clients and consumers.

### Product Applications

Drawing on deep expertise and extensive industry experience in personal care ingredients, COSMOS products are widely used across cosmetics, personal care, and oral care sectors. We provide customized formulation solutions for downstream clients, such as our SUNOBEL® line of sunscreen agents designed for comprehensive sunscreen solutions. We continue to push the boundaries of fundamental research in personal care formulations, with a focus on the safety and sustainability of anti-dandruff agents and amino acid surfactants. In fragrance ingredients, we drive innovation by developing a wide range of aroma molecules that support the creation of floral, fruity, and other distinctive scent profiles for daily-use products.

UV Filters	Washing & Cleaning Care	Aroma Chemicals
Our portfolio covers major chemical and physical sunscreen agent products in the Chinese and international markets, spanning the full UVA and UVB spectrum. These products are widely incorporated into sunscreens, sprays, lotions, and other cosmetic formulations.	With specialized formulation expertise, we offer a diverse range of solutions, including scalp care, hair care, skincare, age-specific cleansing products for children, and oral care applications.	Powered by advanced production technologies and facilities, we partner closely with fragrance and daily chemical products companies worldwide to infuse personal care and home care products with unique and memorable scents.

### Industrial Layout

<div><div></div><div>Four Major Manufacturing Bases</div></div> <div>COSMOS has established four major production bases across China, equipped with comprehensive certifications and state-of-the-art facilities.</div>	<div><div></div><div>One Research Institute</div></div> <div>Spanning more than 3,000 square meters, our research institute collaborates with leading universities, research institutions, and engineering organizations both in China and abroad. Through these partnerships, we have accumulated over 200 patented technologies across key technical fields.</div>
<div><div></div><div>Global Warehouse and Logistics Network</div></div> <div>With nearly 10 warehouse and logistics centers strategically located across Europe, the Americas, and Oceania, COSMOS offers flexible and diversified transportation options to ensure reliable and efficient local delivery services.</div>	

## ESG Highlights



### Environment

- Up to Date
- Participated in CDP environmental disclosure for **8 consecutive years**, achieving management level scores (Climate B/Water B/Forest B-) for **two consecutive years**
- SCORE: A / A-

**Leadership**  
·Best practices in environmental management
- SCORE: B / B-

**Management**  
·Coordinated actions taken on environmental issues
- SCORE: C / C-

**Awareness**  
·Knowledge of the impact on and of the environment
- SCORE: D / D-

**Disclosure**  
·Transparency tracked on environmental issues

100%

of bases certified to the ISO 14001 environmental management system

100%

of bases certified to the ISO 50001 energy management system

COSMOS Suqian recognized as a “**Green Factory**” in Jiangsu Province and passed the **2024 clean production and energy audit**

COSMOS Ma’anshan recognized as a “**Green Factory**” in Ma’anshan City

- During the Reporting Period

0  
major environmental  
pollution incidents recorded

Water recycled:  
**39,572**  
cubic meters

Green electricity procured:  
**4,419.80**  
MWh



## S Society

### Up to Date

100%

of bases certified to the ISO 9001 quality management system

COSMOS Suqian and COSMOS Anqing are certified with **KOSHER and HALAL labels**

Obtained the **industry's first** ISO 20400 sustainable procurement performance declaration

SINOBEST and COSMOS Ma'anshan certified to the **SA8000 social responsibility management system**

100%

of bases certified to EFfCI

SINOBEST and COSMOS Ma'anshan passed FDA on-site inspections with **zero 483 observations**

100%

of bases certified to the ISO 45001 occupational health and safety management system

59

valid invention patents accumulated

### During the Reporting Period

Total employee training time reached

76,064 hours

averaging

45.12 hours per employee

0

cases of occupational disease reported

0

major work safety incidents recorded

14

new invention patents authorized

## G Governance

### Up to Date

Joined the **United Nations Global Compact (UNGC)**



SINOBEST

secured an EcoVadis Gold Medal with a score of **81**, **outperforming 98% of the participating enterprises**

COSMOS Ma'anshan

secured an EcoVadis Gold Medal with a score of **79**, **surpassing 97% of the participating enterprises**

Certified to the **ISO 37001 anti-bribery management system**

SINOBEST, COSMOS Ma'anshan, and COSMOS Anqing certified to the **ISO 27001 information security management system**

### During the Reporting Period

100%

of directors, management, and employees received business ethics training

100%

of suppliers received business ethics training



Honors and Awards Received by COSMOS in 2024



2024 China Cosmetics Summit Bluerose Awards  
"Influential Raw Material Enterprise of the Year"





Securities Times  
"Top 50 Value Companies Listed on Growth Enterprise Market (GEM)"



Yicai  
"Next 20 Growth Power Award for China's A-Share Listed Companies"



China Securities Journal  
"Golden Bull Award for Top 100 Companies with Most Investment Value"



SINOBEST

- Recognized as a National High-Tech Enterprise
- Recognized as a Ma'anshan City Enterprise R&D Center

COSMOS Ma'anshan

- Recognized as an Anhui Province Enterprise R&D Center
- Recognized as an Anhui Province Enterprise Technology Center
- Recognized as a Ma'anshan City Enterprise R&D Center



COSMOS Anqing

- Recognized as a National High-Tech Enterprise
- Recognized as an Anhui Province Enterprise R&D Center
- Recognized as one of the Top 10 High-tech Enterprises in 2024 in Anqing High-Tech Development Zone
- Recognized as an Anqing City Digital Workshop
- Recognized as one of the Top 20 High-Tech Enterprises in 2024 in Anqing City

COSMOS Suqian

- Recognized as a "Little Giant", one of the top performers among specialized, high-end, and innovation-driven SMEs
- Recognized as a Five-Star Cloud-Based Enterprise in Jiangsu Province



# 01

## Sustainability Management

In the context of the ongoing global sustainability agenda, COSMOS recognizes the pivotal role of ESG factors in ensuring the long-term stability and development of the Company. To actively align with this trend, we have established a Sustainability Principle tailored to our operational and management characteristics. We are dedicated to building a comprehensive and efficient governance framework for sustainability, systematically identifying, assessing, and addressing material ESG topics to continuously enhance our overall ESG performance.

### UN SDGs Responded in this Chapter



### Material Topics in this Chapter

- Corporate Governance



## Sustainability Principle

COSMOS actively aligns with the United Nations Sustainable Development Goals (UN SDGs), grounded on our production and operational activities. Our sustainability management principle focuses on five key areas: green development, people-oriented, compliance and integrity, innovation-driven, and win-win cooperation. This framework provides overall guidance for developing detailed sustainability strategies in the future.

- Green Development

We are committed to integrating environmental protection into every aspect of our corporate operations, actively adopting clean technologies to reduce resource and energy consumption, ensuring compliant emissions, promoting the development of a circular economy, contributing to carbon neutrality goals, and coexisting harmoniously with nature.



- People-Oriented

We always prioritize the health, safety, and career development of our employees by fostering a fair, inclusive, and diverse work environment. We care about our employees' well-being, stimulate their potential, and achieve mutual growth for both the Company and our employees.



- Compliance and Integrity

We strictly comply with local laws, regulations, and industry standards, uphold integrity in our business practices, adhere to high business ethics, ensure the legality and compliance of our operations, and establish a responsible corporate image.



- Innovation-Driven

We encourage innovative thinking, increase investment in R&D, and actively explore new technologies, advanced processes, and business models. By driving corporate transformation and upgrading through technological innovation, we deliver superior products and services to clients while leading the industry towards sustainable development.



- Win-Win Cooperation

We adopt an open and collaborative approach, working closely with suppliers, clients, partners, and other stakeholders to build a mutually beneficial industrial ecosystem. Through these partnerships, we drive sustainable development across the industry and create enhanced societal value.



## COSMOS Sustainability Principle

## Sustainability Governance Structure

COSMOS has implemented a three-tier sustainability governance framework ("Decision-making - Management - Implementation") to systematically integrate ESG considerations into strategic planning and daily operations. The decision-making tier is the Strategy & Sustainability Committee, reporting directly to the Board of Directors; the management tier is the Sustainability Leadership Group, operating under the Committee, coordinating cross-functional ESG initiatives and monitoring progress against targets; the implementation tier is the Sustainability Promotion Group, which executes on-the-ground activities through a "1+N" deployment model, ensuring alignment with corporate objectives. This structured approach enables top-down governance with bottom-up execution, reflecting international best practices in sustainability management.



## COSMOS Sustainability Governance Structure



In 2024, we elevated the governance structure by upgrading the Board Strategy Committee to the Board Strategy & Sustainability Committee, formulated the *Charter for the Board Strategy & Sustainability Committee*, and issued an *Internal Notice on the Establishment of the Sustainability Management Organization*. We defined clear role allocation and reporting mechanisms across all tiers of the sustainability governance structure to systematically advance the Company's ESG management initiatives.



The Strategy & Sustainability Committee comprises three Board directors, including at least one independent director, with the Chairman serving as Presiding Member. The committee is responsible for the Company's sustainability strategic planning, setting its vision and goals, assessing and managing sustainability risks, and approving policies and reports. It convenes at least annually and reports directly to the Board of Directors.



The Sustainability Leadership Group, composed of senior executives and functional division heads with the President serving as the group leader, is responsible for integrating sustainability concepts into corporate operations and business development. Its mandate includes identifying and managing risks and opportunities, formulating and reviewing ESG strategies and targets, approving ESG-related policies and systems, as well as reviewing performance evaluations and annual disclosures. The group holds quarterly meetings to ensure effective implementation of ESG work.



The Sustainability Promotion Group comprises heads of functional departments and general managers of various bases, with the safety director of the manufacturing center serving as the group leader. The group is responsible for promoting the implementation of the sustainability strategy, improving the ESG management system and indicator system, and identifying and assessing ESG risks. The promotion group holds monthly meetings and provides feedback to the leadership group.

During the reporting period, we promoted multiple ESG initiatives, including the establishment of an ESG indicator system, ESG risk assessments, and ESG-themed training programs. These efforts facilitated the implementation of ESG responsibilities and targets across departments and bases, strengthened enterprise-wide ESG competency, and enhanced the effectiveness of the Board and senior management in fulfilling sustainability governance duties—laying a solid foundation for continuous ESG management improvement. Additionally, we officially joined the United Nations Global Compact (UNGC) in 2024, demonstrating our commitment as a global corporate citizen to promote the achievement of global sustainability goals.

Case Study

COSMOS Joined the United Nations Global Compact and Participated in the SDG Ambition Accelerator Project

On July 23, 2024, COSMOS officially joined the United Nations Global Compact (UNGC), pledging to advance the realization of global sustainable development goals. To fulfill this commitment, we participated in the Sustainable Development Goals Ambition Accelerator (SDGA) project from September to December. Through this four-month systematic learning initiative, we acquired frameworks and methodologies for formulating sustainability strategies, enabling deeper integration of SDGs into business operations.

In the SDGA project, COSMOS constructed an advanced path of “Learning-Transformation-Integration”. Through this step-by-step approach, we formed a dynamic synergy between sustainability strategies and business logic within the Company.

- By completing 10 online modules and 4 in-depth workshops, we systematically mastered the eight-step method for sustainability goal ambition.
- Utilizing this methodology, we established a target grading and screening mechanism, developed an implementation roadmap, and pinpointed core target areas closely aligned with our main business.
- We leveraged expert advisory resources to embed sustainability goals into the entire process of enterprise operation and management.



COSMOS SDGA Project Completion Certificate

COSMOS Conducted ESG Training for Directors, Supervisors, and Senior Management

In November 2024, COSMOS invited an external institution to conduct ESG-themed training, focusing on nearly 20 participants, including members of the Board Strategy & Sustainability Committee, the Sustainability Leadership Group, and the Sustainability Promotion Group. The training introduced key ESG requirements that the Company faces, covering external regulatory trends, customer expectations, and other relevant aspects. It also provided insights into best management practices for critical ESG topics using peer case studies, empowering the Company to make scientific and effective decisions for sustainability governance.







ESG-themed Training Event




## ESG Material Topics

COSMOS places high priority on managing material topics, actively considering the perspectives of governments, regulatory agencies, shareholders, investors, clients, suppliers, employees, and other key stakeholders. We proactively identify and analyze their needs and expectations, grounding our sustainability management in these insights. We integrate these considerations into all aspects of production and operation and respond effectively through public reports, meetings, and other communication channels.

## Stakeholder Communication

COSMOS has established an effective stakeholder communication mechanism, engaging in both regular and irregular exchanges on issues of concern to each stakeholder. This helps us better understand their expectations and jointly explore paths for sustainability. We continuously strengthen our dialogue with all parties to promote more responsible and forward-looking corporate practices.

Stakeholder	Concerned Issues	Communication and Response
<div> Government and Regulatory Agencies</div>	<ul style="list-style-type: none"><li>Corporate Governance</li><li>Risk and Compliance</li><li>Environmental Management</li><li>Employee Health and Safety</li><li>Product Responsibility</li></ul>	<ul style="list-style-type: none"><li>Meeting Exchanges</li><li>Public Reports</li><li>Supervision and Inspection</li></ul>
<div> Shareholders and Investors</div>	<ul style="list-style-type: none"><li>Corporate Governance</li><li>Risk and Compliance</li><li>Business Ethics</li><li>Climate Action</li></ul>	<ul style="list-style-type: none"><li>Investor Exchanges</li><li>Shareholders' Meetings</li><li>Public Reports</li><li>Daily Communication</li></ul>
<div> Employees</div>	<ul style="list-style-type: none"><li>Employee Management and Communication</li><li>Employee Training and Development</li><li>Employee Rights and Benefits</li><li>Employee Health and Safety</li><li>Diversity, Inclusion, and Equal Opportunities</li></ul>	<ul style="list-style-type: none"><li>Regular Communication</li><li>Employee Training</li><li>Feedback Channels</li><li>Internal Meetings</li></ul>
<div> Suppliers</div>	<ul style="list-style-type: none"><li>Sustainable Procurement</li><li>Business Ethics</li><li>Chemical Safety Management</li></ul>	<ul style="list-style-type: none"><li>Cooperation Negotiations</li><li>Daily Communication Meetings</li><li>Supplier Assessments</li><li>Supplier Training</li></ul>

Stakeholder	Concerned Issues	Communication and Response
<div> Clients</div>	<ul style="list-style-type: none"><li>Product Responsibility</li><li>Responsible Marketing</li><li>Customer Satisfaction Management</li><li>Product Innovation</li><li>Data Security</li><li>Climate Action</li><li>Circular Economy</li></ul>	<ul style="list-style-type: none"><li>Regular Follow-ups</li><li>Review Cooperation</li><li>Satisfaction Surveys</li></ul>
<div> Community</div>	<ul style="list-style-type: none"><li>Emissions and Waste Management</li><li>Community and Public Welfare</li></ul>	<ul style="list-style-type: none"><li>Public Reports</li><li>Community Activities</li></ul>
<div> Organizations, Associations, and Media</div>	<ul style="list-style-type: none"><li>Responsible Marketing</li><li>Product Responsibility</li><li>Product Innovation</li></ul>	<ul style="list-style-type: none"><li>Association Participation</li><li>Public News</li><li>Exhibition Participation</li></ul>

COSMOS Stakeholder Communication Mechanism

### Case Study

#### COSMOS Engages in Carbon Peaking and Carbon Neutrality Discussions with Jiangning Economic and Technological Development Zone Administrative Committee and Leading Enterprises

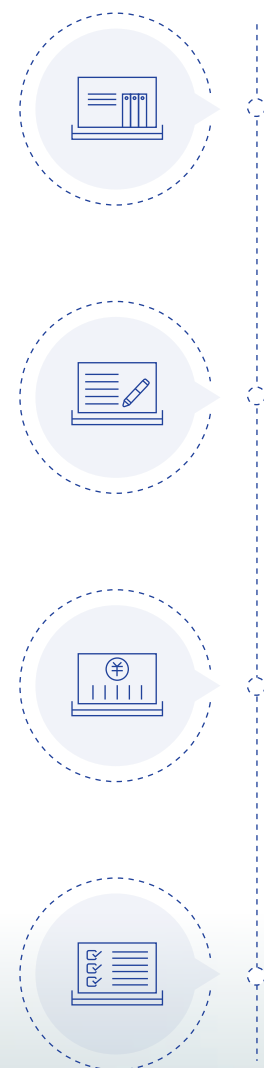
On September 20, 2024, the Jiangning Economic and Technological Development Zone Administrative Committee in Nanjing convened a seminar on energy efficiency improvements, decarbonization and smart energy-carbon management systems. COSMOS, as one of the leading enterprises in the park, actively participated in the experience-sharing sessions. The meeting focused on policy frameworks supporting carbon peaking and carbon neutrality actions, emphasizing corporate obligations in achieving regulatory compliance throughout the decarbonization process. We explored practical pathways for energy efficiency improvement and emission reduction, including standardization of carbon accounting methodologies, calculating product carbon footprints, and implementation of digital monitoring platforms. The symposium has significantly advanced our institutional grasp of carbon neutrality frameworks, enabling the development of science-based decarbonization roadmaps that contribute to the region's transition to a green industrial ecosystem.





## Materiality Analysis

In 2024, to further enhance communication between COSMOS and its internal and external stakeholders, and understand and address their expectations and needs, we carried out a stakeholder survey. We conducted dual materiality analysis (impact materiality and financial materiality) to evaluate risks and opportunities associated with ESG topics, which formed the basis of our materiality matrix. We reviewed the Company's existing measures and identified gaps concerning the assessed material ESG topics. The outcomes of stakeholder engagement and materiality assessments were presented to the Strategy & Sustainability Committee. The Board reviewed and deliberated on the prioritization of responses to material topics and approved action plans for risk prevention and mitigation of high-materiality topics. We continuously refined the implementation approach for the Company's sustainability management.



### Topic Identification

Based on laws, regulations, macro policies, industry benchmarks, and development trends, and referring to the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)* and mainstream Chinese and international ESG standards, we comprehensively understood the concerns of stakeholders and identified 24 environmental, social, and corporate governance topics.

### Impact Materiality Analysis

We conducted a materiality assessment survey to engage both internal and external stakeholders in evaluating the relative importance of ESG topics. Through this process, we captured stakeholder perceptions of the Company's influence on these topics and integrated their feedback into the enhancement of our sustainability roadmap.

### Financial Materiality Analysis

Based on the Company's business development plan, we analyzed and discussed the potential risks and opportunities associated with each topic. We held internal seminars to explore possible financial impacts and conducted a comprehensive assessment of the financial materiality of the topics.

### Topic Review

The Board of Directors and executive team reviewed the findings from the materiality assessment, confirmed the prioritization of the topics, clarified the strategic direction of the Company's sustainability efforts, and provided guidance on the key disclosure points in the report and the future management of material topics.

Process of Materiality Analysis



COSMOS Materiality Matrix

### High-Materiality Topics (10 Items)

- 1 Climate Actions
- 2 Emissions and Waste Management
- 3 Environmental Management
- 4 Energy Management
- 5 Water Management
- 6 Circular Economy
- 7 Employee Rights and Benefits
- 8 Intellectual Property Protection
- 9 Data Security
- 10 Responsible Marketing
- 11 Employee Training and Development
- 12 Diversity, Inclusion, and Equal Opportunities
- 13 Employee Management and Communication
- 14 Community and Public Welfare

### Medium-Materiality Topics (12 Items)

- 1 Business Ethics
- 2 Corporate Governance
- 3 Risk and Compliance

### Low-Materiality Topics (2 Items)

- 7 Biodiversity
- 14 Community and Public Welfare



# 02

## Governance: Strengthening the Corporate Foundation

At COSMOS, we understand that strong corporate governance is essential for building a successful and sustainable company. Our well-structured governance framework ensures stable operations and long-term growth. We prioritize business ethics, uphold high compliance standards, and focus on robust internal controls and risk management to foster transparent and efficient decision-making. In addition, we implement advanced cybersecurity measures to cope with the growing challenges of data security and create lasting value for all stakeholders.

### UN SDGs Responded in this Chapter



### Material Topics in this Chapter

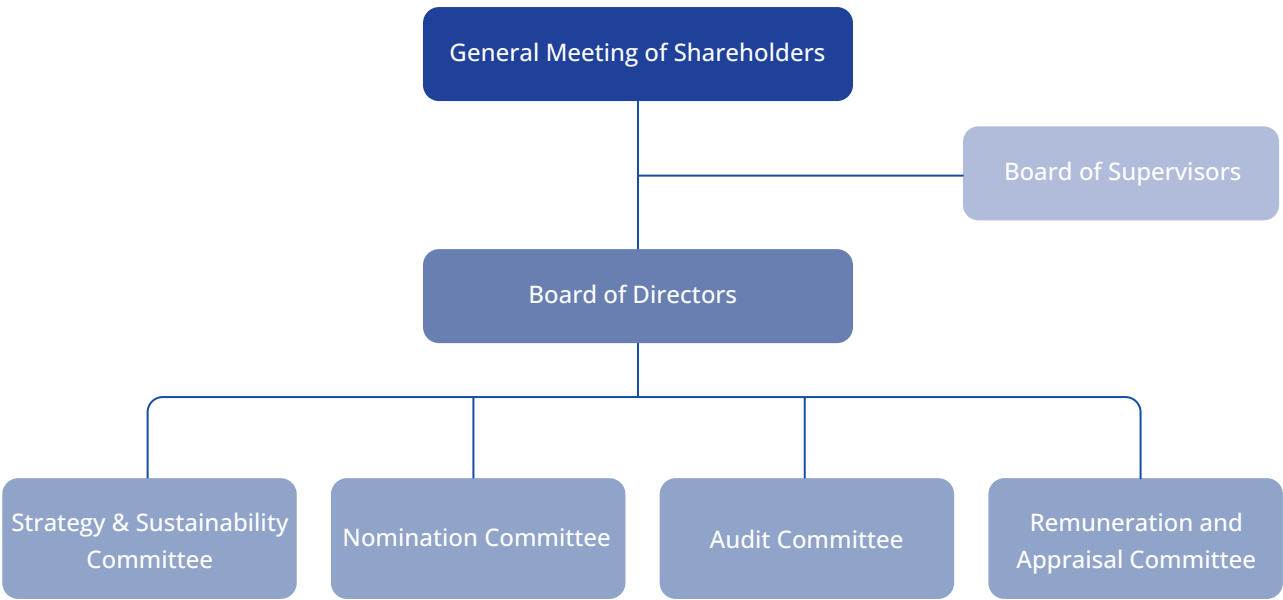
- Corporate Governance
- Business Ethics
- Risk and Compliance
- Data Security



# Governance Structure

COSMOS strictly complies with applicable laws and regulations, including the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*. We have formulated key policy documents such as the *Corporate Charter* and the *Rules of Procedure for the Board of Directors* to define the company's structure, responsibilities, and decision-making processes, which together help build a stable and efficient governance system.

The Company operates under a modern governance framework consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and Executive Management. The General Meeting of Shareholders is the highest authority in the Company and is convened in strict accordance with relevant regulations and requirements, ensuring equal treatment of all shareholders and that they fully exercise their rights. The Board of Directors is responsible for overall governance and business development, supported by specialized committees: the Nomination Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Strategy & Sustainability Committee. These committees ensure that decision-making in key areas is backed by professional guidance and oversight. The Board of Supervisors plays a crucial role in the governance framework by overseeing the actions of the Executive Team, ensuring compliance with laws, regulations, and the *Corporate Charter*, and safeguarding the rights and interests of shareholders and other stakeholders.



COSMOS Governance Structure

COSMOS elects and appoints directors in accordance with legal requirements and procedures, ensuring that the Board operates effectively and makes informed decisions. The Board members bring a wide range of expertise from fields such as chemicals, supply chain management, economics, accounting, law, and business administration. As of the end of the reporting period, the Board consists of 9 members, including 3 independent directors. Independent directors receive stipend-based compensation, while the remuneration for non-independent directors is determined based on the Company's performance, their job responsibilities, and industry and regional salary standards. This ensures fair and competitive compensation, while also providing the right incentives for directors to perform their duties diligently. The remuneration plan is developed by the Remuneration and Appraisal Committee and must be reviewed and approved by both the Board of Directors and the General Meeting of Shareholders.

# Business Ethics

COSMOS believes that strong business ethics are the foundation of trust between the Company, its clients, employees, and other stakeholders. We operate with integrity, uphold high ethical standards, and rigorously monitor and manage key ethical areas such as fair competition, anti-corruption, related-party transactions, and tax compliance. This approach fosters a work environment defined by integrity and diligence.

# Management System

COSMOS has developed a comprehensive set of business ethics policies, including the *Business Ethics Policy*, the *Related-Party Transaction Decision-Making System*, and the *Anti-Bribery Risk Management Procedures*. These policies apply to all directors, executives, and employees, covering ethical issues such as anti-corruption, anti-bribery, fair competition, conflicts of interest, related-party transactions, and anti-money laundering. In 2024, the Company updated its anti-bribery management system in line with the ISO 37001 *Anti-bribery management systems — Requirements with guidance for use* and achieved certification for this system.



COSMOS ISO 37001 Anti-Bribery Management System Certification

The Company places great emphasis on fostering a culture of integrity and honesty, actively resisting corruption. Our Business Ethics Policy explicitly prohibits employees from obtaining or retaining business through corrupt practices. To support this, we have implemented a comprehensive anti-bribery management process, guided by key documents such as the *COSMOS Anti-Bribery Management System Manual*, the *Anti-Bribery Management System Internal Audit Management Procedures*, and the *Anti-Bribery Management System Investigation and Handling Management Procedures*. This process involves reviewing key anti-bribery laws and regulations, evaluating the compliance, effectiveness, and appropriateness of our management system, and outlining steps for investigating and addressing non-compliance. In 2024, we conducted a thorough analysis of potential bribery scenarios based on the unique operations and environments of our departments and bases. We identified bribery risk sources across the entire group and established detailed scoring standards and risk levels. For the nine medium to high-risk areas identified, we clarified the responsible departments and developed specific management strategies and control plans.

We uphold the principle of integrity in our supplier management, ensuring transparency and fairness in all supplier relationships while firmly rejecting fraud, bribery, and unfair competition. We require suppliers to sign integrity agreements and codes of conduct, reinforce anti-bribery awareness in our daily communications, and take a strong stand against suppliers who breach business ethics by removing them from our network.

### Case Study

#### COSMOS Conducts Anti-Commercial Bribery Training to Strengthen Compliance Awareness

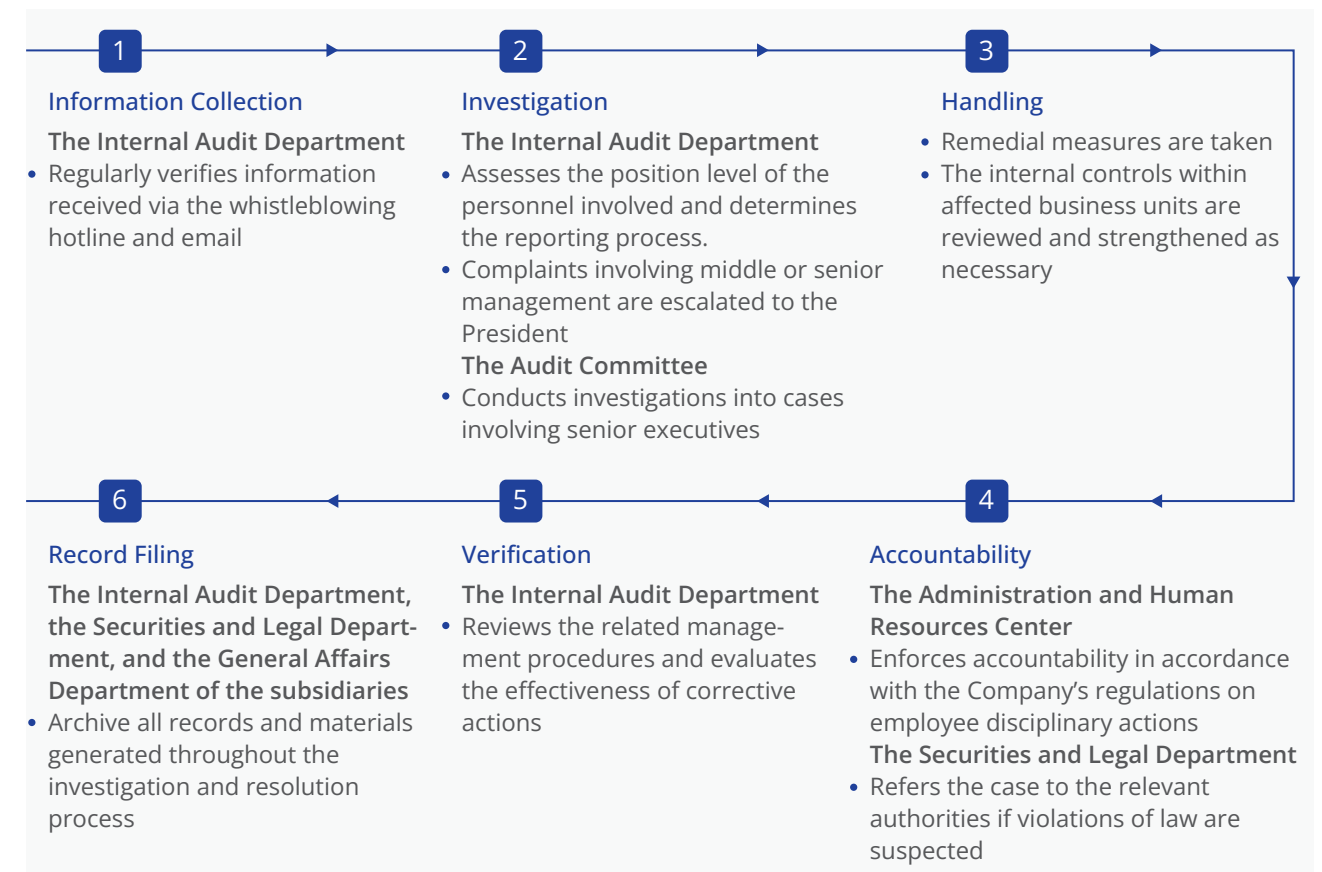
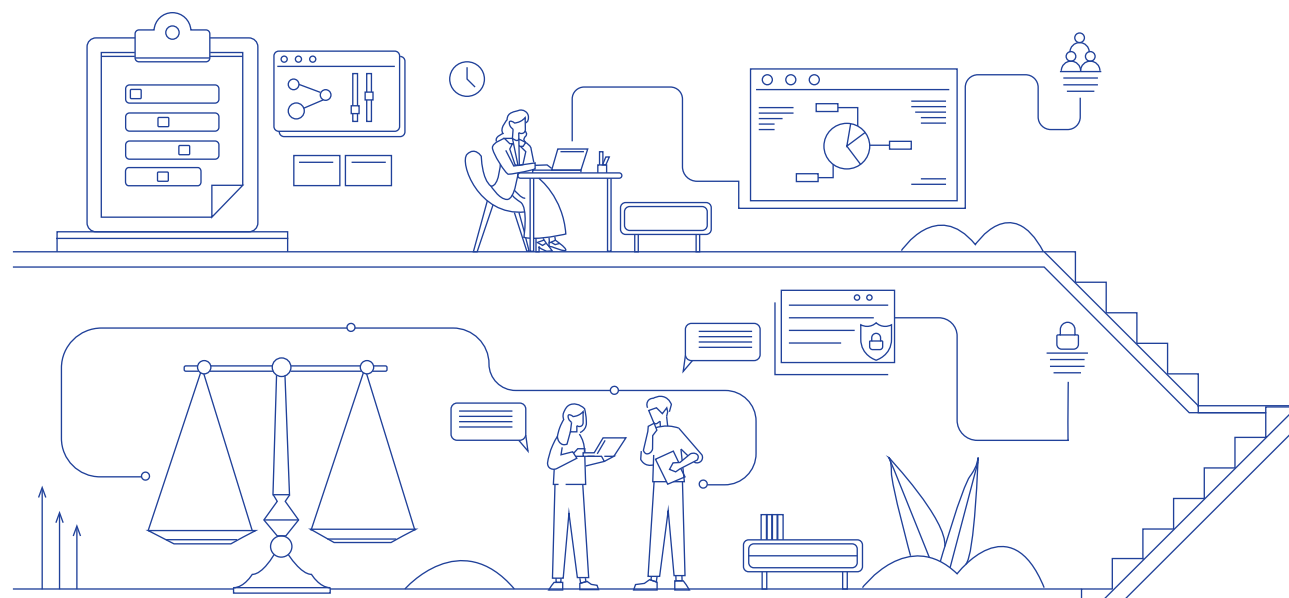
To further promote a culture of integrity and strengthen compliance awareness across the Company, COSMOS launched a comprehensive training program on anti-commercial bribery laws and regulations. Combining online and offline sessions, we offered flexible learning options to ensure all employees could easily participate and build a solid understanding of anti-bribery fundamentals and preventive measures. Using real-world case studies, the training equipped employees with practical skills to recognize and respond to potential bribery risks in their day-to-day work, reinforcing both their sense of compliance and ethical responsibility.



COSMOS Business Ethics Training

## Whistleblowing Management

COSMOS has established the *Anti-Fraud and Complaint Reporting Work System* and the *Appeal and Investigation Handling Management Procedures* to encourage employees, suppliers, clients, and other stakeholders to monitor the Company's operations and professional conduct. Stakeholders are welcome to report any suspected violations of business ethics, either anonymously or under their real names. The Company has established transparent and accessible whistleblowing channels, put in place standardized procedures for handling whistleblowing incidents, and adopted strong measures to safeguard whistleblowers. We strictly maintain the confidentiality of both the whistleblower's identity and the reported content throughout the entire process and enforce a strict zero-tolerance policy against any form of retaliation.



COSMOS Whistleblowing Management Process of Business Ethics Incidents



COSMOS Business Ethics Whistleblowing Platform

### Whistleblowing Channels

Hotline: 025-66987788-8011

Email: ia@cosmoschem.com

Receiving Department: Internal Audit Department

Mailing Address: 10/F, C1 Tower, Jiulonghu International Corporate Headquarters, No. 19 Suyuan Avenue, Jiangning District, Nanjing, China

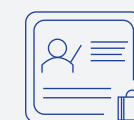
In 2024, the Company conducted multiple business ethics training sessions, achieving

100%

participation among directors

100%

participation among employees



From 2024 to 2026, the Company aims to keep the number of corruption and conflicts of interest incidents to

≤ 5

maintain

0

cases of fraud or money laundering

and ensure that

100%

of employees receive business ethics training



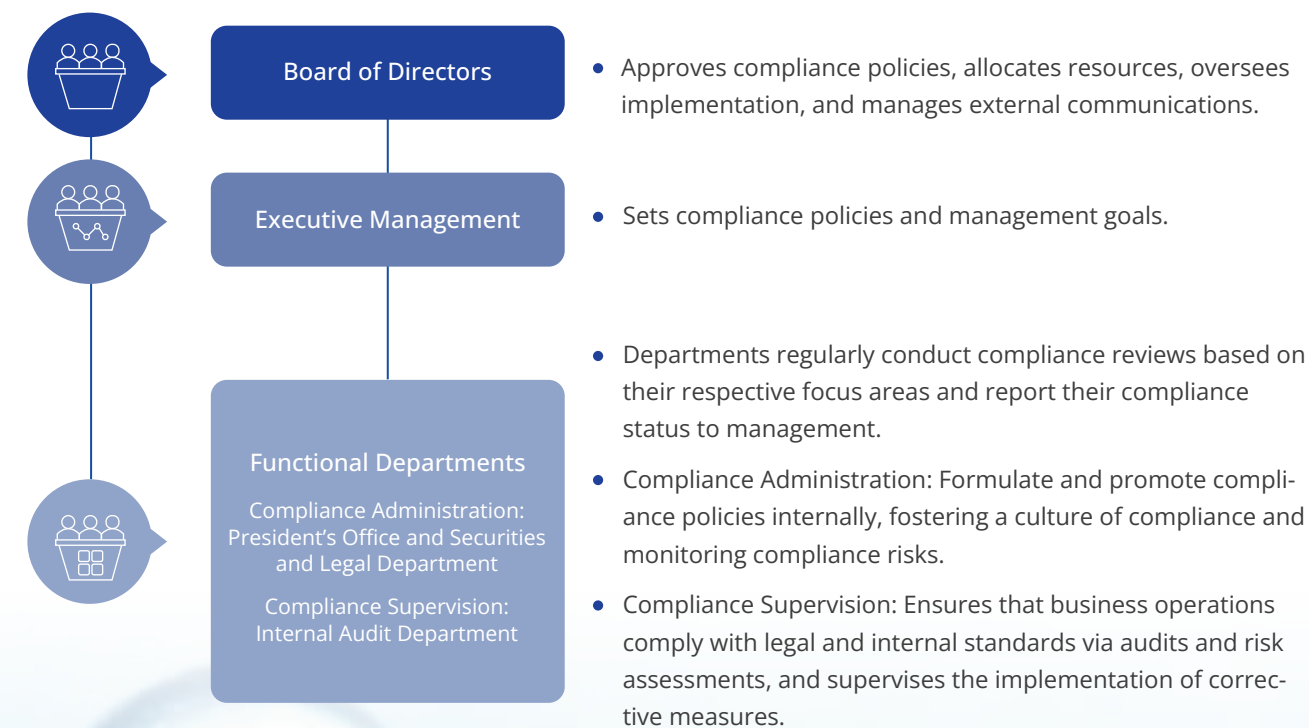
Objectives



# Compliance and Risk Management

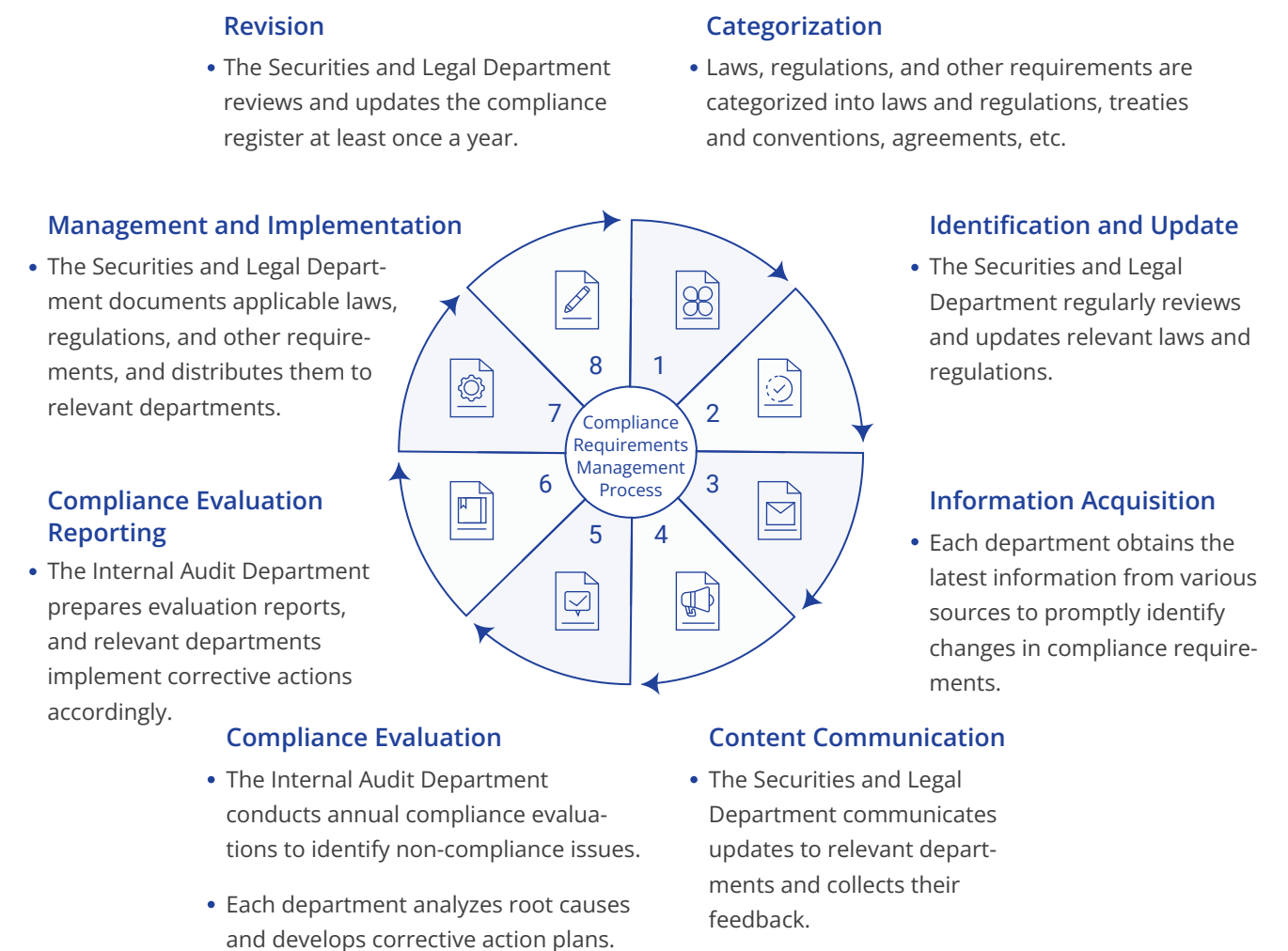
## Compliance Operations

COSMOS strictly adheres to both domestic and international laws and regulations and is committed to building a systematic internal compliance framework. We have established a clear top-down compliance management structure with well-defined roles and responsibilities at all levels. To strengthen our compliance system, the Securities and Legal Department has developed a series of policies and management systems, including the *Litigation Case Management System*, the *Contract Management System*, the *Related-Party Transaction Decision-Making System*, and the *Information Disclosure Management System*. We conduct regular training programs to enhance legal and regulatory awareness among all employees, with additional targeted training for specific roles in areas such as lawful employment practices and intellectual property protection. Moreover, the Securities and Legal Department provides timely training for directors, supervisors, and senior executives through emails, online platforms, or offline sessions, based on the latest updates in corporate governance laws and regulations.



COSMOS Compliance Management Structure

COSMOS has also introduced the *Anti-Bribery and Sustainable Procurement Laws, Regulations, and Compliance Management Evaluation System*, which provides regular monitoring, assessment, and updates of relevant legal and regulatory requirements.



COSMOS Compliance Requirements Management Process

COSMOS upholds transparency and compliance across its operations. We are committed to building a robust investor relations management system to ensure open communication and information transparency with investors. We actively fulfill our tax responsibilities by ensuring the accuracy and compliance of tax filings. Furthermore, we have established a strict approval and disclosure mechanism for related-party transactions to guarantee fairness, impartiality, and legal compliance, thereby protecting the interests of the Company and all shareholders.

**Investor Relations**

- We convene general meetings of shareholders on a regular basis, publish annual reports, and organize investor engagement sessions.
- We disclose financial and material information truthfully, accurately, and completely in strict accordance with securities regulatory requirements, providing stakeholders with reliable and sufficient data to support decision-making.

**Tax Responsibilities**

- We firmly oppose any form of tax evasion and non-compliance.
- We combine internal and external audits to comprehensively oversee financial activities, ensuring the standardization and accuracy of financial disclosures.
- We engage independent third-party institutions annually to verify corporate income tax returns.

**Related-Party Transactions**

- We ensure that all related-party transactions strictly adhere to the principles of fairness, impartiality, and transparency.
- We put a particular emphasis on safeguarding the legitimate rights and interests of minority investors.
- We clearly define the scope, recusal mechanisms, decision-making processes, and pricing standards for all related-party transactions.

COSMOS Compliance Governance Practices

Risk Management

COSMOS continually strengthens its internal control and risk management framework, building a robust risk management structure. We actively identify risks and regularly refine internal systems to adapt to the evolving business landscape and regulatory requirements. Through internal audits, we pinpoint control weaknesses and promptly implement corrective actions, consistently enhancing the Company's risk management capabilities.

Risk Identification and Resolution

COSMOS places a strong emphasis on risk prevention by regularly identifying and evaluating compliance risks. We have developed a risk identification matrix that categorizes risks based on the responsibilities of different roles, detailing the risk names, severity, and frequency. These risks are evaluated in the context of current management practices. Each functional department approaches risk identification from its unique perspective. For example, the Securities and Legal Department assesses risks related to litigation and coordination among the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors, while departments at production bases focus on environmental and labor-related risks. Based on these assessments, each department applies targeted risk mitigation measures and detects hidden risks in daily operations, seamlessly embedding risk management into decision-making and operational processes.



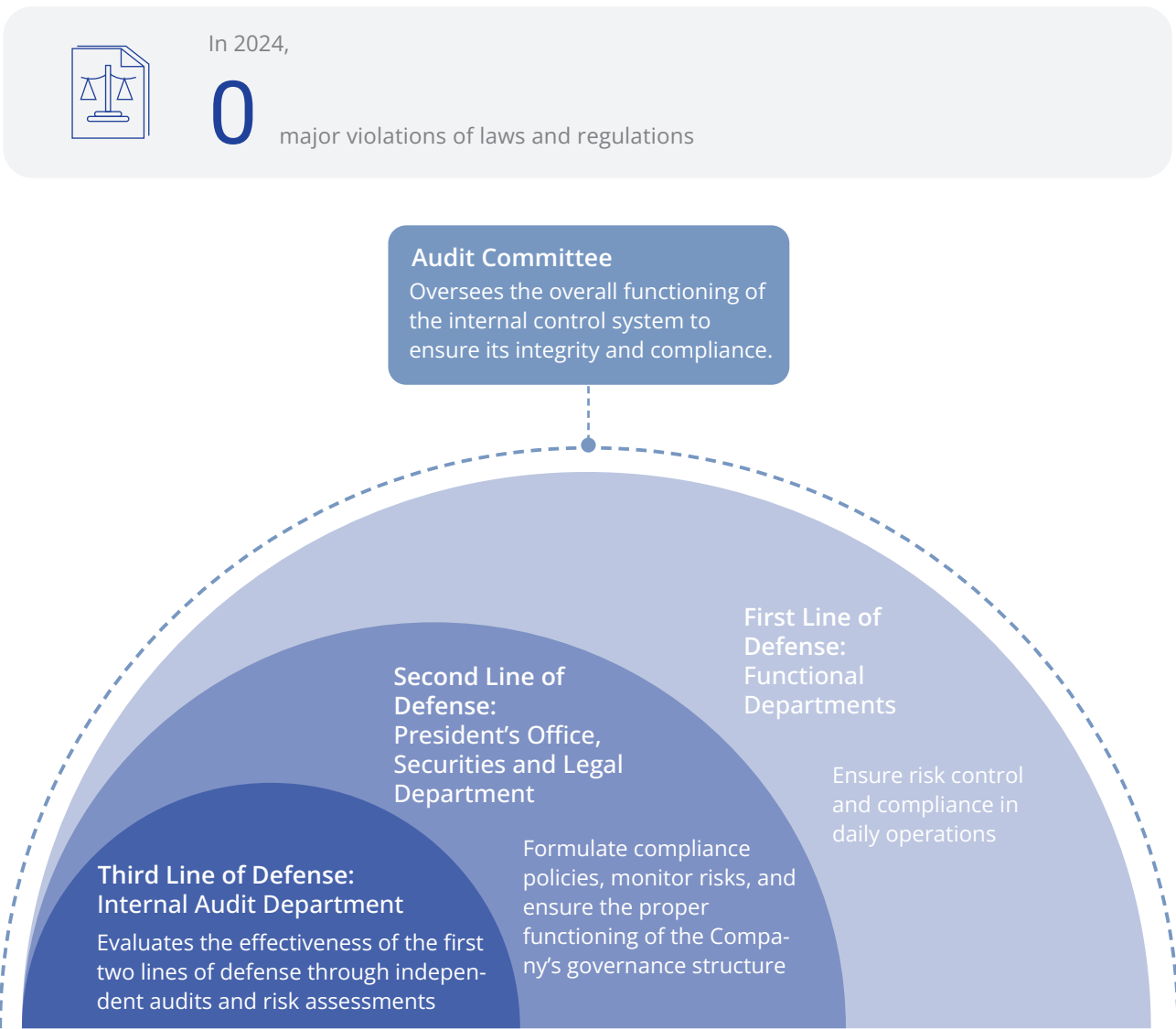
COSMOS Risk Management Strategy



Internal Control

The Company strictly complies with relevant laws and regulations to ensure that all business operations are conducted within a legal and compliant framework. We are committed to establishing a comprehensive internal control system, structured in three tiers to maintain the integrity of our business activities. This system involves functional departments, risk management-related departments (such as the President's Office and the Securities and Legal Department), and the Internal Audit Department, all working under the oversight of the Audit Committee to provide strong support for the Company's stable operations.

To continuously optimize our internal control system, we regularly conduct internal audits to evaluate the implementation and effectiveness of current control measures. These audits help us quickly identify potential control deficiencies enabling us to develop and implement detailed corrective action plans. We then closely track the progress of these measures to address the root causes and prevent similar problems in the future. In 2024, the Company conducted annual internal control audits on sales credit management, raw material procurement, and fixed asset retirement, with no significant control deficiencies identified.



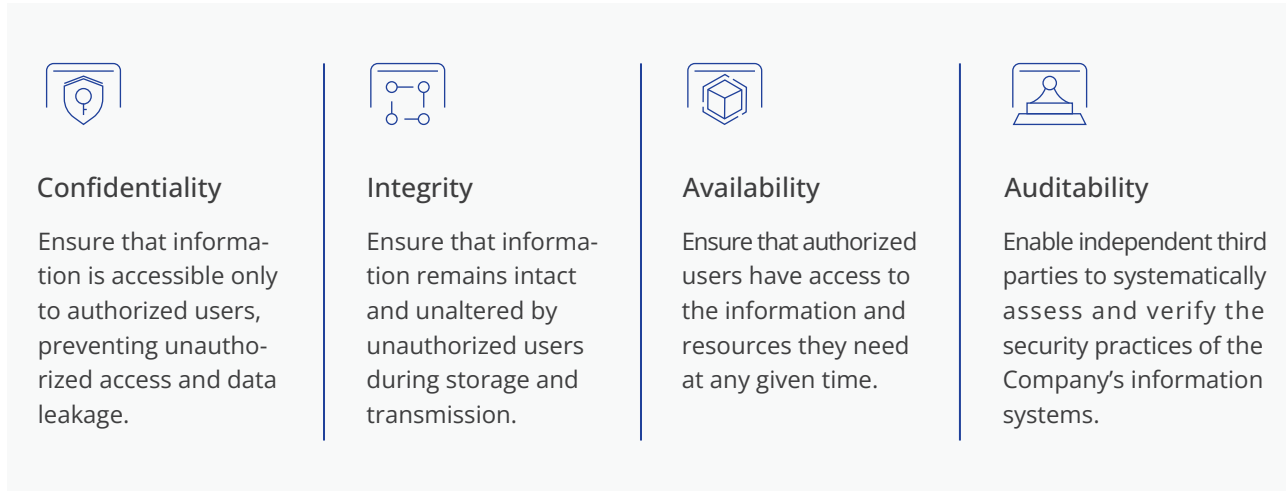
COSMOS Three-Tier Internal Control System

Information Security

COSMOS stays in step with the latest digital technology trends and actively promotes IT development. We strictly comply with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, continually strengthening information security management both within the Company and for all stakeholders. The Company has developed the *IT Management System* that defines the roles and responsibilities of IT personnel to secure the efficient, stable, and safe operation of its information systems. As of the end of the reporting period, three COSMOS bases (SINOBEST, COSMOS Ma'anshan, and COSMOS Anqing) have obtained ISO 27001 information security management system certifications.



ISO 27001 Information Security Management System Certification of Each Base



COSMOS Information Security Management Principles

To ensure strict management of both internal and client data, the Information Management Department has designated specialized roles to oversee information security. This involves a range of measures, such as regular security inspections, third-party security management and enhancements, and information security awareness raising. These efforts help maintain smooth business operations while strengthening the Company's capacity to manage information security risks effectively.



**Regular Inspection**

- IT personnel conduct network security checks and offer system operation and maintenance support
- Perform regular manual and automatic backups for all systems



**Internal Review**

- Develop relevant documents and conduct regular checks on user device usage
- Manage risk alerts and real-time tracking via email



**Third-Party Security Management**

- Conduct an annual network security review with a third party
- Perform annual hardware inspections, maintenance, and upgrades



**Information Security Strategy**

- Implement user password policies
- Regularly mandate password changing
- Set information access permissions with an internal approval process



**Information Security Awareness**

- Conduct employee training on information security protection
- Establish a complaint and reporting mechanism

COSMOS Information Security Assurance Measures

In 2024,

**0** information security incidents

From 2024 to 2026, ensure

**100%** employee coverage in information security training



**Objectives**

**Case Study**

**COSMOS Provided Training for Internal Auditors of the Information Security Management System**

On November 15, 2024, COSMOS invited an external accredited expert to conduct specialized training for 22 internal auditors of the Company's information security management system. The goal was to systematically enhance the team's ability to manage and control information security. The training covered the key elements of the ISO 27001 standard and provided insights into building an internal security management framework. It helped deepen employees' understanding of security standards and sharpened their practical skills, developing a team of qualified internal auditors. This team now plays a crucial role in supporting internal audits, identifying risks, and ensuring compliance. Such an initiative not only boosted the Company's ability to protect data and privacy but also laid the ground-work for building a robust information security governance framework aligned with international standards. It will support COSMOS in balancing security with growth during its digital transformation, while also strengthening trust among clients and partners in our commitment to safeguarding information assets.



# 03

## Products: Empowering Better Lives

COSMOS remains committed to a product-centric approach, constantly launching innovative products and adopting advanced technologies to continuously improve product quality. The Company practices the philosophy of responsible operation in sectors along the upstream and downstream value chain, along with ESG considerations integrated into the process of supplier management, to realize sustainable procurement. Also, continuous efforts are made to upgrade product and service standards to protect the rights and interests of clients. Through these efforts, COSMOS strives to become a model of sustainable business within the industry.

### UN SDGs Responded in this Chapter



### Material Topics in this Chapter

- Product Responsibility
- Product Innovation
- Sustainable Procurement
- Customer Satisfaction Management
- Responsible Marketing

Product Responsibility

Product Quality

Keenly aware that product quality is essential for a company to maintain a competitive edge, COSMOS establishes a rigorous quality management system and processes supporting fully controllable product processes and quality. The Company monitors and evaluates in-house operations on a rolling basis, and timely acts to correct and rectify deviations, whereby its capability of quality risk management and control is enhanced, safeguarding product quality and safety.

Higher-standard System Development

The Company strictly follows world-class standards and establishes a rigorous quality management system. It develops production lines that meet the GMP standards for APIs to ensure it meets the specifications and standards of domestic and foreign regulatory authorities while satisfying clients with high-standard quality, laying a foundation for lean manufacturing. To date, the Company has obtained the certification of more than ten quality management systems with audits passed, including ISO 9001 quality management system, EFfCI (European Federation for Cosmetic Ingredients), KOSHER, HALAL, and has passed FDA (Food and Drug Administration) onsite audits by freeing itself from “483 observations” on three cumulative occasions.

Internally, the Company arranges management assessments and self-inspections regularly; externally, it proactively cooperates with regulatory agencies, certification organizations, and clients for various types of audits. The Company promptly analyzes the root causes of any issues identified during the audits and ensures timely corrective actions are taken to maintain the effectiveness of the quality management system and drive continuous improvement. In 2024, the Company successfully passed all external quality management audits.

By the end of 2024,

100%

of the Company’s bases have obtained ISO 9001 quality management system and EFfCI certifications



ISO 9001 Quality Management System Certification of Each Base



European Federation for Cosmetic Ingredients (EFfCI) Certification of Each Base

Case Study

2 Bases of COSMOS Passed FDA Onsite Audit with “Zero 483 Observations”

FDA certification is one of the most authoritative and internationally recognized quality standards, which specifies strict standards both on hardware conditions including equipment and technical processes, and on thorough management reviews in order to continuously improve management measures. In August 2024, FDA reviewers conducted a 12-day onsite cGMP (current Good Manufacturing Practice) inspection in SINOBEST and COSMOS Ma’anshan, and concluded that cGMP management systems in both bases were developed soundly. They were affirmed with NAI (No Action Indicated) and no “483 observations” and passed the onsite inspections. The international authorities recognized their excellent quality management.



Full life-cycle Management

Strictly following such laws and regulations as the *Product Quality Law of the People's Republic of China*, *Good Manufacturing Practice for Cosmetics Products* and *Safety and Technical Standards for Cosmetics*, COSMOS implements high-standard safety and quality risk management control measures in whole-process product design, research and development, production and manufacturing, which is to provide clients with safe and reliable products.

The Company complies with national limits on types and dosages of sunscreen agents, fragrance ingredients and other products, and it sorts out a list of chemicals restricted across countries, dynamically updates in-house classification of dangerous chemicals in accordance with international regulations and standards including EU REACH, Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and relevant implementation laws, to prevent use of controversial chemical ingredients of interest and improve the safety and compliance of raw materials.

The Company has completed registration and certification of applicable products in accordance with the EU REACH Regulation. To make the use and hazard-risk control of materials under REACH requirements, it reviews and evaluates the safety risks of ingredients and raw materials by taking into consideration the safety of materials, processes, formulation reactions, etc. To be specific, ingredients are thoroughly screened and tested in the research and development stage to minimize or avoid health and environmental hazards from the source; ongoing risk assessments and reviews are conducted in the production phase to make sure that high-quality products are safely provided in existing processes.

As in production practice, product quality and safety are a focus in the full life cycle covering production preparation, manufacturing and filling, and finished product release. COSMOS bases monitor the operation and implementation of quality management systems with procedural documents designed for internal audits and management review. A combination of daily inspections, irregular self-review or internal audits, and organizational management reviews are provided to actively prevent risks that may occur in the quality management process and timely rectify defects and deviations. All the efforts are to ensure the standardization and normalization of the quality management process.



Full Life-cycle Quality Management of COSMOS Products

### Case Study

#### COSMOS Suqian Organized Product Recall Drill

On August 7, 2024, COSMOS Suqian conducted an annual product recall drill, simulating the situation where a batch of products needed to be recalled due to the discovery of excessive impurities and strange odors during stability verification.

- Quality Control (QC) Department performs stability verification on Product A, during which a batch of retained samples is tested and viewed as unqualified given excess impurities.  
**Identify failed products**
- Quality Assurance (QA) Department checks the delivery record to find out client data, the number of delivered products, and the status of products.  
**Track information on the failed products**
- QA Department confirms the information and reports immediately to apply for the recall process.  
**Apply for product recall**
- Subsequent actions**
  - Production Department provides training to prevent such an issue from re-occurring.
  - Recalled products are retested and returned to the factory for rework.
  - Business Department communicates with clients on recall, logistics, and replacement.
- Product tracking**
  - Recall effectiveness rate is 100%.
  - Production Department and QC Department track processes of production and verification.
- Initiate the recall process**
  - QA Department sends a formal email to inform the marketing center of the decision to recall the batch of products by the business team.

Product Recall Drill Processes

## Product Innovation

Guided by the product research and development strategy of “exploring cutting-edge technologies, developing pipeline products and sticking to production optimization”, COSMOS continues to expand its talent pool and makes good use of advantages in talent attraction, industrial application, etc., working toward deep industry-university-research integration and innovation. It explores green technology pathways to promote sustainable development of the Company and the industry while protecting intellectual property.

## R&D Management

With an independent research and development system standing out in the industry, the Company has been awarded as the Jiangsu Provincial Enterprise Technology Center and has obtained a number of technological achievements and passed high-tech product certifications. A Research and Development Management Committee, led by the chairman and president with senior management and core technical personnel taking part, was established to be responsible for internal R&D management in an all-round way, and for making plans and decisions on strategic development directions related to research and development. In addition, a technological R&D innovation platform was developed jointly by the marketing department, research institute, and application center. With market demand as the core driving force, the platform helps the Company take targeted measures to develop new products and commercialize innovative achievements from the laboratory, maximizing the value.



In 2024, the Company invested

RMB **115.95** million in the R&D sector

Collect market demand and intelligence dynamics to direct the research and development; Responsible for new product planning and promotion, advance the commercialization of R&D achievements



Marketing department

Conduct scientific research in organic synthesis and analysis, biosynthesis and analysis, etc.



Research institute

Conduct product validation and application research, provide technical services to meet market and client needs




Application center



The research institute serves as a crucial hub where technological research and development is fostered and consists of units specializing in chemical synthesis, analysis and quality control, biosynthesis, formula development, etc. It is clustered with talents, well qualified with solid professional backgrounds and strong scientific capabilities, who as a team provides training in experimental techniques and industrial exchange and other areas, and contributes to sustained research and development improvement. The institute builds a collaborative relationship with well-known universities and research institutions, jointly conducting projects, whereby they share scientific resources, work together to deal with technological challenges and cultivate talents to deepen innovation in an open way and promote the deep industry-university-research integration.

With a series of R&D management systems established as a guide for it to standardize evaluation and review in stages of project approval, in-process management, and acceptance, the Company can give full play to different departments, including the marketing department, production department, and R&D team so they can make concerted efforts to ensure the profitability and technical feasibility of R&D projects. An *Annual R&D Plan* is required in place. After approval by the president and confirmed by the chairman, the Plan is put into practice and regular reports are submitted on a weekly, monthly, and yearly basis, which is for the efficiency and effectiveness of the execution. The Company has established effective incentive mechanisms, including annual research and development goals and performance evaluations whose weights are determined by factors like difficulty and importance of R&D projects, as the evaluation, if made reasonably, can encourage R&D personnel to dedicate themselves to innovation efforts.



As of the end of 2024, the Company holds a total of

59

valid invention patents

Intellectual property (IP) management is also a focus the Company attaches importance to. It appoints an IP expert to assess and monitor whole-process IP risks from project approval, and development to conclusion. In a timely way, any infringement, both internal and external, can be identified and prevented, and as a result, the Company enhances its IP management, protection and application.



Risk assessment

- Assess patent infringement risks and communicate with businesses to propose preventive measures



Patent assessment

- Assess patent commercialization and invite public suggestions on the application



Patent layout

- Assess feasibility based on technical scheme and design application strategy



Management system building


- Build an IP management system according to the *Regulations on Intellectual Property Management for Enterprises*



Training and communication

- Provide internal and external IP related training and cooperate with third parties to deal with other patent issues and make preventive measures

Responsibilities of COSMOS IP experts



In 2024,

0

IP infringement accidents

Green Innovation

Concerning the impact of products on the environment in the full life cycle covering production, use and disposal, the Company promotes technological innovation to drive low-carbon development in personal care ingredients. With a focus on sustainable development and application of green chemistry, it prioritizes substitutes of green raw materials in the stage of project approval, in order to develop environmentally friendly products from the source; indicators related to raw material consumption and resource efficiency are included in the development phase, and records the observed values in small-scale and pilot tests; in the final stage, comparison between observed and theoretical values is used as a reference to summarize issues and figure out a way to future optimization. The Company continuously invests in green and environmentally friendly product research and development.

### Green raw material alternatives

We highlight the selection and optimization of raw materials and thus screen green materials that are natural or modified, synthesized biologically and degradable, reflecting our commitment to sustainable development.

### Process greening

We deploy techniques related to green development, such as enzyme catalysis, energy saving, and consumption reduction. Enzyme catalysis refers to the enzyme as a catalyst replacing traditional ones, which is a milder reaction reducing 60% emissions; great efforts are made to introduce a heat pipe heat exchanger, variable frequency-based energy saving, heating system and adjust motor power, lowering energy consumption and increasing the ratio of green devices.



### Development of economically efficient process

Measures we take to optimize traditional techniques are to improve reaction efficiency and recovery of solvents while consumption of raw materials is reduced and efficiency of solvents increased, which results in not only economic benefit but also reduction in emissions and resource saving.

### Waste and pollutant reduction

We focus on waste management and reduction of waste production largely through optimized production processes and technical innovation. Upgrade advanced equipment and maximize the efficiency of energy to reduce emissions; recover bromine-containing wastewater for the preparation of intermediates, reducing bromine discharge from the source and conducive to energy saving and environmental protection. A comprehensive transition to green production is gradually realized.

COSMOS Concept in Green Chemical Research and Development

We believe that renewable and recyclable raw material products provide a pillar to achieve the industry's future sustainable development. Thus, the Company is active in taking part in the development of emerging fields, like biosynthesis, and tries to minimize the environmental impact of products in their full life cycle by exploring and seizing opportunities to apply renewable resources in chemical synthesis and improving the atom utilization rate. Taking into consideration indicators such as the Renewable Carbon Index (RCI) and Nature Index, it has shaped a green product ecosystem with its own characteristics, developing green products conducive to a better life for people.

### COSMOS Focuses on and Designs a Layout for Biosynthesis in an Active Way

The Company has made a thorough comparative analysis of the characteristics of different chemical techniques, finally identifying green, safe, and environmental attributes that significantly distinguish biosynthesis from chemical synthesis and plant extraction. Consequently, it gradually increases investments in research and development of biosynthesis as it targets the frontier of the market and actively develops bio-synthetic technologies and products

**20+**  
professional  
R&D personnel

**3**  
products in  
preparation

## Sustainable Supply Chain

Fully understanding the importance of a stable and reliable supply chain to its sustainable development, COSMOS contributes continuous efforts to the optimization of supplier lifecycle management and improves supply chain resilience via close communication and cooperation with suppliers. It engages in sustainable procurement, taking ESG factors into consideration, which is a responsible way to procure raw materials and deliver positive environmental and social impacts throughout the value chain.







## Supplier Lifecycle Management

The Company has established a sound supplier management system and formulated the *COSMOS Supplier Management System (General Provisions)* guiding the implementation of diversified management, environmental protection and sustainability, and compliance and business ethics. The action reflects its commitment to long-term cooperation with suppliers who are committed to sustainability. We established standardized and procedural requirements for supplier development, onboarding, evaluation, and performance assessment. They are helpful for preventing supply chain risks and the continuous progress of suppliers in sustainable development by providing requirements in quality, business ethics, environmental protection, and labor rights.

Strict sustainability-oriented procurement standards are set for potential suppliers. It is the responsibility of the Procurement Department to conduct comprehensive evaluations and risk screenings as per *Risk Grading Table for Sustainable Procurement Issues* and organize on-site inspections as appropriate in such dimensions as supply capacity, quality capacity, compliance and confidentiality, business ethics, commercial bribery, labor protection, occupational health and safety, environmental protection, and social responsibility. Only those assessed with "low risk" can become supplier candidates. Additionally, any potential suppliers who engage in issues on the list of "zero-tolerance issues" will be rejected by the Company under the one-vote veto mechanism.

The Company continuously monitors and regularly updates the dynamics of suppliers that have been approved by category according to their operational risks. As a result, non-compliant activities can be discovered promptly, and relevant responses are required to rectify, suspend, or terminate cooperation. In addition, we provide regular assessments of supplier performance in terms of cost, quality, delivery, service, technology, safety and environmental protection, and sustainability, and determines supplier tiers based on evaluation results and implements tier-specific incentives or penalties: excellent suppliers are allowed to participate in annual awards and commendations and enjoy correspondingly increased cooperation activities while counterparts with poor performance are punished with reduced or terminated cooperation.



ESG Topics	Zero-Tolerance Issues
 Environmental protection	<ul style="list-style-type: none"><li>Enterprises have been involved in environmental incidents that resulted in asset seizures, production restrictions, suspensions, or shutdowns, or where relevant personnel were subject to administrative or criminal penalties, and the non-compliant projects have not been effectively resolved or the related administrative penalties remain in effect</li></ul>
 Human rights	<ul style="list-style-type: none"><li>Enterprises engaged in the employment of child labor or forced labor</li></ul>
 Labor protection	<ul style="list-style-type: none"><li>Enterprises have experienced collective labor incidents or other major labor compliance issues that have not been effectively resolved</li><li>Enterprises have experienced major production safety incidents that have not been effectively addressed</li></ul>
 Fairness	<ul style="list-style-type: none"><li>Enterprises are involved in unresolved intellectual property disputes</li><li>Enterprises, their actual controller, or senior management have engaged in acts of dishonesty or breach of trust</li></ul>
 Business ethics	<ul style="list-style-type: none"><li>Enterprises are involved in unresolved cases of corruption or bribery</li></ul>
 Customer Rights	<ul style="list-style-type: none"><li>Enterprises have experienced major product or service quality incidents within the past 2 years</li></ul>




List of “Zero-Tolerance Issues” for COSMOS’s Suppliers

## Supply Chain Risk Management

COSMOS makes continuous efforts to improve the identification and prevention and control of ESG risks in the supply chain, implements risk management throughout the entire supplier management process. and works together with suppliers to build a responsible and sustainable supply chain.

We make it clear in the *Rules for Procurement Due Diligence* that ESG dimensions in quality control systems, safety and environmental protection measures, labor rights safeguards and business ethics compliance are included in the assessment of supplier approval. Questionnaires, on-site reviews, and other methods are used to collect details of supplier management practices to compile due diligence reports. In the course, members of the Sustainability Promotion Group professionally support the procurement department so that it can assess the potential ESG risk classification and grades of suppliers in an all-around way. In routine management, we normalize attention to the environmental and social responsibilities of suppliers via information disclosure platforms and tools, update evaluations as appropriate, and regularly review qualified suppliers to ensure that their ESG management is compliant with our sustainable procurement requirements. As necessary, actions are taken for supplier-specific risk assessments, including telephone/letter verification, on-site/online inspections, and third-party audits, all of which are designed to prevent ESG risks in the supply chain.

The Company classifies the ESG risk rating of suppliers into three grades and implements corresponding measures, such as supplier training, rectification, and review, to make sure ESG risks of the supply chain are controllable. In 2024, we conducted ESG due diligence and risk assessments on 65 suppliers (including 13 newly onboarded suppliers) and found no suppliers engaged in significant environmental and social risks related to environmental violations leading to shutdowns child labor, or forced labor, etc.

	<b>High risk</b> <ul style="list-style-type: none"><li>Inform suppliers of existing ESG risk factors and of the decision to temporarily suspend cooperation until the ESG risk is downgraded</li></ul>
	<b>Medium risk</b> <ul style="list-style-type: none"><li>Inform suppliers of existing ESG risk factors, and propose improvement goals and requirements</li><li>Provide sustainable governance training, as accepted by suppliers, and guidance on improvement practices</li></ul>
	<b>Low risk</b> <ul style="list-style-type: none"><li>Include in the candidate supplier list and upgrade the ESG risk grade of supplier candidates continually</li></ul>

ESG Risk Grading Management of Suppliers

Sustainable Procurement

Regarding sustainable procurement as a significant component of its business operation and management, COSMOS formulated the *Sustainable Procurement Policy* with reference to ISO 20400 Guidelines for Sustainable Procurement and obtained the industry's first ISO 20400 Sustainable Procurement Performance Evaluation Statement. Key considerations included in the performance assessment are environmental protection, labor rights, health and safety, operational compliance, and other elements as per procurement decisions. It is made clear in the cooperation process what ESG requirements are for suppliers and specified in contract terms that environmental violations, infringement of human rights, corruption, bribery, and the like are totally unacceptable. The Company encourages its employees and partners to take an active part in sustainable procurement practices and monitor, complain or report any violations of regulations and requirements. In conclusion, concerted efforts are necessary to maintain and promote a sustainable and responsible business environment.

The Company favors suppliers with high ESG performance and gives priority to those with outstanding achievements in energy conservation and emission reduction, as well as practical rights protection. Targeting major forest products in production and operation, including wooden pallets, cardboard boxes, and A4 paper, it is committed to “zero deforestation” and promises to prioritize suppliers obtaining sustainable forest management certification by FSC (Forest Stewardship Council) and PEFC (Program for the Endorsement of Forest Certification Schemes), leading to the ratio of deforestation- and conversion-free (DF/DCF) products increased in procurement as a support for sustainable forest development. The ERP e-procurement system enables the Company to achieve 100% tracking and traceability of purchased products, of which the origins of production, batch number, and other information are recorded and stored. Regular quality inspections are conducted to confirm information accuracy and product safety. Furthermore, it keeps normal communication and exchange with key suppliers, making them understand that it highlights the importance of forest risk management and control, and requires suppliers to assess and report potential negative impacts on forests. It is joint work to establish a deforestation- and conversion-free (DF/DCF) forest supply chain.

COSMOS Sustainable Supply Chain Management Objectives

As of the end of 2028,

**90%** of key suppliers of raw materials obtain certification of the environmental management system

**100%** of tier 1 suppliers of major raw materials observe laws and regulations in employment

Signing rate of the *Supplier Code of Conduct* is up to

**90%**

Coverage rate of suppliers receiving social responsibility audits is not less than

**80%**

Standards/Certification COSMOS Prioritizes in Sustainable Procurement Decisions

Suppliers:



ISO 14001 Environmental Management System Certification  
ISO 45001 Occupational Health and Safety Management System Certification

Forest products:



FSC (Forest Stewardship Council) Certification  
PEFC (Program for the Endorsement of Forest Certification Schemes) Certification



In 2024, forest products accredited by FSC accounted for

**78.67%** of the total procurement



COSMOS ISO 20400 Sustainable Procurement Performance Evaluation Statement



# Customer Rights

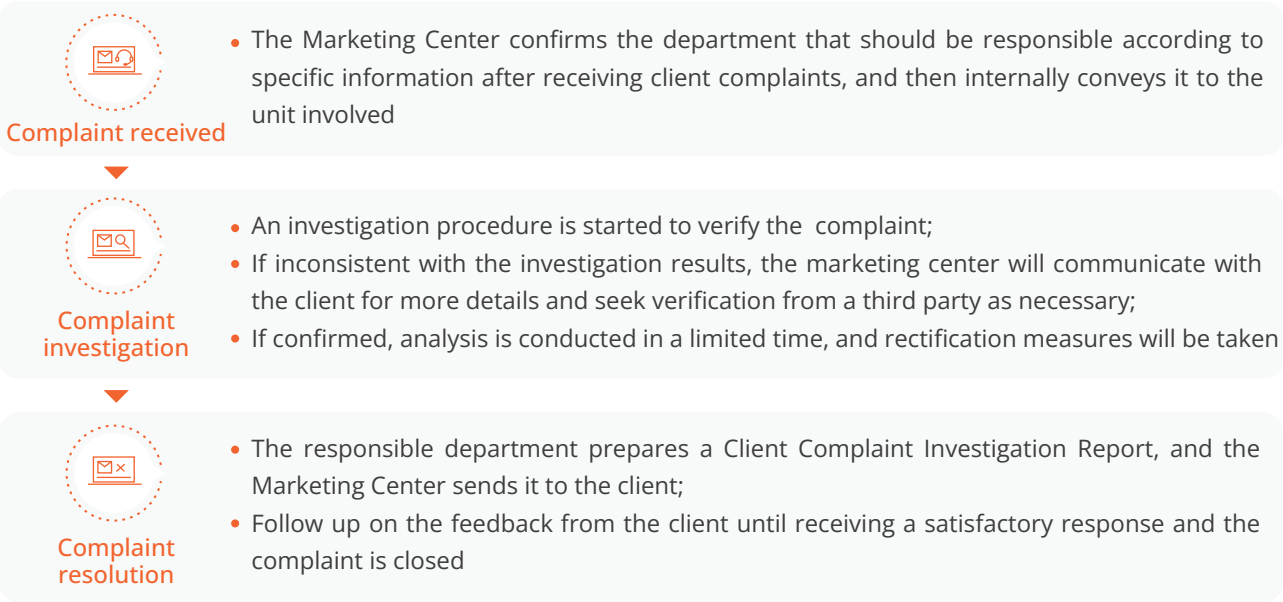
COSMOS continuously optimizes service processes and enhances service quality, establishing sound customer service standards, communication channels, and complaint handling procedures to proactively address customer needs. Upholding the principles of integrity and transparency in business, the Company ensures scientific and accurate information in customer interactions to build stable and long-lasting mutual trust with customers.

## Customer Communication Management

The Company is committed to establishing a sound and high-quality customer service system to ensure unobstructed communication channels with customers. Through email, telephone, and other means, we maintain regular communication by integrating methods such as customer visits, order tracking, post-purchase follow-ups, and satisfaction surveys. We collect customer needs and feedback in a timely manner, maintain customer profiles, and urge relevant internal departments to implement improvement measures to ensure the efficient and targeted delivery of our services.

The Company has systematically established a customer complaint handling mechanism. At the headquarters level, it has formulated the *Marketing Center Management Rules*, designating the Marketing Center as responsible for maintaining customer relationships. The Marketing Center ensures timely communication of client needs and complaints, tracks improvement progress, and provides feedback on results to continuously enhance overall customer satisfaction. At each production base, documents such as *Client Complaint Handling Procedures*, *Complaint Management Regulations*, and *Quality Complaint Handling Systems* are formulated to clarify the complaint resolution process—including receipt and analysis of complaints, issue investigation, and result feedback. These documents specify requirements for responsible parties and processing timeframes to ensure closed-loop resolution of customer complaints, covering all stages from initial reception to final resolution.

A client complaint record and management mechanism is also established at each production base, which facilitates access to recording and storage of each complaint in detail including issues complained, dates, type, cause, attribute of the impact caused, corrective and preventive measures taken, and serves as a basis for product and service quality enhancement. The Company sorts out and analyzes client complaints annually and reviews the effectiveness of corrective measures in case more efforts can be made for improvement. The client complaint handling rate was 100% in the reporting period.



# Responsible Marketing

Strict internal audits and training are provided to guarantee the accuracy and compliance of product and marketing information. COSMOS develops the *Product Identification and Traceability Management System*, defining that clear and complete product identifiers should be provided, as well as required details, including actual ingredients, compositions, recommended usage, and health and safety risks of the product. All technical documents involving specifications, such as Product Data Sheet (PDS) and Safety Data Sheet (SDS) must be provided or prepared by special quality management departments or external professional organizations, while other employees, if not authorized, are not allowed to edit or modify them.

Marketing materials, such as brochures and sample presentations in the exhibition, shall be internally reviewed and approved at different levels before being disclosed, to make sure all marketing activities are conducted in accordance with national and regional laws and regulations, social norms, and business ethics, and no exaggerated or misleading information is included. The marketing department periodically organizes certain training for internal marketing employees, external distributors, and other partners, who can learn basic product knowledge and market development trends. It is a strategy to enhance the professional quality of marketers. In 2024, 5 special training sessions were organized for internal marketing employees, covering topics such as themed oils, physical sunscreen, etc., enabling them to master related concepts and principles, accumulate basic scientific and professional knowledge, and carry out marketing activities with integrity and responsibility.

Case Study

COSMOS Organized Training and Sharing Session for Distributors

In October 2024, COSMOS held a distributor sharing session at COSMOS Anqing. It invited some distributors and shared specific knowledge about PO (Piroctone Olamine) and amino acid surfactants, intending to help representatives correctly understand the basic product information and use products in appropriate settings, ensuring scientific and standardized marketing communication during product promotion.



COSMOS Sharing Session for Distributors





# 04

## Environment: Shaping a Greener Future

COSMOS introduces the concept of green environmental protection into whole-process production and operation and makes every effort to support the global net-zero goal. The Company continues to enhance its environmental management system to proactively address climate-related risks and opportunities, enhancing the management of energy, water resources, pollutants, and waste. The Company, aimed at reducing the impact of businesses on the natural environment and ecology by means of technological innovation, works with partners to develop the model for green and low-carbon operations and build a clean and efficient industrial chain.

### UN SDGs Responded in this Chapter



### Material Topics in this Chapter

- Environmental Management
- Climate Action
- Energy Management
- Water Management
- Emission and Waste Management
- Biodiversity



# Environmental Management

Strictly complying with the *Environmental Protection Law of the People's Republic of China*, as well as other applicable laws and regulations, COSMOS incorporates environmental protection into its long-term development strategy. It manages and controls environmental risks from the source when engaging in production and manufacturing activities under the guidance of concepts of green, low-carbon, and sustainable development, continuously enhances environmental management capability, and scientifically coordinates environmental protection in its operations. The Company has contributed effective efforts to the fulfillment of environmental responsibilities.

## Environmental Management System

The *Environmental Policies* are formulated and define specific institutional requirements for actions taken to deal with climate change, energy management, pollutants and waste management. Applicable management documents are also prepared at the base level by taking into account environmental factors and used as a guide for management practices. As of the end of the reporting period, all four COSMOS bases have obtained ISO 14001 environmental management system certification and passed regular internal and external audits. It requires continuous efforts in upgrading and improving environmental management systems.



ISO14001 Environmental Management System Certification of Each Base

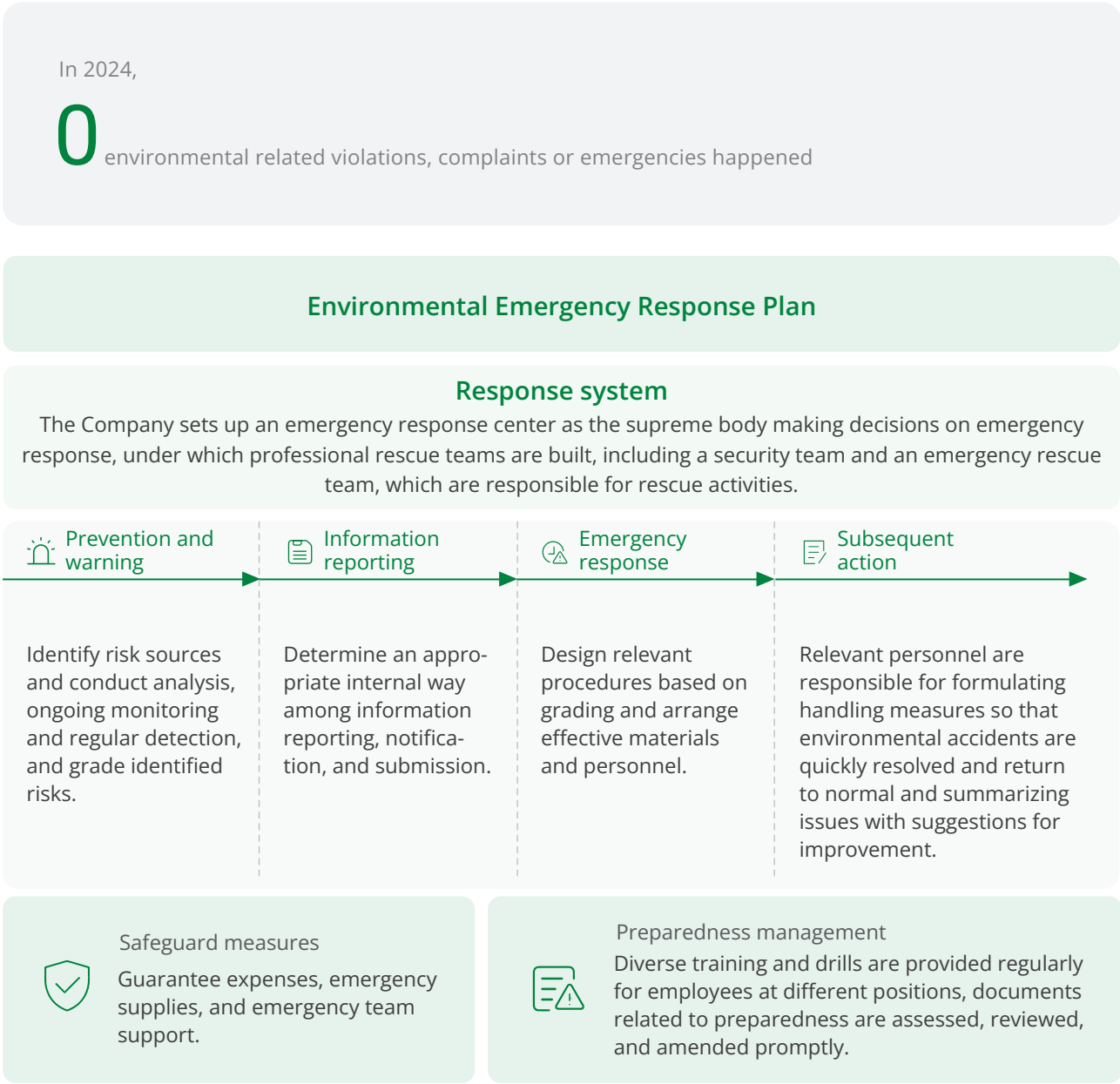
The environmental management framework is well established in a top-down design, empowering the Company's decisions to be put into good practices in bases. Clearly, environmental responsibilities at different levels are managed in a more systematic way. The Strategy and Sustainability Committee is responsible for coordinated work related to the supervision of policy implementation and environmental performance, and regularly reviews and updates environmental policies; The Sustainability Leadership Group assists in the internal implementation of environmental policies and provides regular evaluation for the effectiveness; The Sustainability Promotion Group engages in specific formulation, interpretation, and revision of environmental policies, ensuring the scientific, rational, and feasible nature; In practice, bases must execute on-the-ground activities for achievement of environmental goals and requirements, and accept internal and external supervision and inspection. As a result, a whole-chain closed-loop management system of “policy formulation-policy implementation-continuous optimization” comes into being.

COSMOS has set a three-year environmental goal related to such issues as energy management, emissions, and waste management. These goals are further broken down into specific tasks and targets by each production base, with related indicators serving as factors in employee performance evaluations to drive improvements in environmental management.

# Environmental Risk Management

The Company implements ongoing environmental risk management. Guided by internal regulations including the *Environmental Risk Assessment System* and *Environmental Risk Identification and Evaluation Procedure*, it identifies and evaluates significant environmental impacts, and takes targeted measures to deal with identified risks. Timely detection of environmental risks ensures that production and operation remain compliant with environmental standards.

We respond to environmental emergencies following the *Emergency Response Law of the People's Republic of China* and the *Management Measures for Environmental Emergency Response Plan Management in Enterprises and Public Institutions (Trial)*. Comprehensive emergency response preparedness and special plans covering water pollution, air pollution, and soil pollution are developed and optimized as a better guidance for the standardized and orderly response measures taken to prevent or minimize environmental damage. Through ongoing training and drills, we continuously enhance employees’ capability for emergency response and plan implementation.



### Case Study

#### COSMOS Suqian Provides Training on Environmental Risk Management to Strengthen Employees' Capability of Potential Environmental Risk Detection and Emergency Management

On January 25, 2024, COSMOS Suqian organized professional training on potential environmental hazard identification and emergency management with the purpose of deepening employees' understanding of environmental risk prevention and ecological security protection. It deeply analyzed core elements of identifying potential risks in key environmental aspects. In this case, employees' awareness of environmental responsibility was enhanced, along with their ability to handle environmental emergencies, and the internal environmental management system was improved.



COSMOS Suqian Held Training on Environmental Risk Management

## Develop Environmental Culture

Committed to integrating the concept of environmental protection into its corporate culture, COSMOS works to improve employees' environmental awareness in their routines and encourage employees to make their individual efforts toward a greener and better future. In an endeavor to build a green office oriented at energy saving and sustainable development, the Company develops electronic systems to reduce paper consumption and optimize energy management and prioritizes the procurement of recyclable office supplies. In 2024, a *Proposal on Energy Conservation and Consumption Reduction* was released, which specifies actions for energy conservation and emission reduction, and proposes that employees who put forward feasible suggestions and good practices should be awarded. Moreover, comprehensive training and education plans for environmental protection, involving environmental laws and regulations, hazardous waste disposal, promotion of water conservation and environmental protection, green production promotion, etc., are formed and provided as continuous efforts to increase the environmental knowledge and practical ability of all employees.

### Case Study

#### SINOBEST Held Training on Environmental Protection to Improve Management

SINOBEST conducted multiple specialized training sessions in 2024, with a total of 305 employees trained. The training covered regulations on wastewater management, solid waste management, soil and groundwater hazard investigation, as well as green production audits, etc. On 5th September, SINOBEST offered special training on environmental protection and hazardous wastes, interpreting solid waste related documents and environmental issues and management requirements that easily arise in the production process. The training was aimed at ensuring that production and operation activities strictly comply with national and local environmental regulations.



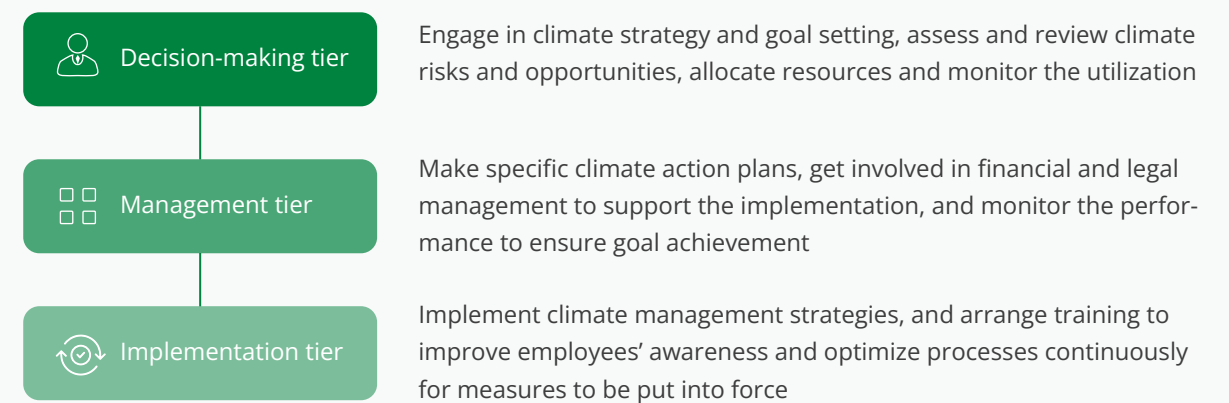
SINOBEST Conducted Environmental Training and Activities

## Climate Action

Climate change remains a major challenge facing the whole world today. Keenly aware that climate-related risks may cause profound impacts on the global environment and community, COSMOS knows it is urgent and necessary for businesses to take climate action as a part of society. Thus, it works gradually to establish a climate governance framework and proactively to identify and grasp climate risks and opportunities, reduce emissions and disclose performance assessments from CDP questionnaires, as a committed supporter of the *Paris Agreement* and Chinese commitment to "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060".

## Climate Governance

For climate governance, COSMOS establishes a comprehensive and systematic management framework and reporting mechanism, guaranteeing its steady progress in sustainable development. The Strategy and Sustainability Committee, reporting directly to the Board of Directors, provides support for effective sustainability governance and decision-making advice. Climate change topics have been incorporated into the corporate governance framework to review the Company's response to climate change, including goal setting, policy and strategy formulation, performance, and progress. On a regular basis, the committee supervises and guides TCFD-based scenario analysis, inspect and directs the assessment process of climate dependence, impacts, risks, and opportunities, sets emission reduction targets, and promotes environmental protection projects to address climate challenges by providing practical support.



COSMOS Climate Governance Framework and Responsibilities

## Climate Risks and Opportunities

COSMOS uses a systematic way to identify and evaluate climate-related risks and opportunities varying in its main operation bases, and thus it is clear about key areas that should be prioritized. Based on the findings, it has shaped and gradually upgraded a comprehensive set of response measures to enhance climate resilience and reduce the impact of climate risks on businesses. Dedicated to participating in the low-carbon transformation trend, the Company actively explores potential markets and technological opportunities arising from climate change.



Acute Risks	
<div></div> <div>Extreme heat events</div>	<ul style="list-style-type: none"><li>• Potential impact: Extreme heat events are defined as a period of unusually high temperatures that significantly exceed historical norms, also referred to as heatwaves, influencing the environment and industrial production greatly. Such heat can increase safety risks and instability in production efficiency and equipment.</li><li>• Responses: Make a Preparedness Plan, and conduct regular drills to prevent possible safety accidents, including heatstroke, and fire disasters; Improve the efficiency of temperature control equipment to ensure stable production of raw materials and products.</li></ul>
<div></div> <div>Tropical cyclone</div>	<ul style="list-style-type: none"><li>• Potential impact: Tropical cyclones come with strong winds and rainstorms, resulting in damage to corporate facilities and production interruption.</li><li>• Responses: Make a Preparedness Plan and respond to typhoon warnings promptly so that measures are taken to restructure buildings and facilities in advance, and reserve sufficient emergency materials such as sandbags, drainage pumps, raincoats, and rain boots.</li></ul>
<div></div> <div>Extreme precipitation</div>	<ul style="list-style-type: none"><li>• Potential impact: Extreme precipitation results in manufacturing and supply chain disruptions and potentially influences the transportation of raw materials and products, inviting a significant impact on production and operation scheduling as well as timely delivery.</li><li>• Responses: Optimize water supply and drainage systems, with more efficient water treatment processes applied to enhance wastewater collection and treatment; Plan for material reserve and supply and adjust strategies with suppliers annually to ensure earlier delivery or quantitative storage for production completed on time.</li></ul>
Chronic Risks	
<div></div> <div>Water shortage</div>	<ul style="list-style-type: none"><li>• Potential impact: Water shortage is the lack of available water resources, which may cause restrictions on a corporate production scale, a risk of process interruption, and increased operating costs.</li><li>• Response: Prepare documents including the <i>Water Management System</i> as a guide to improve water efficiency and recycling; Choose water-saving systems and appliances that are more efficient in water use, increase water reserves, and explore alternative water sources.</li></ul>
<div></div> <div>Global warming trend</div>	<ul style="list-style-type: none"><li>• Potential impact: The global warming trend refers to the long-term increase in the planet's overall temperature. Enterprises may face more costs in energy consumption as they try to maintain a stable and appropriate environment for production and storage.</li><li>• Response: Engage in process optimization for increasingly improved energy efficiency in the production process and actively increased the proportion of renewable energy.</li></ul>

<div></div> <div>Transition risks</div>	<div></div> <div>Policy</div>	<ul style="list-style-type: none"><li>• Potential impact: Stricter emission standards and complicated compliance requirements may lead to increased costs and operational adjustments in the operating base and make products subject to stricter access and affect their competitiveness.</li><li>• Response: Pay close attention to evolving policies to earlier plan for green technological upgrading and reduce greenhouse gas emissions, and strengthen internal compliance management according to the latest regulatory requirements whereby potential legal risks can be decreased.</li></ul>
	<div></div> <div>Market</div>	<ul style="list-style-type: none"><li>• Potential impact: As client demand for green products grows increasingly, the Company may lose its shares and competitiveness in the market if it fails in timely incorporating carbon footprint management in the product lifecycle and reduction in product-related carbon emissions.</li><li>• Response: Integrate the concept of green development into the whole-process product research and innovation, serving as an active measure to promote the development of green and low-carbon products.</li></ul>
	<div></div> <div>Technologies</div>	<ul style="list-style-type: none"><li>• Potential impact: New low-carbon technologies may encounter issues such as research and development failures, cost overruns, and immature processes.</li><li>• Response: Make greater efforts to study the feasibility of new technologies, and assess the research direction and applicability in the project approval.</li></ul>
	<div></div> <div>Reputation</div>	<ul style="list-style-type: none"><li>• Potential impact: A history of poor environmental performance or green transformation at a slow pace may damage the corporate image, leading to a decrease in client trust and market share.</li><li>• Response: Publicly disclose corporate environmental commitments and progress on official websites, sustainability reports, CDP questionnaires, and other channels to improve transparency and establish effective communication mechanisms.</li></ul>
<div></div> <div>Transition opportunities</div>	<div></div> <div>Products and services</div>	<ul style="list-style-type: none"><li>• Potential impact: The demand for sunscreen, the main product, may increase and lead to revenue growth in the context of global warming.</li><li>• Response: Actively investigate market demand, and invest in research and development of efficient and environmentally friendly formulas for favorable brand competitiveness.</li></ul>

List of Transition Risks and Opportunities

## Commitment to Emission Reduction and Progress

As a supporter of the Science Based Targets Initiative (SBTi), COSMOS commits to advancing emission reduction across the value chain over the next 5-10 years. To keep its climate change response strategy in line with the goal *Paris Agreement* set to limit the increase below 1.5 degrees Celsius, it evaluates climate management performance systematically with CDP questionnaires, discloses its progress to stakeholders, and continues to optimize internal management.

The Company works together with partners in the upstream and downstream value chain to reduce emissions toward the transition to low-carbon development, for which it contributes sustained efforts to a well-established carbon management system and conducts emission reduction projects. The comprehensive audit and review were arranged on group-wide carbon emission data in 2024, providing basic information and support for understanding the current emission situation and formulating emission reduction strategies. It is also a basis for the Company to further plan future emission reduction details with a road map for the implementation, and continuously follow up on the progress it makes in greenhouse gas emission reduction. In this case, it is capable of effectively fulfilling its climate responsibilities and commitments.

Indicators	Unit	2024
Direct GHG emission (scope 1)	Ton of CO <sub>2</sub> equivalent	22,814.13
Indirect GHG emission (scope 2)-location based	Ton of CO <sub>2</sub> equivalent	190,135.34
Indirect GHG emission (scope 2)-market based	Ton of CO <sub>2</sub> equivalent	190,441.60
Other indirect GHG emission (scope 3)	Ton of CO <sub>2</sub> equivalent	361,098.26
Total GHG emissions (scope 1+scope 2+scope 3)-market based	Ton of CO <sub>2</sub> equivalent	574,353.99

COSMOS GHG Emissions

### Case Study

#### COSMOS Sticks to Engaging in CDP Questionnaire Responses for Years and Gives Full Support to Transparent and Credible Disclosure of Environmental Data

The year of 2017 was a start when the Company began to complete a CDP questionnaire and disclose to stakeholders its strategies, practices, and performance in environmental management related to climate change, forest and water resources, promoting environmental action in the value chain, Since then, it has dedicated itself to a sustainable future of net zero emissions, zero deforestation, and water security by integrating environmental protection in the value chain. The sustained and transparent disclosure has been recognized by CDP and stakeholders, as demonstrated by securing CDP A List for Leading Climate Action and being honored as a Sustainability Disclosure Supporter of 2024 in this reporting period. In the future, joint efforts will continue with CDP to promote transformation into sustainable development in the business sector and contribute to the global sustainable development.



As the founder of environmental reporting, CDP is dedicated to building a world where people, planet and profit are truly balanced. We greatly appreciate the support of COSMOS in our efforts to continue pioneering transparency, powering corporate environmental action.

Transparency drives action at all levels. Within two years of an investor request, companies disclosing through CDP reduce their direct emissions by 7-10%.

Disclosure is far more than a box to tick. It's a tool to see clearly, act decisively and create change. If we are to solve the environmental crisis, disclosure data must be a tool every organization – large or small - has in their kit.

Transparent disclosure holds the key, meaning that now this commitment from COSMOS is more important than ever. With the support of COSMOS, we can collect the data needed to surface new information, enabling you to make Earth-positive decisions to protect future generations.

Simon Fischweicher, Chief Delivery Officer, CDP



# Energy Management

COSMOS strictly acts with the *Law of the People's Republic of China on Energy Conservation* and other applicable laws and regulations, and develops an energy management system in accordance with the ISO 50001 standard, as well as institutional documents of *Energy Performance Assessment Measures*, *Energy Procurement Approval Management System*, and *Energy Consumption Quota Management System*. With the documents as guidance in practices, four COSMOS bases obtained ISO 50001 energy management system certification as of the end of the reporting period and identified weaknesses that could be improved through internal energy performance assessment, audit, and management review, which are helpful for the Company to continuously optimize management.



ISO 50001 Energy Management System Certification of Each Base

Under the leadership of each General Manager, all bases coordinate with relevant departments to establish and disseminate annual energy consumption targets, enforce energy management protocols across workshops, and systematically collect and report energy performance metrics. Bases focus on the level of energy intensity measured by energy consumption per unit of product, and encourage factories and relevant departments to take an active part in energy-saving and emission reduction tasks by signing *Energy Savings Performance Agreement* with them.

The concept of energy conservation and low-carbon development is integrated into production, manufacturing, and office operations. To be specific, sustained efforts are made in dimensions of production equipment, techniques and processes, and digital systems to explore the potential of energy efficiency and recycling and put energy management into effective force. The Company will develop short-term and medium-term energy-saving goals at the group level that are consistent with climate targets, and follow up on the progress of energy conservation and consumption reduction to make sure the energy management goals are realized.



Equipment alteration

- Gradually decrease the proportion of high-energy-consuming facilities and equipment used and introduce energy-efficient condensers, steam traps, motors, energy-saving LED lights, etc.
- In 2024, COSMOS Ma'anshan began to use VFD compressors and conducted a nitrogen generator retrofit in phases. More than 5% of reduced electricity consumption and enhanced system stability result in extending service life of the machine and improved nitrogen efficiency



Process optimization

- Improve reaction conditions and catalyst formulation so that the conversion efficiency of reactions is higher and raw material loss and material handling capacity are reduced
- Make reasonable production schedules, which involves designing optimization strategies based on product properties and improving the production line efficiency to the largest extent
- Completely utilize thermal energy resources in production to reduce thermal energy loss, which is about waste heat recovered from incinerators, steam condensate recycling, and steam jacketing being replaced by hot water tracing, etc.



Intelligent metering system

- Apply intelligent energy metering systems in SINOBEST and COSMOS Ma'anshan, which is a digital technology capable of monitoring energy usage more accurately. The system will be further put into force on other bases

COSMOS Practices in Energy Saving

## Case Study

### SINOBEST Recycled Waste Heat Resources

SINOBEST considered the reuse of waste heat, as many steam heating devices used in the production process led to a large amount of trapped steam being directly discharged as wastewater. A temperature-controlled heat exchange device could recover the steam as heat source water for heating and drying the internal circulating water. In this way, the waste heat from trapped steam is fully utilized. The exchanger can be supplemented by an automated controller to achieve automatic temperature control and gradient drying, effectively saving energy.



Temperature-Controlled Heat Exchange Device

Case Study

COSMOS Ma'anshan Renovated Sustainable Water Heating System

COSMOS Ma'anshan fully utilized locally available renewable solar energy to optimize and upgrade the water heating system. In the base, upgrading of the water heating system supported by renewable solar energy and an air-source heat pump with auxiliary heat has contributed to a significant reduction in its reliance on traditional electricity, and decreased the power consumption of the water heating system by more than 15%. It not only improves energy efficiency but also makes a positive contribution to green development and sustainable operation.



COSMOS Ma'anshan  
Renovated Sustainable Water Heating  
System

Water Management

According to laws and regulations including the *Water Law of the People's Republic of China* and *Regulations on Water Saving*, COSMOS is concerned with the impact of corporate water resource utilization on the environment, and thus it strengthens management in metering and monitoring, promotion to enhance awareness of energy saving, and performance indicator assessment. With all of these efforts, we are committed to the protection and conservation of water resources.

Prioritizing water stewardship through comprehensive risk management, the Company evaluates the rationality of water supply and utilization in production and operation, and uses municipal water as the main source of water supply, rather than engaging in the exploitation of surface water and groundwater that causes adverse effects on local water bodies. It identifies water-related risks using the water risk mapping tool from the World Resources Institute (WRI), which shows that no main COSMOS production and operation bases at home are located in a place facing water scarcity.

In order to minimize the consumption of freshwater, the Company installs water-saving devices and systems, upgrades processes and applies new technologies in an active way to monitor production and operation links in which water waste and loss occur, under the guidance of documents *Water Saving Management System* and *Reasonable Water Management System* that it prepares at the base level and that mention factors like water recycling and saving processes to be considered in the project planning and design phase.

In addition, the Company considers the increased use of clean energy by taking into account resource conditions and policy support in operating bases. It provides positive contributions to the transition to economic and social low-carbon development by purchasing green electricity. In 2024, the Company purchased 4,419.8-MWh of green electricity as a support for renewable energy consumption in China. Also, we make sustained efforts with a target set for renewable energy utilization: By 2028, the ratio of consumed renewable energy will increase by 15% compared to 2023.



Green Electricity Consumption Certificate of SINOBEST

In 2024, Direct energy consumption reached

24,097.28 MWh

Indirect energy consumption reached

432,730.11 MWh

including

4,419.80 MWh of purchased  
green electricity



Management measures

- Set a water-saving target and establish financial incentives for employees achieving water-saving performance or proposing effective water-saving solutions
- Audit water utilization, test water balance, explore water transfer path, distribution, and efficiency to tap the corporate potential of water saving
- Regularly inspect whether water supply and utilization equipment runs normally, to promptly identify equipment failures, leakage hazards, non-compliant operations, and accordingly design improvement plans
- Promote environmental protection to strengthen employees' awareness of water saving



Actions and practices

- Install water-saving devices and systems to improve water efficiency, for example, a spraying system optimized with water-saving sensors in the warehousing zone, which makes used water collected and reused easily
- Promote water recycling with process improvement and optimization, eg. steam condensate water recycled for cooling and flushing



Case Study

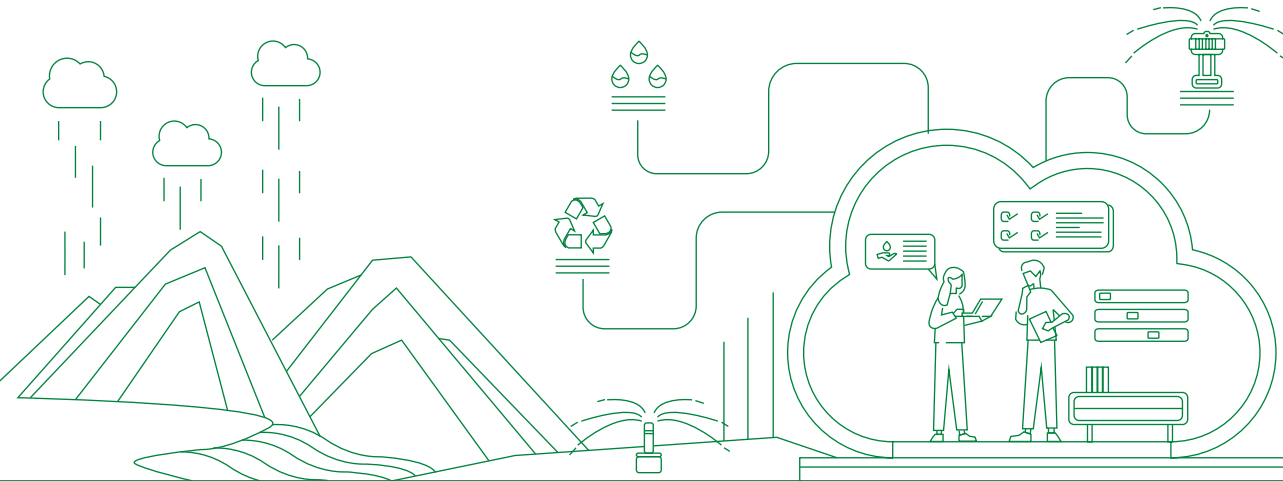
SINOBEST and COSMOS Ma'anshan Made Greater Efforts in Water-Saving Practices

Aimed at developing a water-saving enterprise, SINOBEST and COSMOS Ma'anshan build a team leading energy-saving activities, which is responsible for systematic arrangement and coordination in bases, as well as a team leading water-saving activities in factories that designates a part-time manager as a part of the management network, ensuring orderly practices.

The water-saving team also analyzes links of water use to identify water-saving opportunities and improve the water reuse rate. For example, the spraying system optimized with water-saving sensors in the warehousing zone raises efficiency while reducing water consumption; reclaimed water pumps and collection sumps are used, leading to reduced consumption of approximately 10,000m<sup>3</sup> per year; steam condensate water is recycled for cooling and flushing, with the water recycling rate increased.



COSMOS Ma'anshan Deploys Reclaimed Water Pumps and Collection Sumps in Tank Farm



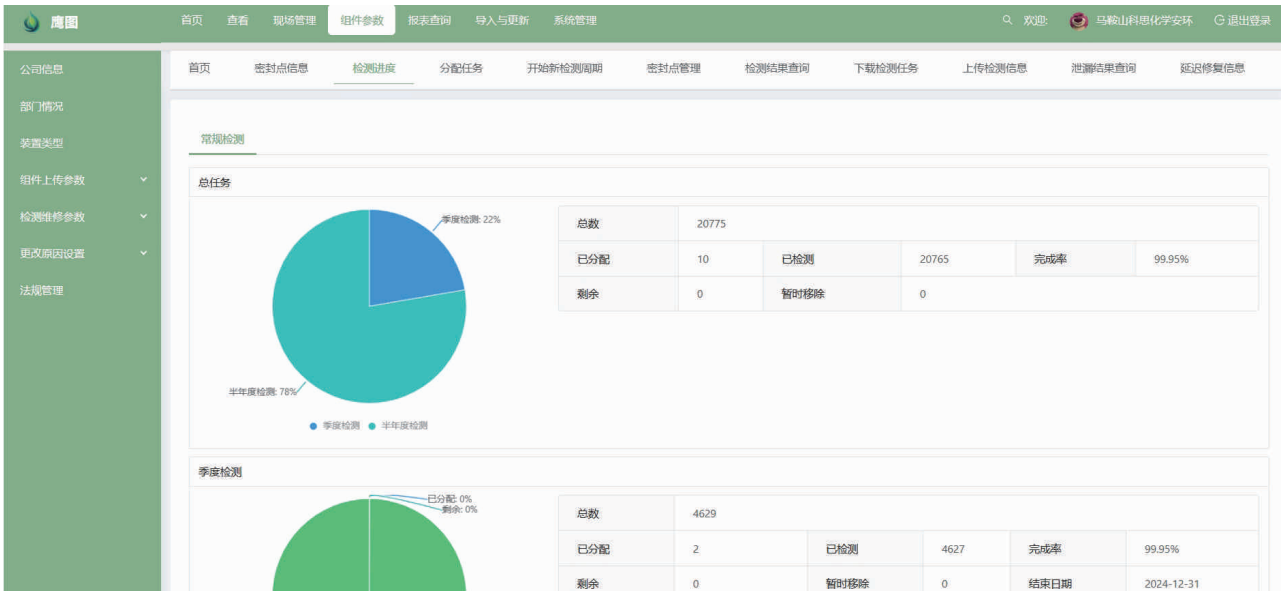
Emission and Waste Management

COSMOS manages its pollutant and waste discharge strictly in accordance with applicable laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on Prevention and Control of Water Pollution*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution of Solid Wastes*, and *Standard for Pollution Control on Hazardous Waste Storage*. It is a whole-process effort to prevent pollution from the source, govern the discharge at the end, ensuring compliance with emission regulations while continuing to pursue process and technological innovation for higher-level governance of waste gas, wastewater and industrial residue.

Waste Gas Management

The waste gases generated at COSMOS bases are mainly from chemical reactions and natural gas combustion in workshops, of which the pollutants include VOCs (volatile organic compounds), particulate matter, etc. The industrial waste gas is recovered via condensation and then treated mainly in RTO (Regenerative Thermal Oxidizer), and some halogen-containing waste gas is treated separately by post-condensation adsorption or post-condensation photocatalysis; Natural gas undergoes low nitrogen combustion until it meets emission standards. With management documents of *Waste Gas Management Regulations* and the *Water, Air, and Noise Pollution Prevention and Control System* formulated and implemented, the Company tries to ensure compliant generation, collection, disposal, and discharge of waste gas.

The Company increases efforts to manage VOCs emissions, as demonstrated by LDAR (Leak Detection and Repair) procedures performed in bases. It is clarified that operational processes and technical requirements involving device analysis, material analysis, information collection, and repair management must be followed to control unorganized VOCs emissions from the source. In 2024, COSMOS Suqian renovated and optimized its VOC disposal equipment with the addition of a silicone rubber seal to RTO valves, which enhances RTO sealing performance and efficiency and further reduces VOCs leakage by changing a "rigid" seal to a "soft" one. The renovation leads to a more than 40% reduction in daily VOCs emissions. COSMOS Ma'anshan develops a VOCs data management platform, on which information about components, detection, leakage, repair, and emissions can be efficiently managed in a comprehensive, modular, and visual way.









## Waste Water Management

COSMOS is concerned with the impact of wastewater discharge on the environment, and strictly rejects the direct discharge of sewage into water bodies, following the basic requirement of “separating stormwater and clean water respectively from sewage”. Each base has built a wastewater treatment station to collect wastewater, including process wastewater, washing wastewater, and domestic sewage, and dispose of wastewater by classification based on types and quality to ensure that major pollutants such as COD (chemical oxygen demand), ammonia nitrogen, and total nitrogen discharged into the municipal sewage system must meet regulatory standards. The bases formulate strict internal policies for waste management in the actual operation, in an endeavor to make its capability of wastewater disposal above the average regulatory and industrial level, and aims to minimize the impact of wastewater discharge on the water environment with advanced technology to reduce pollutant concentrations.

Under requirements for in-process wastewater generation, collection, treatment, and reclaiming specified in *Waste-water Management Procedures*, *Unauthorized Wastewater Discharge Management Regulations* and other documents, the Company monitors the quantity and quality of wastewater disposed and ensures the stable operation of the station. Besides, projects are conducted actively for wastewater reduction and comprehensive utilization in all bases, turning out to be useful with the improved efficiency of wastewater treatment and utilization that reduces the amount of wastewater generated. For example, the wastewater treatment facility anaerobic tower and hydrolysis acidification tank built in COSMOS Anqing can accelerate the degradation rate of wastewater and improve the treatment capacity through a pulsed feeding system; SINOBEST and COSMOS Ma'anshan collect clean wastewater generated in production and operation and reuse it in the production system to improve utilization efficiency.

## Solid Waste Management

COSMOS manages its wastes under the principle of “reduce, reuse, and recycle”, formulates management documents including *Solid Waste Management Regulations*, *Hazardous Waste Pollution Prevention and Control Responsibility*, *Hazardous Waste Management System*, *Waste Recycling and Recycling*, etc., which provide a basis for waste management in fine classification. We require that sources and types of wastes generated are identified, and wastes are collected, stored, transferred, and disposed of as per corresponding requirements, with the target “100% compliance” guiding waste management practices.

Type	Item	Handling
 Hazardous wastes	Distilled residue, waste activated carbon, waste packaging bags, waste reagent bottles, salted waste, sewage sludge, etc.	Temporarily stored in a dedicated hazardous waste warehouse, with warning signs set up at hazardous waste generation and storage plants, and promptly sent to a qualified third party for transportation and disposal
 General industrial solid wastes (non-recyclable)	Construction waste, waste packaging strips, etc.	
 General industrial solid wastes (recyclable)	Waste screws, waste blades, waste metal shavings, waste organic glass scraps, waste plastic bags, waste nylon rods/strips, etc.	Classified and stored centrally according to whether it can be recycled, transported, and disposed of by government departments or qualified third parties
 Household wastes	Waste plastic cups, used pen refills, waste cardboard boxes, etc.	

COSMOS List of Solid Wastes by Classification



We contribute our continuous efforts to lower environmental pollution from waste disposal by reducing the consumption of material resources and waste at the source to promote the recycling of waste. Hazardous waste produced in production and manufacturing deserves attention because of their corrosive and flammable nature, and the Company further prevents and reduces environmental risks at the source based on 100% compliant disposal.

COSMOS Suqian optimizes its production processes by reusing concentrated waste sulfuric acid. With the improved efficiency of material utilization, a reduction of 650.47 tons in waste sulfuric acid production was achieved in 2024. In routine work, a dedicated zone is set for “express packaging recycling” in the office, where packaging boxes and shockproof bubble films from ordinary express packaging are collected and reused for express delivery.



Optimized design

- Design a scheme for the recycling and reusing of solvent materials by taking into account the recycling system and exhaust gas processing system, according to which solvents collected from different sources are managed by classification and recycled to reduce the generation of hazardous solvent wastes.
- Provide an optimal packaging solution based on the variability of intermediates and products produced in different factories and production lines, which can save the packaging space and avoid unsustainable packaging; customize intermediate bulk containers for solvents or intermediates in internal factories that require regular intermediate handling, reducing the waste of in-process packaging materials.
- Assess and analyze the need for packaging materials used in different production lines to balance the use of packaging materials like bulk bags and reusable drums and achieve flexible allocation and secondary use.



Process upgrading

- Develop the optimal mixing ratio of main raw materials in production to improve the step yield; Give full consideration to the recycling and reusing of materials, including catalysts, antioxidants, and mother liquor for the purpose of material saving.

COSMOS Anqing’s Actions in Improving Material Efficiency

Case Study

Recycling of Sodium Methoxide Packaging Drum Advanced the Cost Reduction and Efficiency Growth

COSMOS purchased nearly 2,000 tons of sodium methoxide as one of the main raw materials used in production each year. The materials, supplied in 120 kg iron drums, need about 16,000 drums theoretically in one year. COSMOS reuses the packaging drums in practicing the concept of recycling until it is time to replace new ones when meeting the scrap requirement. Due to the recycling strategy, the Company only needs 1,500-2,000 drums used in rotation each year, which, instead of all new containers, leads to a reduction of more than 80% in the use of packaging containers and cuts packaging costs by about 1.6 million yuan. It is a win-win result of the reduction in both resource consumption and operating costs.

Ecological Protection

In accordance with applicable laws and regulations, including the *Law of the People’s Republic of China on Environmental Impact Assessment* and *Regulations on the Administration of Environmental Protection Related to Construction Projects*, COSMOS conducts comprehensive assessments on the environmental impact of new, renovated, and expanded projects involved in production and operation. Considering the impact of project construction and operation on local species and habitats, as well as the surrounding ecological environment, the formulation of protection measures and action plans is based on environmental assessments.

The Company engages in risk identification with specific strategies applicable to the local context. We refer to the mapping of critical habitats in China, and assess the surrounding ecosystem, along with animal and plant species in areas where our bases and our partners across upstream and downstream value chains are located. No operation locations are built in biodiversity hotspots. The Company continues to identify and evaluate environmental factors involving resource consumption, pollutant discharge and leakage, water and soil quality in routine production and operation, and reviews and upgrades management measures regularly, intending to build a positive ecological relationship.





# 05

## Society: Co-creating Harmonious Development

COSMOS always puts its employees at its center. For many years, it has focused on occupational development and the physical and mental health of employees by providing a working environment where they enjoy equal, safe, and mutually beneficial development, and cultivating talents with reasonable and fair remuneration and diversified training systems. Through continuous efforts, team cohesion is strengthened. Furthermore, the Company gives back to society practically by participating in community development and public undertakings, which contributes to a friendly and harmonious community.

### UN SDGs Responded in this Chapter



### Material Topics in this Chapter

- Employee Health and Safety
- Employee Rights and Benefits
- Employee Training and Development
- Diversity, Inclusion and Equal Opportunities
- Employee Management and Communication
- Public Welfare



## Employee Rights and Interests

COSMOS has always been a practitioner of legal and compliant employment and advocates a diverse and inclusive work environment where employees can strengthen their sense of belonging, and stable labor relations of trust are developed.

### Respect and Protect Human Rights

The Company supports and responds to international standards for labor rights and human rights protection as specified in the UN's *Universal Declaration of Human Rights*, and strictly complies with relevant laws and regulations such as *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, and *Provisions on Prohibition of Child Labor*. COSMOS is committed to creating a compliant and rigorous responsibility system based on the SA8000 standard.

*Labor Rights and Human Rights Management Policy* has been developed and disclosed to ensure employee rights and interests are fully respected and protected in all businesses. Policies and requirements the Group proposed are implemented thoroughly on all bases, which clarify management requirements and monitoring procedures for respecting human rights, legal employment, and protection of employees' rights and interests and guide the Company to regularly conduct comprehensive risk assessments on production activities, supply chain, and employee management, etc. Based on regular assessments to identify risks, it develops and implements response strategies and review mechanisms and makes sustained improvements to safeguard the rights and interests of all stakeholders.

To date, SINOBEST and COSMOS Ma'anshan have both obtained the SA8000 Social Accountability System certification, and accordingly, they carry out activities to identify and assess potential labor and human rights risks, implement management measures, and ensure effective risk control through internal and external audits. These efforts help foster a compliant and harmonious working environment.



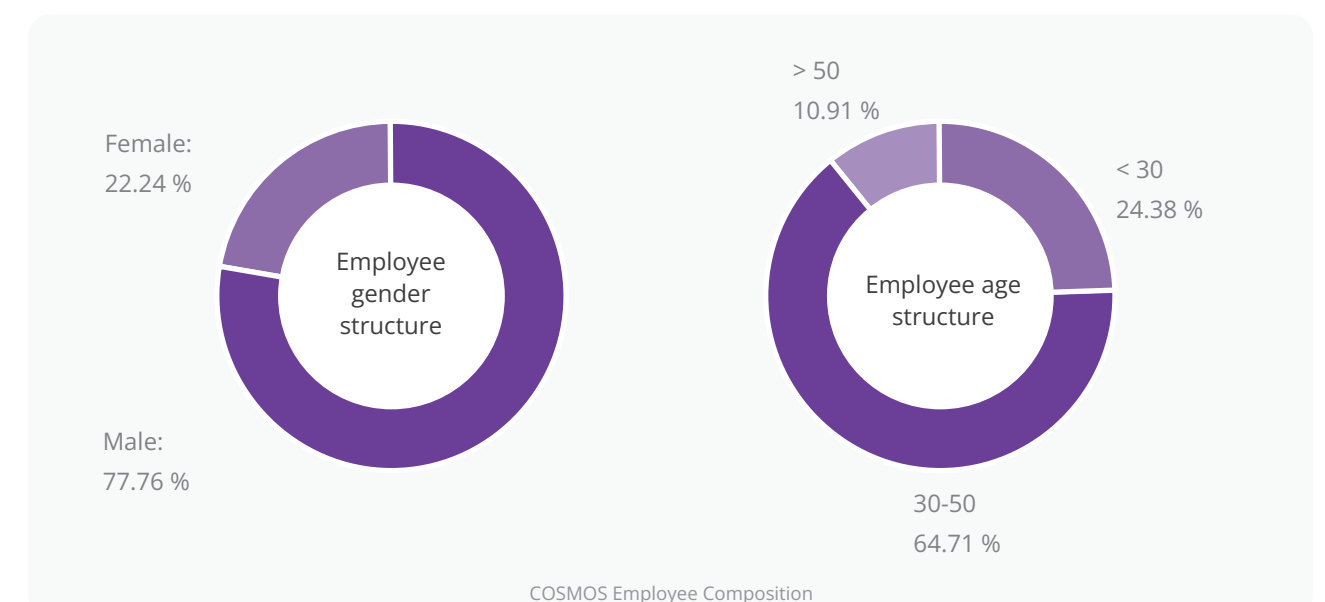
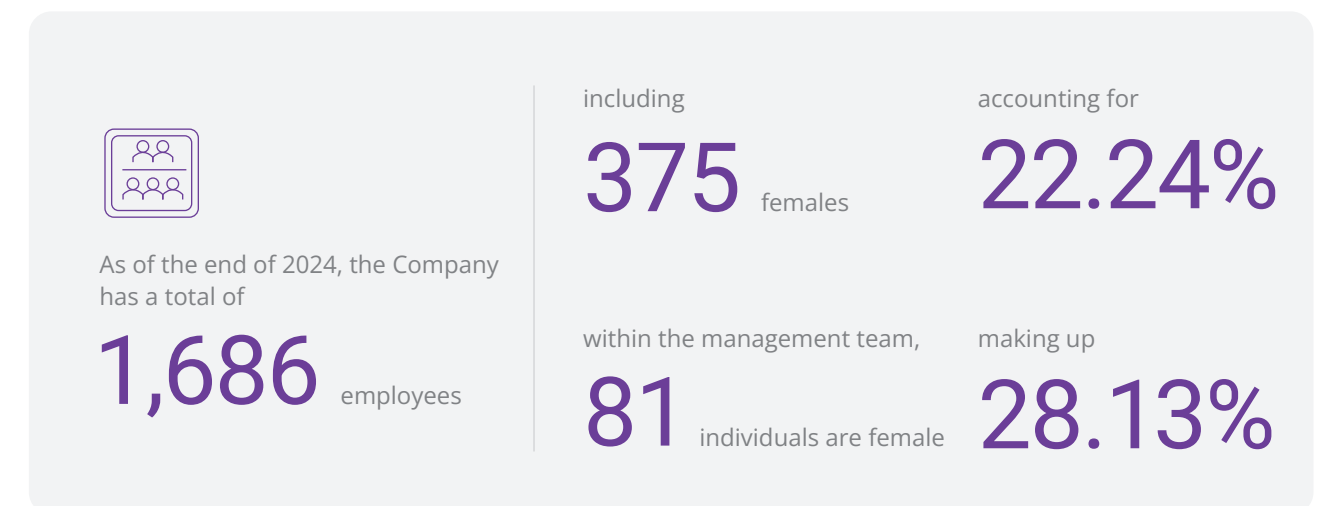
SA8000 Social Accountability System Certification

## Diversity, Equal Opportunities and Inclusion

To promote innovative development and team collaboration, COSMOS is committed to building a talent team with different cultural backgrounds, skills, and knowledge. The Company strictly adheres to relevant internal policies and systems, and ensures that recruitment, compensation, and career development are not affected by race, skin color, gender, religious background, nationality, ethnicity, disability status, marital status, military discharge, and other factors. We are committed to creating an equal, just, and harmonious working environment where there is "zero tolerance" to any discrimination, harassment, and unfair treatment. Also, we provide regular training and activities for employees to learn better about the importance of diversity.

Channels we provide for employees to report issues they suffer related to human rights and employee interests include a mailbox, telephone number, and email. Any complaints of discrimination that employees report in oral or written form must be investigated by specialists as required by the corporate center and bases and reply to the complainant within 2 working days along with corrective measures. Furthermore, an equal and fair work environment is guaranteed under supervision through internal and external audits of the social accountability system.

In this year, no complaints or lawsuits were incurred for discrimination, harassment or injustice.



COSMOS Employee Composition



In 2024,  
**0** incidents of child labor or forced labor

An open and transparent communication mechanism is developed and operates smoothly for employees whose needs and complaints can be known, respected, and considered, serving as an important basis for the Company to make human-centered management decisions. Through various channels such as employee representative conferences, discussion sessions, and suggestion boxes, the Company gathers feedback on a wide range of issues, including daily work, catering, and accommodation. Employees are actively encouraged to share their suggestions and ideas, promoting in-depth discussions and mutual understanding between the management and employees.



Employee Discussion Session

## People-Centered Care and Warmth

With the concept of “Beautify and Brighten Livings” integrated into employee management, COSMOS establishes a comprehensive employee care system and provides all employees with “five insurances and housing fund (pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing fund)”, paid holidays, as well as other statutory benefits. In addition, supplementary benefits, such as festival allowances, birthday gifts, and congratulatory bonuses, cover all employees. In order to enrich the working life of employees and enhance their sense of belonging and happiness, the Company is equipped with recreational facilities such as a basketball court, a ping-pong room, a yoga studio, and libraries, and regularly organizes various cultural and sports activities.



Birthday Party Held for Employees

COSMOS continues to deepen its commitment to humanistic care by transforming the concept of a “warm and caring workplace” into tangible actions that benefit every employee, which are associated with decent working conditions, special assistance funds, and the implementation of a range of employee care initiatives.

The Company takes comprehensive protective measures to ensure employees work in a safe and healthy environment, including high-temperature subsidies and employer liability insurance for work-related injury. Special attention is given to the needs of female employees to ensure that they receive full respect and support at work with special facilities and caring activities. In addition, the Company has established a “Love & Care Fund” to provide financial assistance for employees and their immediate family members (including parents, spouses, and children) who fall into significant economic losses or difficulties due to force majeure so that the stress on the family of the employee in need can be relieved. For employees working away from their hometowns, family visitation subsidies are provided to cover traveling fees for visiting spouses and parents, helping employees deal with concerns about working in different cities, and better balancing work and life.



Basic benefits

**Five insurances and one housing provident fund:** pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund

**Paid leave:** public holidays, annual leave, sick leave, wedding leave, maternity leave, bereavement leave



Supplementary benefits

**Congratulatory bonuses:** childbirth, wedding, birthday, and other important life events

**Festival allowances:** gifts, bonuses, or celebration activities

**Family visit allowance:** travel subsidies for family visiting

**Injury and illness support and physical examination benefits:** Care for physical and mental well-being of employees

**Employer liability insurance, safety responsibility insurance:** work-related injury insurance

**Employee Care Fund:** financial support for employees who suddenly fall into difficulty

COSMOS Employee Benefit System

In 2024, the Company invested

RMB **14.34** million in employee benefits

with an average per capita expenditure of

RMB **8,503.68**



## Case Study

### COSMOS Anqing Offers Mother and Baby Room to Care Female Employees

COSMOS Anqing cares about the needs of female employees and offers the Mother and Baby Room on the fifth floor of the administrative building, in which breastfeeding female employees can enjoy a warm and private space. This thoughtful initiative aims to create a more people-oriented work environment and enhance the work experience and well-being of female staff.



Mother and Baby Room

### COSMOS Ma'anshan Organized a Fun Sports Game for Employees

To further enhance employees' sense of belonging and team cohesion, COSMOS Ma'anshan highlights team building and organizes outdoor activities every summer between July and August, which contributes to a positive and collaborative environment for employees. This year, the fun sports game held in COSMOS Ma'anshan was a success, featuring tug of war, basketball games, as well as other activities. To sum up, these activities not only enriched employees' recreational and cultural life but also fostered team cohesion and vitality.



Fun Sports Game in Summer

### COSMOS Suqian Provided Care and Warmth Initiatives in Spring Festival

With people-centered care as a crucial component in its development, COSMOS tries to develop a warm workplace like a home while enhancing the belonging of employees. It builds a workplace well-being system in dimensions of career growth, work-life balance, and life security so that employees can grow with the care and support from the Company.

During the Spring Festival of 2024, COSMOS Suqian Labor Union provided targeted care support for employees in need. It is a project combining "emergency relief support" with "sustained care". Through on-site investigations, union representatives gained detailed knowledge of the financial situation, health problems, and living demands of the disadvantaged workers' families, and gave the family allowance and materials, including rice and cooking oil.



Care initiatives in Spring Festival

## Employee Development

Talent attraction and retention is important for COSMOS development. By continuously optimizing recruitment processes and systems and deepening industry-academia cooperation, the Company has built an efficient compensation management system to provide strong support for talent acquisition. Besides, the Company stimulates employees' potential and designs clear career development paths for employees based on a well-structured training system as well as fair and transparent assessment and promotion mechanisms. The Company supports personal development in line with corporate growth together.

## Talent Attracting

Adhering to the principle of "fairness and impartiality" in recruitment, COSMOS has formulated a *Recruitment Management System*, which clarifies each stage of the process, including recruitment planning, channels, and approval procedures. Thus, the recruitment of talent runs more scientifically and efficiently, laying a solid institutional foundation for talent reserves.

To cultivate campus talent, the Company deepens cooperation with universities and establishes long-term, stable, and cooperative relationships through annual campus recruitment, internship projects, and industry-university-research cooperation. In this case, it provides a career development platform for outstanding students. We also develop scholarship and internship programs jointly with Nanjing University and Nanjing Tech University. In collaborative efforts, talents are cultivated based on social demand, and more employment and internship opportunities are created while young talents are introduced in the Company's talent pool. A comprehensive cooperation model for talent cultivation comes into being. In addition, the Company organizes activities "COSMOS Competition" on Experimental Skills, "The Chemical Dream Building" Employment and Education Forum, and Career Planning Competition as a motivator for college students to improve their professional skills and qualities, and as a tool to introduce and cultivate high-quality and high-education professionals.



University-enterprise Collaboration Activities



Performance and Career Development

Equal pay for equal work serves as a basic principle for COSMOS to engage in position-based compensation management. Under the guidance of the *Employee Compensation Management System* that has been formulated and put into practice, the Company constructs a diversified compensation and benefit system involving basic salary, performance bonus, skill-based pay, seniority pay, etc., providing competitive compensation and benefits that can stimulate employees' enthusiasm and creativity.

The Company customizes a growth path for employees based on their own strengths and designs clear and explicit performance evaluation and promotion processes related to performance indicator definition, approval and filing, communications with employees, performance evaluation, face-to-face exchange and feedback, as defined in the documents *Performance Management System* and *Job Title and Grade Adjustment Management Measures*. Employees excellent in performance evaluation are given a priority in salary adjustments, bonus payments, annual award evaluations, and job promotions. The Company regularly assesses the performance and occupational development of all employees and also sets up annual awards for outstanding employees. Every year, an award presentation is held for outstanding employees, fostering a culture of excellence, motivation, and teamwork.

Training System

A diversified training system is provided for employees, including training for new employees, leadership development, general skills training, professional development, etc., which helps new employees quickly become a part of the enterprise, enhances the leadership capabilities of managers, and improves the comprehensive quality and professional skills of employees. In addition, technical backbones are provided with external training opportunities, with employees' potential fully stimulated. As a result of the training, individuals grow with corporate development, and high-performing talent teams are built, contributing to sustainable development.

Training for new employees

- Corporate profile
- Training on labor and human rights management policy
- Anti-bribery awareness training
- Mentoring system

General skill training

- Time management training
- Performance management training

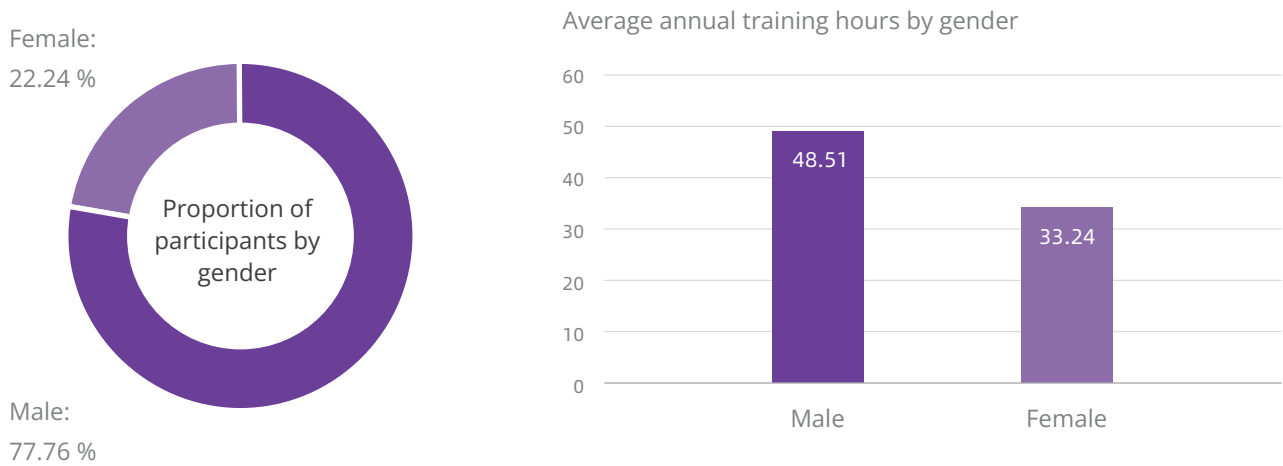
Leadership training

- Employee communication skills
- Highly efficient team building
- Team management
- On-site production management

Professional development

- GMP training
- Production operation procedure training
- R&D knowledge and technology training
- External training for R&D personnel

COSMOS Talent Cultivation Projects



COSMOS Employee Training Details

Case Study

COSMOS Ma'anshan Supported Occupational Development with University-Career Transition Program

In July 2024, 16 new college students joined COSMOS Ma'anshan. In order to help new graduates adapt to the role transition and integrate into career life, the Company specially organized the university-career transition program and provided systematic onboarding training so that newcomers could become a members of the team more quickly through mentoring, personalized learning plans, regular sharing sessions, and executive interviews, which lays a solid foundation for their future career development.



University-Career Transition Training for New Employees



# Occupational Health and Safety

Adhering to the safe production policy of “People-oriented, Healthy and Safe, Risk Control, and Continuous Improvement”, COSMOS thoroughly practices the concept in routine production and continues to improve the occupational health and safety management system. It takes effective measures to manage potential risks to strengthen the health and safety awareness of employees and enhance the Company’s capabilities and effectiveness of safety management.

## Management System

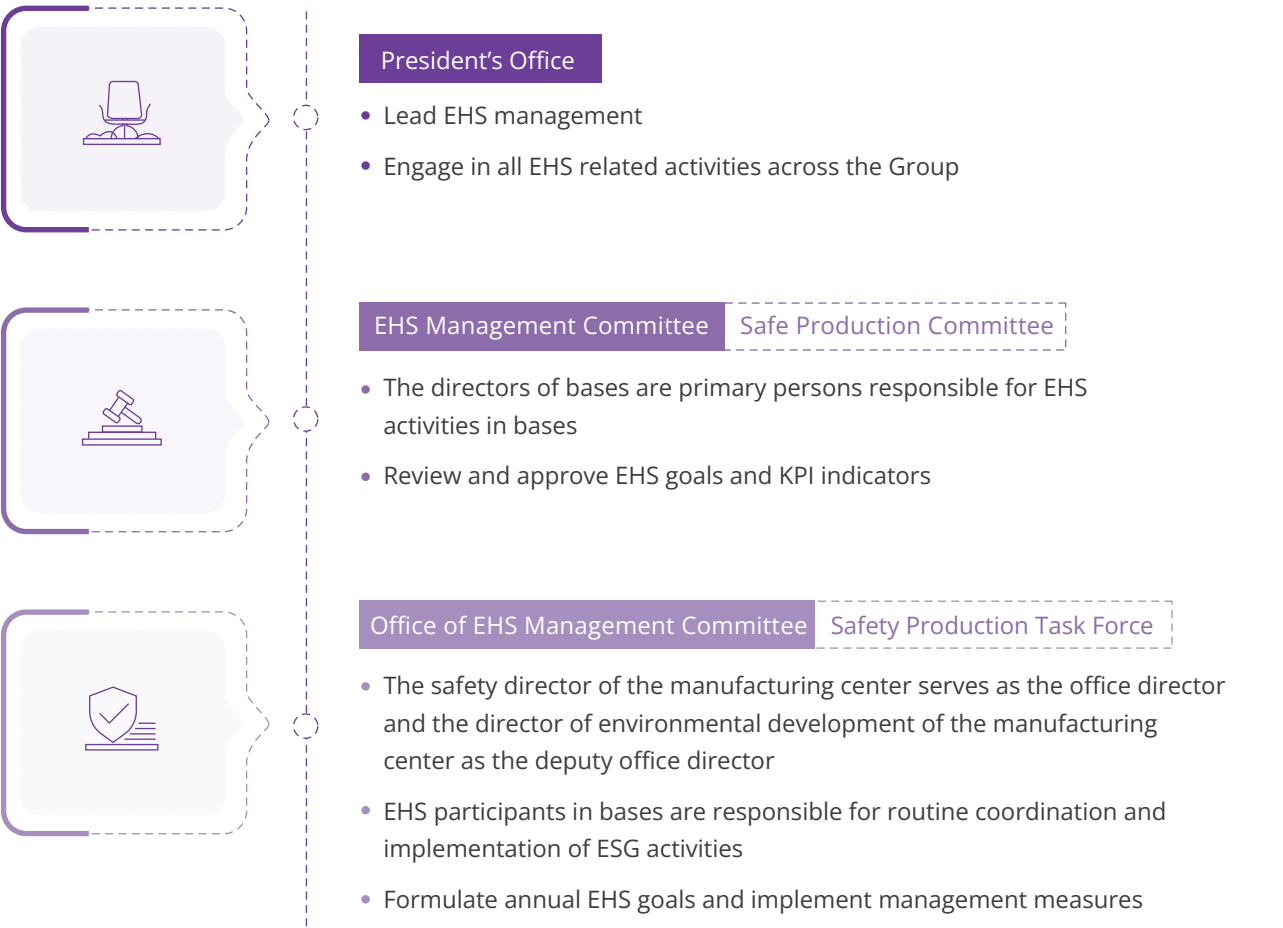
Upholding its sustainable development strategy, COSMOS actively fulfills its corporate social responsibilities. The Company strictly complies with relevant laws and regulations, including the *Law of the People’s Republic of China on Work Safety*, *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, and other regulatory requirements, to ensure its operations meet all legal and policy requirements. COSMOS continually promotes the enhancement of safety and occupational health systems at all production sites by formulating and rigorously implementing internal management systems, such as *Safe Production Responsibility System*, *Occupational Health Management Procedures*, and *Safety Inspection Management System*. All bases have obtained ISO 45001 Occupational Health and Safety Management System certification.



ISO 45001 Occupational Health and Safety Management System Certification of Each Base

The EHS Management Committee of COSMOS, referring to requirements of relevant national EHS laws and regulations, is responsible for comprehensively coordinating, balancing, guiding, and supervising major safety and occupational health affairs, including EHS goal and KPI indicator assessments, and the supervision of the implementation of the EHS responsibility system across the organization. The Committee also drives the establishment and continuous improvement of robust EHS management mechanisms at each site. A safety management committee and a dedicated management department are set up in all bases, led by the principal in charge as the director responsible for refining the safety management responsibilities for each department and setting EHS goals so that EHS management measures are put into force to make sure comprehensive coverage and efficiency of EHS management practices.

Under the leadership of the EHS Management Committee, the Company encourages all employees to take an active part in EHS management and develops channels enabling employees to comment on safety hazards identified in routines and provide suggestions, including online dual prevention mechanisms and offline direct feedback. Employees, whose valuable improvement suggestions for the safety management system are adopted and implemented effectively, will be awarded, as they make significant contributions to the Company. This mechanism fosters a culture of shared responsibility and continuous improvement in occupational health and safety.



COSMOS Occupational Health and Safety Management Framework

2024 Occupational Health and Safety Goals	Completion Status
0 occupational disease accidents	Yes
Potential hazard rectification rate of 100%	Yes



## Safety Risk Management

COSMOS develops a dual prevention mechanism for safety risk classification management and potential hazard detection and governance. Internal management regulations such as *Hazard Identification and Risk Assessment Management System* and *Dual Prevention Mechanism Management System for Safety Risk Classification Control and Potential Hazard Detection and Governance* are developed in all bases to ensure safe production management in a standardized and scientific way.

In terms of risk identification and assessment, the Company adopts analysis tools such as Hazard and Operability Analysis (HAZOP), Layers of Protection Analysis (LOPA), Likelihood-Exposure-Consequence (LEC) scoring, and Safety Checklist (SCL) to comprehensively identify the risk points and factors in production sites, workplace, and other units. A risk matrix is established based on the likelihood and consequences of accidents, with safety risks graded and managed in a tiered system. Special projects are carried out to manage major risk points and ensure effective control.

In terms of potential risk detection and management, the Company has established a three-level risk identification and management system involving the Company, factory, and team, to ensure smooth implementation of top-down safety production inspection and management. An automated inspection system is introduced in all bases to track and record real-time potential risk detection details, regularly analyze, report, supervise, and manage existing hidden dangers, and comprehensively promote hidden danger detection and rectification.

The dual prevention mechanism platform sets up a dedicated hazard-related feedback module, in which employees can log in to fill in hazard improvement suggestions. Meanwhile, at the production site, employees can instantly upload any potential safety risk they discover through a mobile application, ensuring that responses are made quickly to record and solve problems. The safety management department promptly reviews and responds to the feedback from employees, and efficiently promotes hidden risk rectification, strengthens safety management and reduces risks, which is helpful for further ensuring the stability and safety of the production environment.



Classified management

- Safety risks are graded for classified management, marked with different colors, red, orange, yellow, and blue, respectively corresponding to major, moderate, general, and low risks
- Assume safety responsibilities in a top-down manner, among organizations, departments, factories, and individuals



Intelligent monitoring

- Build an intelligent safety risk management and control platform to monitor and warn the safety risks in real time



Safety inspection

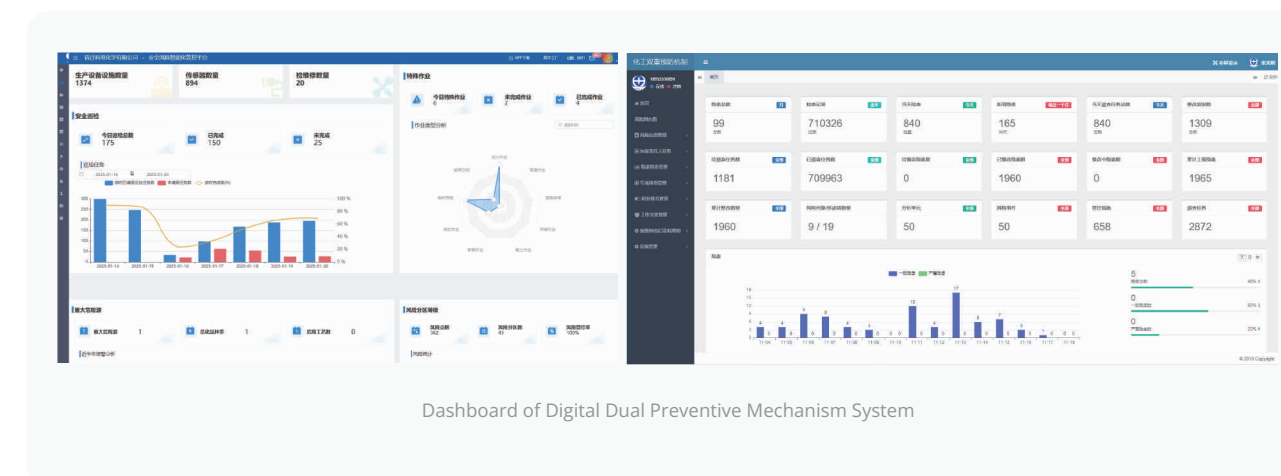
- Comprehensive, professional, seasonal, and holiday inspections, as well as inspections at significant time points and in routines
- Prepare safety check form and store on file



Potential hazard rectification

- Record the hazards according to the principle of the "Five D's principle"
- Summarize hazard rectification and regularly report to the corporate safety management department for filing

Potential Safety Risks Detection and Governance



## Process Safety Management

Sticking to risk frontloading, COSMOS strengthens risk control from the source and continuously improves inherent safety. The Company focuses on the secure and efficient commercialization of achievements in R&D phase through production and establishes process safety laboratories to assess in-process potential reaction-related risks, test the thermal decomposition of materials, and optimize process design based on the evaluation. Importance is paid to the development of intrinsically safe and high-level processes and technologies that can reduce the risk of commercialization and support the sustainable development of the Company.

The Company has purchased third-party HAZOP (Hazard and Operability Analysis)/LOPA (Layers of Protection Analysis) software that can systematically identify process deviations and potential risks and cultivates process safety professionals to perform HAZOP/LOPA analysis in the project lifecycle. Regularly, HAZOP/LOPA analysis is reviewed, with protective layer configurations updated promptly, intended to reduce risks to an acceptable level.





With a focus on risks in the design, construction, and trial operation of new projects, COSMOS develops a professional management team that is responsible for the primary review of the design draft and safety-related review and ensures feasibility and compliance with safety and environmental standards. Redundancy is incorporated into the design of key facilities to improve the level of safety assurance, strictly reviews the safety conditions before trial operation, and ensures the integrity of equipment and processes so that the processing system has safe operating conditions. The Company continues to increase investments in safe production and equips with sequence control, safety interlock, inerting protection, and visualization systems to deal with high-risk points in the process. The in-process safety protection has been significantly improved through technological upgrades and standardized management.

## Chemical Management


A sound chemical management system has been established. According to authoritative standards like the Globally Harmonized System of Classification and Labeling of Chemicals (GHS), the Company prepares Safety Data Sheets (SDS) for products and a list of chemicals, with hazard characteristics and assessment results updated in real time. In addition, chemicals involved in production and operations are identified and managed through a classified inventory system based on their properties. Internal regulations, such as *Regulations on Safe Chemical Management*, *Regulations on the Safe Management of Hazardous Chemicals*, and *Regulations on the Safe Management of Precursor and Explosive Hazardous Chemicals*, specify management requirements for the entire-process chemical procurement, transportation, loading and unloading, storage, application, and disposal, involving physical and chemical properties, health hazards, environmental risks, emergency response, protective measures, etc.



In the loading and unloading process of hazardous chemicals, the Company is equipped with comprehensive safety systems such as static electricity alarms, anti-drop devices, emergency shutdown systems, combustible and toxic gas detection, flow monitoring, video monitoring, etc. The loading and unloading process is strictly followed so that relevant operations are conducted in a standardized manner. For example, a dedicated person guides vehicles into the loading and unloading position. During chemical storage, nitrogen sealing protection, pressure/liquid level alarm, interlock cut-off, emergent leak, safety instrumented system, combustible and toxic gas alarm, spray cooling, exhaust gas treatment, remote monitoring system, foam fire suppression system, etc. are all in place to comprehensively monitor the storage status of materials and ensure the safe operation. In the distribution process, the operator strictly confirms the types, quantities and units of media to be distributed to prevent the occurrence of incorrect material use.


Items	Management measures
 Raw material purchasing	<ul style="list-style-type: none"><li>Purchase qualified hazardous chemical products from suppliers holding a valid hazardous chemicals business license</li><li>Require suppliers to provide the safety data sheet and safety label for hazardous chemicals</li></ul>
 Loading and unloading	<ul style="list-style-type: none"><li>Take effective spark-proof and anti-static measures to ensure the safety of motor vehicles in the warehouse area</li><li>Supervise and inspect the integrity of chemical packaging with the Safety Data Sheet (SDS) and hazard label ("one sheet, one label")</li></ul>
 Storage	<ul style="list-style-type: none"><li>Establish a list and file of hazardous chemicals</li><li>Store hazardous chemicals by category with separate sections and clear labeling</li><li>Conduct regular safety evaluations of storage devices, as required</li><li>Keep the warehousing area clean and safe to ensure ease of material handling, and maintain a clearance on the main pathway</li><li>The maximum volume of sulfuric acid and other hazardous chemicals shall not exceed 80% of the tank capacity</li><li>Develop an inspection round system, clarify inspector, routes, schedules, and items, and standardize the filling of inspection results</li></ul>
 Application and disposal	<ul style="list-style-type: none"><li>Strictly follow standard operating procedures for hazardous chemicals</li><li>Strengthen regular equipment maintenance and inspection</li><li>Strictly manage the disposal and recycling of waste chemicals: Analyze and test the chemicals before scrapping or destroying, and adopt corresponding disposal methods, including decomposition, neutralization, landfill, and incineration according to specific characteristics</li></ul>

Requirements for Safe Management Procedures of Hazardous Chemicals




### Risk identification and assessment

- Regularly conduct comprehensive investigations on chemical products to identify precursors for drug manufacture and chemicals prone to explosion, and adopt a procurement filing system for synchronous online application and document management
- Assess potential risks of chemicals and invite external experts for independent review and verification of the result



### Risk monitoring



- Explosion-proof HD cameras are installed in the tank farm and the warehousing area of raw materials
- High and low liquid levels, combustible/toxic gases, over temperature, and overpressure interlock alarm devices are set in the tank farm
- Install access control and anti-intrusion alarm devices in the warehouse
- Implement a dual person receiving and storage system and establish an entry-exit registration system of hazardous chemicals



### Risk prevention

- Provide regular training on SDS and handling procedures of hazardous chemicals
- Post a hazard notice of hazardous chemicals in the operation zone and install a signboard at the warehouse of hazardous chemicals
- Equip relevant employees with protective clothing, including anti-static and acid-resistant workwear, masks, acid-resistant gloves, gas masks, etc.

Risk Management Measures of Hazardous Chemicals



Chemical Safety Information Card



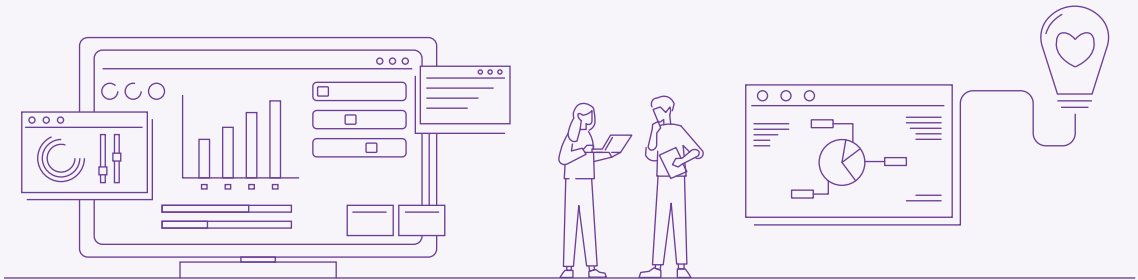
Case Study

Digital and Intelligent Tools Are Used in Bases to Optimize Risk Management of Chemicals

Based on risk management, COSMOS has invested in the creation of a “digital and intelligent platform for Internet-based safe production” that enables standardized processes to be practiced on the site with information technology, improving management effectiveness. For example, the online production risk monitoring and warning system of COSMOS Ma’anshan is connected to the Anhui Production Risk Monitoring and Warning System of Hazardous Chemicals to continuously and stably monitor the safety risks of chemical management in real time. Equipped with an automatic control system (DCS), an independent safety instrumented system (SIS), a combustible gas detection and alarm system (GDS), and a video surveillance system, COSMOS Ma’anshan can achieve continuous monitoring of tank liquid level, temperature, pressure, unloading operations, etc., and adopt automated safety control measures to ensure effective response in emergencies.



Safe Production Risk Monitoring and Warning System



Safety and Emergency Management

According to *Guidelines for Enterprises to Develop Emergency Response Plan for Work Safety Accidents (GB/T29639-2020)*, COSMOS establishes its own emergency response mechanism, combined with *Emergency Preparedness and Response Management Procedures, Regulations on Emergency Rescue Facilities and Equipment Management* formulated in bases. Corresponding emergency plans and on-site response plans are made to deal with incidents related to safety, environmental protection, and occupational health that may seriously affect the Company's reputation, in order to minimize or avoid harm to individual safety and health. The Company organizes emergency drills in all bases every year, covering accidents of fires, explosions, chemical leaks, natural disasters, etc., to help employees develop good emergency response skills.

The Company continues to improve the emergency response capabilities of its staff by building process disposal teams and firefighting and rescue teams, comprehensively monitoring production and operation safety on 24-hour shifts, under the support of information systems.

Case Study

COSMOS Suqian Held a Drill Simulating Fire from Acetone Tank Leak

In November 2024, COSMOS Suqian conducted a comprehensive emergency drill about a production accident, simulating the emergency of a fire caused by the leakage of hazardous medium acetone. The drill process consists of four stages: swift on-site response, initiation of the comprehensive emergency plan, post-incident handling, and drill evaluation. It reviewed the factory's emergency response capabilities of alarm, rescue, command and coordination, and emergency equipment repair. The purpose of this activity is to conscientiously implement the requirements of emergency management, effectively train the emergency team, test the applicability of emergency plans, and ensure safe operation in the factory.



Comprehensive Emergency Drill for a Production Accident



## Safety Culture Development

The Company insists on safety training and education, providing all employees with access to safety culture promotion activities and strengthening safety awareness. Specialized safety training is a regular project covering different training subjects and themes, such as three-level safety education, hazard source identification, occupational hazard factor identification, basic knowledge of occupational diseases, chemical hazards, use of protective equipment and fire-fighting equipment, special operation training, etc.

In 2024, the Company provided occupational health and safety training of

23,872 hours in total

### Case Study

#### SINOBEST Held Annual Safety Training

SINOBEST formulated a comprehensive annual safety education and training plan and organized more than 70 safety education and training activities in 2024, covering all in-service employees. The training not only involves general safety knowledge, but also is customized for position-specific needs, including centralized safety training for new employees, safety performance management evaluation training for department directors, and safety management system training for safety directors, etc. Thus, employees in various positions are more qualified with increased safety knowledge and abilities, thereby comprehensively improving the level of safety management.

## Occupational Health Management

COSMOS puts the occupational health of employees first and is committed to the prevention and control of occupational diseases. Each base formulates and implements internal management documents such as *Occupational Health Management System* with reference to the *Law of the People's Republic of China on Prevention and Control of Occupational Disease*, *Regulations on Workplace Occupational Health Management*, and other applicable laws and regulations, with the purpose of continuously enhancing its occupational health management capabilities. The Company upgrades the facility of occupational disease prevention in “three simultaneous steps (safety facilities shall be designed simultaneously, constructed simultaneously, and put into operation simultaneously with the main building)”, and regularly maintains and inspects production equipment and protective facilities for safety; It detects occupational disease hazard factors on an annual basis, adopts scientific and advanced methods to assess and effectively control occupational disease hazard risks; Occupational health assessments are provided accordingly every year based on occupational exposure to hazards, and employees complete the annual occupational disease hazard identification and assessment results in the occupational disease hazard declaration system; Occupational disease prevention and control plans and implementation plans are made to guide regular reviews of occupational health management system and operational procedures so that the applicability and operability of management standards are clear.



#### Protective equipment

Provide employees with protective clothing, safety helmets, goggles, and noise-cancelling earplugs, and strictly monitor them to wear them correctly



#### Safety warning signs

Clear safety warning signs are posted in prominent locations of positions involving toxic and hazardous substances to remind employees to stay alert and operate safely



#### Occupational health check-up

Annual occupational health examinations are conducted for all employees, with records properly archived to ensure the effective implementation of occupational disease prevention and control measures



#### Occupational safety education

Enhance employees' risk awareness and emergency handling capability through training on corporate safety management systems, risk identification, and emergency response knowledge

Occupational Health and Safety Management Measures

### Case Study

#### Training for First Responders

To strengthen occupational safety education and employees' emergency rescue capabilities, the Company specially invited a professional trainer from the Red Cross to provide systematic first aid training for internal first responders. The training covered essential emergency rescue skills, including common wound care dressing methods for head and hand injuries in trauma first aid. Combining theoretical knowledge with practical exercises enables first responders to not only acquire solid first aid knowledge but also improve their practical abilities, providing strong support for occupational health and safety management.



On-site Training for First Responders

During the reporting period, the coverage rate of occupational health examinations reached

100%

the incidence rate of occupational disease was

0



## Community Engagement

COSMOS is active in community development, committed to building the community into a harmonious and inclusive environment. In one aspect, the Company tries to employ local talents, intending to provide employment opportunities for local job-seekers while supporting local economic development; In another aspect, it engages in public welfare initiatives to continuously strengthen interaction and cooperation with the community through sponsoring social activities, making charitable donations, and encouraging employees to join welfare activities, which contributes to the construction of a warm and friendly society.

### Case Study

#### COSMOS Held Eco-Friendly Hiking Activity

On April 21, 2024, the Company organized employees to hike in Hengshan Mountain under the theme of “Low-Carbon Hiking, Measuring ‘Beauty’ with Every Step”, which is to practice the low-carbon concept. This time, the event took place around the Zhutangba Reservoir in Hengshan, a scene integrating natural landscapes with red cultural resources, in which everyone experienced the beauty of mountains and water while enjoying the fun of low-carbon hiking. This practice injects the green concept into corporate culture and explores a mutually beneficial future for employee growth and environmental sustainability.



### Case Study

#### COSMOS Suqian Joined “World Environment Day” Activity

On World Environment Day celebrated on June 5th, 2024, COSMOS Suqian actively responded to the mobilization of Suqian Ecological Chemical Science and Technology Industrial Park, and participated in the environment day activity of the theme “Comprehensively Promoting the Development of a Beautiful China”. It raised awareness in the surrounding community about green and low-carbon living and waste classification, and along with efforts to pollution and carbon emission reduction, volunteer services for community environmental development, etc. It contributed to a social trend of the public paying attention to ecological development and jointly practicing environmental protection concepts.

#### COSMOS Organized Reading Day Activity – “Yiqidu” Supporting Public Welfare

In 2024, COSMOS organized a reading day activity within the Company, named “Yiqidu (read for good deeds)” check-in campaign on Alipay. It invited employees to read for children in mountain areas and visually impaired people, and participants could exchange a book with three paragraphs they read aloud and donate the book to those in need. It is a practice of spreading love and care, helping to improve the reading environment in areas scarce in educational resources and conveying knowledge and warmth.

COSMOS always keeps in mind its commitment to social responsibility. In September 2024, COSMOS Anqing actively responded to the call of the Anqing Women’s Federation and donated RMB 10,000 to the Anhui Women and Children Development Foundation as support for those who have difficulty in education and living. It is a righteous action showing how COSMOS is willing to assume its social responsibility.



COSMOS Anqing Recognized as the Love & Care Organization of 2024 by the Anqing Women & Children Welfare Institute



Appendix

ESG Performance Table

Economic Performance		
Indicator	Unit	2024
Operating revenue	RMB 10,000	227,598.46
Net profit	RMB 10,000	56,111.25
Environmental Performance		
Indicator	Unit	2024
Environmental Management		
Number of environmental penalties	/	0
Total amount of environmental penalties	RMB 10,000	0
Total number of environmental incidents	/	0
Number of environmental complaints	/	0
Waste Gas Emissions		
Total waste gas emissions	Ton	24.51
VOCs emissions	Ton	15.86
Sulfur oxides (SOx) emissions	Ton	0.07
Nitrogen oxides (NOx) emissions	Ton	6.26
Particulate matter (PM) emissions	Ton	2.32

Indicator	Unit	2024
Wastewater Discharge		
Total wastewater discharge	Cubic meters	678,391.98
Wastewater discharged to urban sewage pipeline	Cubic meters	0
Wastewater discharged to sewage-treatment plant	Cubic meters	678,391.98
Wastewater discharged to surface waters	Cubic meters	0
Wastewater discharged to the ocean	Cubic meters	0
Other channels for wastewater discharge	Cubic meters	0
Ammonia nitrogen (NH <sub>3</sub> -N)	Ton	0.86
Chemical Oxygen Demand (COD)	Ton	76.29
Total nitrogen	Ton	5.84
Total phosphorus	Ton	0.18
Solid Waste Discharge		
Solid waste generated	Ton	20,962.88
Total hazardous waste generated	Ton	20,668.55
Total non-hazardous waste generated	Ton	294.33
Intensity of hazardous waste generation	Ton per RMB million	9.08
Intensity of non-hazardous waste generation	Ton per RMB million	0.13
Waste disposed	Ton	20,678.90
Hazardous waste disposed	Ton	20,384.57
Non-hazardous waste disposed	Ton	294.33

Indicator	Unit	2024
Waste recycling and reuse <sup>1</sup>		
Hazardous waste recycled	Ton	650.47
Non-hazardous waste recycled	Ton	193.93
Rate of hazardous waste recycled and reused	%	3.15
Rate of non-hazardous waste recycled and reused	%	65.89
Material Consumption		
Total solvent used	Ton	177,566.24
Percentage of recycled feed used <sup>2</sup>	%	94.89
Water Resource Management		
Water withdrawal	Cubic meters	967,185.58
Surface water	Cubic meters	0
Groundwater	Cubic meters	0
Urban water supply (reclaimed water/tap water)	Cubic meters	967,185.58
Seawater	Cubic meters	0
Other	Cubic meters	0
Water withdrawal intensity	Cubic meters per RMB million	424.95
Water consumption	Cubic meters	288,793.60
Water consumption intensity	Cubic meters per RMB million	126.89
Alternative water source use		
Reclaimed water used	Cubic meters	79,800.00

<sup>1</sup> The scope of the statistics encompasses both the quantity of waste internally recycled by the Company and the amount of waste transferred to external disposal agencies or individuals for recycling.  
<sup>2</sup> Refers to the proportion of solvent reuse in the production process, calculated as "amount of solvent reused ÷ total solvent used".

Indicator	Unit	2024
Rainwater used	Cubic meters	9,875.00
Volume of water resource recycled and reused <sup>3</sup>	Cubic meters	39,572.00
Energy Management		
Total energy consumption <sup>4</sup>	MWh	456,827.38
Direct energy	MWh	24,097.28
Stationary source - natural gas	MWh	23,494.92
Stationary source - Liquefied Petroleum Gas (LPG)	MWh	81.70
Mobile source - gasoline	MWh	456.67
Mobile source - diesel	MWh	63.98
Indirect energy	MWh	432,730.11
Electricity	MWh	121,108.49
Steam	MWh	311,621.61
Total energy consumption intensity	MWh per RMB million	200.72
Direct energy consumption intensity	MWh per RMB million	10.59
Indirect energy consumption intensity	MWh per RMB million	190.13

<sup>3</sup> The statistical scope includes the steam condensate recycled by SINOBEST and COSMOS Ma'anshan.  
<sup>4</sup> The average low calorific value conversion coefficient used is sourced from the *General Principles for Comprehensive Energy Consumption Calculation (GB/T2589-2020)*.



Indicator	Unit	2024
GHG Emissions		
Green electricity purchased	MWh	4,419.80
Total GHG emissions (Scope 1+Scope 2+Scope 3) - Market-based	Ton of CO <sub>2</sub> equivalent	574,353.99
GHG emissions (Scope 1)	Ton of CO <sub>2</sub> equivalent	22,814.13
Stationary source	Ton of CO <sub>2</sub> equivalent	4,731.38
Mobile source	Ton of CO <sub>2</sub> equivalent	134.08
Fugitive emissions	Ton of CO <sub>2</sub> equivalent	16,390.96
Industrial process emissions	Ton of CO <sub>2</sub> equivalent	1,557.72
GHG emissions (Scope 2) – Market-based	Ton of CO <sub>2</sub> equivalent	190,441.60
Purchased electricity – location-based	Ton of CO <sub>2</sub> equivalent	68,026.64
Purchased electricity – market-based	Ton of CO <sub>2</sub> equivalent	68,332.90
Purchased steam	Ton of CO <sub>2</sub> equivalent	122,108.70
GHG emissions (Scope 3)	Ton of CO <sub>2</sub> equivalent	361,098.26
GHG emission intensity		
GHG emission intensity (Scope 1)	Ton of CO <sub>2</sub> equivalent per RMB million	10.02
GHG emission intensity (Scope 2)	Ton of CO <sub>2</sub> equivalent per RMB million	83.67
GHG emission intensity (Scope 3)	Ton of CO <sub>2</sub> equivalent per RMB million	158.66

Social Performance		
Indicator	Unit	2024
Labor Management		
Total number of employees	/	1,686
Employees by gender		
Number of male employees	/	1,311
Number of female employees	/	375
Employees by age		
Number of employees aged under 30	/	411
Number of employees aged 30-50	/	1,091
Number of employees aged over 50	/	184
Employees by employment type		
Number of full-time employees	/	1,686
Number of part-time employees	/	0
Number of flexible employment employees	/	0
Number of women in management	/	81
Proportion of women in management	%	28.13
Number of disabled employees	/	1
Number of veteran employees	/	24
Number of ethnic minority employees	/	22
Number of female employees entitled to maternity leave, breastfeeding leave, and parental leave	/	375
Number of male employees entitled to paternity leave and parental leave	/	1,311

Indicator	Unit	2024
Total employee welfare expenses	RMB million	14.34
Per capita employee welfare expense	RMB per person	8,503.68
Employee Turnover		
Number of employees resigned	/	286
Number of male employees resigned	/	232
Number of female employees resigned	/	54
Employee turnover rate	%	14.50
Turnover rate of male employees	%	11.76
Turnover rate of female employees	%	2.74
Employee Training and Development		
Total number of employees trained	/	1,686
Number of male employees trained	/	1,311
Number of female employees trained	/	375
Total training hours	Hour	76,064
Training hours for male employees	Hour	63,599
Training hours for female employees	Hour	12,465
Average training hours per employee	Hour per person	45.12
Average training hours per male employee	Hour per person	48.51
Average training hours per female employee	Hour per person	33.24
Coverage of employee performance evaluation	%	100

Indicator	Unit	2024
Occupational Health and Safety		
Work-related fatalities	/	0
Number of incidents causing severe work-related injuries	/	0
Rate of incidents causing severe work-related injuries	/	0
Number of incidents causing lost time	/	10
Lost time incident rate (LTIR) per million work hours	/	2.95
Number of occupational disease incidents	/	0
Occupational illness frequency rate (OIFR) per million hours	/	0
Total number of occupational health and safety training participants	/	1,524
Total occupational health and safety training hours	Hour	23,872
Safety production cost	RMB million	25.16
Community Impact		
Total investment in community	RMB	60,000
Product Responsibility		
Number of product recalls	Ton	0
Innovation and R&D		
R&D expenditure	RMB million	115.95
Proportion of R&D expenditure	%	5.09
Number of R&D personnel	/	316
Proportion of R&D personnel	%	18.74



Indicator	Unit	2024
Number of applications for invention patents	/	8
Number of invention patents granted	/	14
Number of valid invention patents	/	59
Number of valid patents granted	/	203
Customer Relationship		
Number of customer complaints	/	10
Number of confirmed complaints of customer privacy breaches	/	0
Number of customer complaints handled	/	10
Customer complaint resolution rate	%	100
Supplier Management <sup>5</sup>		
Total number of suppliers	/	285
Number of overseas suppliers	/	6
Number of suppliers in Mainland China	/	279
Proportion of expenditure on purchasing from local suppliers <sup>6</sup>	%	32.81
Number of annual new suppliers	/	51
Number of suppliers under ESG risk assessments	/	65
Proportion of new suppliers under ESG risk assessments	%	25.49
Proportion of FSC certified wooden pallets and cardboard boxes (by purchase weight)	%	78.67

<sup>5</sup> The statistical scope covers raw material suppliers  
<sup>6</sup> Local suppliers refer to suppliers located in the place where the Company operates, namely suppliers located in Jiangsu and Anhui.

Governance Performance		
Indicator	Unit	2024
Coverage of business ethics training on directors	%	100
Coverage of business ethics training on employees	%	100
Signing rate of Supplier Integrity Agreement	%	100
Number of incidents causing negative business ethics	/	0
Number of incidents of information and privacy leakage	/	0

Index of Indicators

Index of GRI Standards 2021

Statement of use	COSMOS has reported the information cited in this GRI content index for the period January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Disclosure	Location
GRI 2: General Disclosures 2021	
The organization and its reporting practices	
2-1 Organizational details	About COSMOS
2-2 Entities included in the organization's sustainability reporting	About This Report
2-3 Reporting period, frequency and contact point	About This Report
2-4 Restatements of information	No restatements of information
2-5 External assurance	Third-Party Assurance Statement
Activities and workers	
2-6 Activities, value chain and other business relationships	About COSMOS, Sustainable Supply Chain, Customer Rights
2-7 Employees	Employee Rights and Interests, Employee Development, Occupational Health and Safety
2-8 Workers who are not employees	Employee Rights and Interests
Governance	
2-9 Governance structure and composition	Governance Structure
2-10 Nomination and selection of the highest governance body	Governance Structure

Disclosure	Location
2-11 Chair of the highest governance body	Governance Structure
2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure
2-13 Delegation of responsibility for managing impacts	Governance Structure
2-14 Role of the highest governance body in sustainability reporting	About This Report
2-15 Conflicts of interest	Business Ethics
2-16 Communication of critical concerns	ESG Material Topics
2-17 Collective knowledge of the highest governance body	Sustainability Governance Structure
2-18 Evaluation of the performance of the highest governance body	Sustainability Governance Structure
2-19 Remuneration policies	Sensitive information related to the Company will not be disclosed temporarily
2-20 Process to determine remuneration	Governance Structure
2-21 Annual total compensation ratio	Sensitive information related to the Company will not be disclosed temporarily
Strategy, policies and practices	
2-22 Statement on sustainable development strategy	The Company is developing the strategy and plans for detailed disclosure in the future
2-23 Policy commitments	Sustainability Principle, Sustainability Governance Structure, Business Ethics, Sustainable Supply Chain, Environmental Management, Employee Rights and Interests
2-24 Embedding policy commitments	Sustainability Principle, Sustainability Governance Structure, Business Ethics, Sustainable Supply Chain, Environmental Management, Employee Rights and Interests
2-25 Processes to remediate negative impacts	Business Ethics, Customer Rights, Employee Rights and Interests
2-26 Mechanisms for seeking advice and raising concerns	Business Ethics, Customer Rights
2-27 Compliance with laws and regulations	Business Ethics, Compliance and Risk Management, Environmental Management, Employee Rights and Interests
2-28 Membership associations	Sustainability Governance Structure



Disclosure	Location
Stakeholder engagement	
2-29 Approach to stakeholder engagement	ESG Material Topics
2-30 Collective bargaining agreement	Employee Rights and Interests
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	ESG Material Topics
3-2 List of material topics	ESG Material Topics
3-3 Management of material topics	ESG Material Topics
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	ESG Performance Table
201-2 Financial implications and other risks and opportunities due to climate change	Climate Action
201-3 Defined benefit plan obligations and other retirement plans	Employee Rights and Interests
201-4 Financial assistance received from government	Sensitive information related to the Company will not be disclosed temporarily
GRI 204: Procurement Practice 2016	
204-1 Proportion of spending on local suppliers	ESG Performance Table
GRI 205: Anti-corruption 2016	
205-1 Operations assessed for risks related to corruption	Business Ethics
205-2 Communication and training about anti-corruption policies and procedures	Business Ethics
205-3 Confirmed incidents of corruption and actions taken	ESG Performance Table

Disclosure	Location
GRI301: Material 2016	
301-1 Materials used by weight or volume	ESG Performance Table
301-2 Recycled input materials used	ESG Performance Table
301-3 Reclaimed products and their packaging materials	N/A
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	ESG Performance Table
302-2 Energy consumption outside of the organization	Data not yet collected
302-3 Energy intensity	ESG Performance Table
302-4 Reduction of energy consumption	Not yet collected
302-5 Reductions in energy requirements of products and services	N/A
GRI303: Water and Effluents 2018	
303-1 Interactions with water as a shared resource	Water Resource Management
303-2 Management of water discharge-related impacts	Emission and Waste Management
303-3 Water withdrawal	ESG Performance Table
303-4 Water discharge	ESG Performance Table
303-5 Water consumption	ESG Performance Table
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	Climate Action, ESG Performance Table
305-2 Energy indirect (Scope 2) GHG emissions	Climate Action, ESG Performance Table
305-3 Other indirect (Scope 3) GHG emissions	Climate Action, ESG Performance Table
305-4 GHG emissions intensity	ESG Performance Table

Disclosure	Location
305-5 Reduction of GHG emissions	Not yet quantified
305-6 Emissions of ozone-depleting substances (ODS)	N/A
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	ESG Performance Table
GRI 306: Waste 2020	
306-1 Waste generation and significant waste-related impacts	Emission and Waste Management
306-2 Management of significant waste-related impacts	Emission and Waste Management
306-3 Waste generated	ESG Performance Table
306-4 Waste diverted from disposal	ESG Performance Table
306-5 Waste directed to disposal	ESG Performance Table
GRI308: Supplier Environmental Assessment 2016	
308-1 New suppliers that were screened using environmental criteria	ESG Performance Table
308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain, ESG Performance Table
GRI401: Employment 2016	
401-1 New employee hires and employee turnover	ESG Performance Table
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Interests, ESG Performance Table
401-3 Parental Leave	Employee Rights and Interests
GRI403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management system	Occupational Health and Safety
403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
403-3 Occupational health services	Occupational Health and Safety
403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety

Disclosure	Location
403-5 Worker training on occupational health and safety	Occupational Health and Safety
403-6 Promotion of worker health	Occupational Health and Safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
403-9 Work-related injuries	ESG Performance Table
403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	Employee Development, ESG Performance Table
404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development
404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Governance Structure, Employee Rights and Interests, ESG Performance Table
405-2 Ratio of basic salary and remuneration of women to men	Sensitive information related to the Company will not be disclosed temporarily
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	Employee Rights and Interests
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Interests, Sustainable Supply Chain
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Interests, Sustainable Supply Chain
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers that were screened using social criteria	ESG Performance Table



Disclosure	Location
414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain, ESG Performance Table
GRI 416: Customer Health and Safety 2016	
Assessment of the health and safety impacts of product and service categories	Product Responsibility
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility
GRI417: Marketing and Labeling 2016	
417-1 Requirements for product and service information and labeling	Customer Rights
417-2 Incidents of non-compliance concerning product and service information and labeling	Customer Rights
417-3 Incidents of non-compliance concerning marketing communications	Customer Rights
GRI418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Performance Table

Index of Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Issues		Location
Environmental	Response to Climate Change	Climate Action
	Pollution Control	Emission and Waste Management
	Waste Disposal	Emission and Waste Management
	Ecosystem and Biodiversity Protection	Ecological Protection

Issues		Location
Environmental	Environmental Compliance Management	Environmental Management
	Energy Utilization	Energy Management
	Water Resources Utilization	Water Resource Management
	Circular Economy	Energy Management Water Resource Management Emission and Waste Management
Social	Rural Revitalization	The Company's operations are not located in rural areas, and do not involve in rural revitalization
	Social Contributions	Community Engagement
	Innovation-Driven Development	Product Responsibility
	Ethics of Science and Technology	The Company's business does not involve life sciences and artificial intelligence, thus this issue is not applicable
	Supply Chain Security	Sustainable Supply Chain
	Equal Treatment of SMEs	Sensitive information related to the Company will not be disclosed temporarily
	Product and Service Safety and Quality	Product Responsibility
	Data Security and Customer Privacy Protection	Information Security ESG Performance Table
	Employee	Employee Rights and Interests Employee Development Occupational Health and Safety
Sustainability-Related Governance	Due Diligence	Sustainability Governance Structure Compliance and Risk Management
	Stakeholder Communication	ESG Material Topics
	Anti Commercial Bribery and Anti-Corruption	Business Ethics Compliance and Risk Management
	Anti Unfair Competition	Business Ethics Compliance and Risk Management

Greenhouse Gas Verification Statement

Statement of Conformity CN25/0002298

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in 01 Jan. 2024 to 31 Dec. 2024 of

Nanjing COSMOS Chemical Co., Ltd.

Business address: No. 19 Suyuan Avenue, Jiangning Economic and Technological Development, Nanjing City, Jiangsu Province, P.R. China  
Organization boundary: Detail organization boundary information has been listed in Annex, for multi-site statement

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

ISO 14064-1:2018

Direct Emissions  
22,814.13 tonnes of CO<sub>2</sub>e  
Indirect Emissions  
551,233.60 tonnes of CO<sub>2</sub>e (Location-based)  
551,539.86 tonnes of CO<sub>2</sub>e (Market-based)  
Total Emissions Quantified  
574,047.73 tonnes of CO<sub>2</sub>e (Location-based)  
574,353.99 tonnes of CO<sub>2</sub>e (Market-based)

The specific categories of indirect greenhouse gas emissions are detailed in the appendix of this statement, which is an integral part of this statement

Authorized by  
David Zou  
Sr. Director - Business Assurance  
DATE: 05 Apr. 2025

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SGS

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Several statements have been issued for this scope, this is main statement

Page 1 of 6

SGS

SGS has been contracted by Nanjing COSMOS Chemical Co., Ltd. (hereinafter referred to as "CLIENT"), for the verification of direct and indirect Greenhouse Gas emissions in accordance with

ISO 14064-3:2019

as provided by Nanjing COSMOS Chemical Co., Ltd. (hereinafter referred to as "RESPONSIBLE PARTY"), in the Greenhouse Gas (GHG) Assertion in the form of GHG Report covering GHG emissions of the period 01 Jan. 2024 to 31 Dec. 2024 (hereinafter referred to as "REPORT PERIOD").

**Roles and responsibilities**  
The management of the RESPONSIBLE PARTY is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.  
It is SGS's responsibility to express an independent GHG verification opinion on the GHG statement as provided by the RESPONSIBLE PARTY for the REPORT PERIOD.

According to ISO 14064-3:2019, SGS has conducted a third-party verification of the provided GHG statement by RESPONSIBLE PARTY against the requirements of ISO 14064-1:2018 in the period Site 1: 26-27 Mar. 2025, Site 2: 19-20 Mar. 2025, Site 3: 21-22 Mar. 2025, Site 4: 24-25 Mar. 2025, Site 5: 24-25 Mar. 2025. The verification is based on the verification scope, objectives and criteria as agreed between the CLIENT and SGS on 05 Apr. 2025.

**Level of Assurance**  
The level of assurance agreed is that of Reasonable assurance.

**Scope**  
The CLIENT has commissioned an independent verification by SGS in accordance to ISO 14064-3:2019 to assure the reported GHG emissions of RESPONSIBLE PARTY, in conformance with ISO 14064-1:2018 requirements within the scope of the verification as outlined below. The data and information supporting the GHG statement is historical in nature.

This engagement covers verification of emission from anthropogenic sources of greenhouse gases included within the organization's boundary:  
☒ The organizational boundary is established following Operational control approach  
☒ Location/boundary of the activities: detail boundary information has been listed in Annex  
☒ Physical infrastructure, activities, technologies and processes:  
Site 1  
Nanjing COSMOS Chemical Co., Ltd.  
R & D and sales of raw materials for daily-use chemicals  
Site 2  
Sinobest Cosmeceutical Co., Ltd.  
Production and sales of active cosmetic ingredients  
Site 3  
Ma'anshan COSMOS Chemical Co., Ltd.  
Production and sales of active cosmetic ingredients  
Site 4  
Anqing COSMOS Chemical Co., Ltd.  
Production and sales of raw materials for personal care products and synthetic fragrances  
Site 5  
Suqian COSMOS Chemical Co., Ltd.

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Appendix B Greenhouse Gas Emissions Inventory (ISO14064-1:2018)

Greenhouse Gas Emissions Inventory (ISO14064-1:2018)

Organization name	Nanjing COSMOS Chemical Co., Ltd.	
Organizational boundary	Detail refer to organization boundaries in appendix A	
Reporting period	01 Jan. 2024 to 31 Dec. 2024	
Report boundary	Category	Greenhouse gas emissions (Unit: tonnes of CO <sub>2</sub> e)
Direct GHG emissions	Category 1 direct GHG emissions	22,814.13
	Category 2 indirect GHG emissions from imported energy	190,135.34 (Location-based) 190,441.60 (Market-based)
	Category 3 indirect GHG emissions from transportation	17,323.18
Indirect GHG emissions	Category 4 indirect GHG emissions from products used by organization	334,043.11
	Category 5 indirect GHG emissions associated with the use of products from the organization	9,731.97
	Category 6 indirect GHG emissions from other sources	N/A

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Appendix C Greenhouse Gas Emissions Inventory (GHG protocol)

Greenhouse Gas Emissions Inventory (GHG protocol)

Organization name	Nanjing COSMOS Chemical Co., Ltd.	
Organizational boundary	Detail refer to organization boundaries in appendix A	
Reporting period	01 Jan. 2024 to 31 Dec. 2024	
Operational boundaries	Category	Greenhouse gas emissions (Unit: tonnes of CO <sub>2</sub> e)
Scope1 direct GHG emissions		22,814.13
Scope2 indirect GHG emissions from imported energy		190,135.34 (Location-based) 190,441.60 (Market-based)
	Category1-Purchased goods and services	282,552.20
	Category2-Capital goods	46,515.19
	Category3-Fuel and energy-related activities (not included in scope1 and scope2)	22,198.62
	Category4-Upstream transportation and distribution	12,659.33
	Category5-Waste generated in operations	2,777.12
	Category6-Business travel	362.98
	Category7-Employee commuting	1,307.99
Scope3 other indirect GHG emissions	Category8-Upstream leased assets	N/A
	Category9-Downstream transportation and distribution	2,992.88
	Category10-Processing of sold products	9,650.35
	Category11-Use of sold products	N/A
	Category12-End-of-life treatment of sold products	81.60
	Category13-Downstream leased assets	N/A
	Category14-Franchises	N/A
	Category15-Investments	N/A

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Production and sales of active cosmetic ingredients (including raw materials) and synthetic fragrances  
☒ GHG sources, sinks and/or reservoirs included: GHG sources as presented in the GHG inventory and report of the RESPONSIBLE PARTY  
☒ Types of GHGs included: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>  
☒ GHG information for the following period was verified: 01 Jan. 2024 to 31 Dec. 2024  
☒ GWP adopted: IPCC 6 Assessment Report  
☒ Intended user of the verification statement: Clients, the public, etc

**Objective**  
The purposes of this verification exercise are, by review of objective evidence, to independently review:  
☒ Whether the GHG emissions are as declared by the organization's GHG statement  
☒ The data reported are accurate, complete, consistent, transparent and free of material error or omission.

**Criteria**  
Criteria against which the verification assessment is undertaken are the requirements of ISO 14064-3:2019.

**Materiality**  
The materiality required of the verification is considered by SGS to 5%, based on the needs of the intended user of the GHG statement.

**Verification approach**  
SGS's approach is risk-based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination includes assessment of evidence relevant to the amounts and disclosures in relation to the organization's reported GHG emissions  
We plan and perform our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the REPORT PERIOD are fairly stated.  
We conduct our verification with regard to the GHG statement of GHG Report of the RESPONSIBLE PARTY which includes assessment of GHG information system and reporting plan/protocol. This assessment includes the collection of evidence supporting the reported data, and checking whether the provisions of the protocol reference, are consistently and appropriately applied.

**Verification opinion conclusion**  
The RESPONSIBLE PARTY provided the GHG statement based on the requirements of ISO 14064-1:2018 that total emission 574,047.73 tonnes of CO<sub>2</sub>e (Location-based), 574,353.99 tonnes of CO<sub>2</sub>e (Market-based) in the organization boundary for the REPORT PERIOD.  
The verification opinion as below is issued by SGS after an independent verification for RESPONSIBLE PARTY's GHG statement based on agreed Reasonable assurance:  
☒ Unmodified  
The GHG statement submitted by RESPONSIBLE PARTY is prepared in accordance with ISO 14064-1:2018 on GHG quantification and reporting, is a fair representation materially, the GHG data and information in statement are explicit and supported by adequacy and appropriate evidence.

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☐ Modified  
The GHG statement submitted by RESPONSIBLE PARTY has no material misstatement, however has some deficiencies which will prevent the issuance of unmodified verification opinion.  
☐ Adverse opinion  
The GHG statement submitted by RESPONSIBLE PARTY:  
- has no material misstatement or  
- there is insufficient or inappropriate evidence to support an unmodified or modified opinion.  
☐ Disclaiming the issuance of an opinion  
It is unable to obtain sufficient and appropriate objective evidence to form an opinion as to whether the GHG statement submitted is presented fairly in accordance with ISO 14064-1:2018  
This statement shall be interpreted with the GHG statement of GHG Report of the RESPONSIBLE PARTY as a whole.  
Note: This Statement is issued by SGS/CSTC Standards Technical Services Co., Ltd. ("SGS") under its General Conditions for Greenhouse Gas Validation & Verification Services. The findings recorded herein are based upon a verification performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted from RESPONSIBLE PARTY. This Statement does not relieve Client from compliance with any by laws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Signatories to the company are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.  
The verification statement of greenhouse gases is conducted in English. Any translation differences, the English version shall prevail.

Appendix A: List of Organizational Boundaries

Organization name	Description of organizational boundary
Nanjing COSMOS Chemical Co., Ltd.	No. 19 Suyuan Avenue, Jiangning Economic and Technological Development, Nanjing City, Jiangsu Province, P.R. China
Sinobest Cosmeceutical Co., Ltd.	No. 905, Taizi Road, Chui Industrial Park, Ma'anshan City, Anhui Province, P.R. China
Ma'anshan COSMOS Chemical Co., Ltd.	No. 2 Maopu Road, Chui High-tech Industrial Development Zone, Ma'anshan City, Anhui Province, P.R. China
Anqing COSMOS Chemical Co., Ltd.	No. 8, Yingshan Road, High-Tech Development Zone, Anqing City, Anhui Province, P.R. China
Suqian COSMOS Chemical Co., Ltd.	Yangzi Road, Suqian Ecological Chemical Technology Industrial Park, Suqian, Jiangsu Province, P.R. China

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## Third-Party Assurance Statement

## Independent Assurance Statement



## Introduction

Bureau Veritas Hong Kong Limited, a member of the Bureau Veritas Group in France (hereinafter referred to as "Bureau Veritas"), was commissioned by the management of **Nanjing COSMOS Chemical Co., Ltd** (hereinafter referred to as "Cosmos Share") to conduct an external verification of **The 2024 Sustainability Report of COSMOS** (hereinafter referred to as the "Report"). The Bureau Veritas assurance team has performed the assurance engagement on the Report in accordance with the terms outlined in the contract with Cosmos Share and within the scope of responsibilities stipulated in the contract, which is based on the mutual agreement between Bureau Veritas and Cosmos Share.

The intended users of this statement are stakeholders concerned with the environmental, social, and governance performance and impacts of Cosmos Share in the fiscal year 2024 (January 1, 2024, to December 31, 2024).

### Reporting Organization

Company Name: Nanjing COSMOS Chemical Co., Ltd.  
Headquarters Address: Building C1, Jiulonghu International Enterprise Headquarters Park,  
No.19 Suyuan Avenue, Jiangning Economic & Technological Development Zone, Nanjing,  
Jiangsu, China.

Reporting Boundary: The boundary covers Nanjing COSMOS Chemical Co., Ltd and its controlled subsidiaries, consistent with the scope of the Cosmos Share's annual report.

## Assurance Principles and Standards

Bureau Veritas conducts this verification work according to the following standards from AccountAbility:

- AA1000 Accountability Principles <sup>2018</sup>
- AA1000 Assurance Standard v3

### Type and Level of Assurance

Bureau Veritas follows the "Type 1" and "Moderate" level requirements of the AA1000 Assurance Standard v3 to verify the information and data disclosed in the report. The following reporting standards are also used to implement this verification work:

- With reference to Global Reporting Initiative (GRI)
- With reference to Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange —— Sustainability Report (for Trial Implementation)
- With reference to TCFD

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## Assurance Methodology



Bureau Veritas conducts this external assurance based on its ESG reporting assurance methodology. The assurance activities include:

- Reviewing the company's management processes and practices to assess its environmental, social, and governance (ESG) systems, including ESG governance, compliance management, risk management, stakeholder communication, materiality analysis, and specific performance indicators.
- Conducting management interviews (including senior management, department heads, and the sustainability leadership group and executive working group).
- Reviewing the company's management practices, processes, and specific performance indicators and data related to environmental, social, and governance aspects based on a sampling approach, to test the accuracy of the information and data.
- Reporting the assurance findings to the company's management and providing the opportunity for the company to make corresponding improvements before the assurance process is completed.
- Collecting and evaluating supportive written evidence and management presentations to assess the company's level of adherence to the assurance principles.

### Nature and Scope of Assurance

Bureau Veritas reserves the right to periodically update the assurance opinion depending on the extent of differences between the content of the report's published version and the requirements set forth in the agreement standards.

The engagement team carried out the independent assurance work from March 5<sup>th</sup> to April 15<sup>th</sup>, 2025.

The information and content presented in the Report are the responsibility of Cosmos Share's personnel responsible for sustainability reporting, and the strategy and sustainability management department. Bureau Veritas has not participated in any preparation of the information included in the report.

Bureau Veritas' responsibility is to provide assurance opinions to the stakeholders regarding the texts, data, charts, and statements released by Cosmos Share within the scope of the assurance engagement agreed in the contract.

## Limitations

Bureau Veritas' assurance is carried out according to the scope, type, and level of assurance defined in the assurance agreement, and the information and performance data related to the assurance are limited to the content disclosed in the report provided by the company.

Bureau Veritas' assurance does not cover the company's annual financial reports, financial data, or other information unrelated to sustainability. If the company's report references financial information audited independently by accounting firm, Bureau Veritas will neither trace the original data nor provide an opinion regarding its compliance during the assurance process.

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## Progress on the Ten Principles of the United Nations Global Compact (UNGC)

UNGC	Ten Principles	Action Taken by the Company	Location
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	The Company upholds and aligns with international labor and human rights standards, and strictly adheres to relevant laws and regulations. The Company has developed and published a <i>Labor Rights and Human Rights Management Policy</i> and established a social responsibility system that complies with SA 8000 standards, ensuring that the human rights of every employee are fully respected and protected in all business operations.	Employees Rights and Interests
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses		
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	The Company places significant importance on building a diverse talent pool characterized by various cultural backgrounds, skills, and knowledge, fostering innovative development and team collaboration. The Company has implemented systems such as the <i>Labor Rights and Human Rights Management Policy</i> to guarantee that employees are free from discrimination based on race, skin color, gender, religion, nationality, ethnicity, disability status, marital status, retirement status, sexual orientation, gender identity, or other legally protected identities during recruitment, compensation, and career advancement.  Each base has established clear management requirements and monitoring procedures regarding labor relations, the protection of child and underage workers, working hours, and vacation entitlements, including prohibitions against child labor and any form of forced or compulsory labor.	Employees Rights and Interests
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour		
	Principle 5: Businesses should uphold the effective abolition of child labour		
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation		



UNGC	Ten Principles	Action Taken by the Company	Location
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	The Company formulates the <i>Environmental Policies</i> that delineate its fundamental principles and institutional requirements for addressing climate change, energy management, waste management, and related issues. The Company has also joined the Science Based Targets Initiative (SBTi) to conduct a comprehensive review and verification of carbon emission data throughout the organization, actively tackling climate change challenges.	Environmental Management Climate Action Energy Management Water Management Emission and Waste Management
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	The Company integrates energy-saving and low-carbon principles into its production, manufacturing, and operational processes while continuously exploring opportunities for energy efficiency improvements and recycling across various dimensions, including production equipment, process flows, and digital systems, to enhance energy management effectiveness.  The Company minimizes water resource consumption by installing water-saving appliances and systems, executing process improvement and optimization projects, and actively adopting new technologies.	
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	The Company strictly regulates pollutants and waste discharge through a three-tiered framework focused on source emission reduction, process optimization, and end-of-pipe treatment. While ensuring compliance with emission regulations, the Company relentlessly seeks process and technological innovations to enhance the management of Three Wastes (waste gas, wastewater, and solid waste).	
Anti-Corruption	Principle 10: Businesses should work against all forms of corruption, including extortion and bribery	The Company has formulated a comprehensive set of business ethics policies covering anti-corruption, anti-bribery, fair competition, conflict of interest, related party transactions, anti-money laundering, and other ethical areas. The Company has established a management system in line with the ISO 37001 <i>Anti-Bribery Management System - Requirements with Guidance for Use</i> , mandating that suppliers sign integrity agreements and codes of conduct. The Company encourages stakeholders, including employees, suppliers, and customers, to oversee ethical practices and facilitate anonymous or identified reporting of any business ethics violations.	Business Ethics Compliance and Risk Management

## Feedback from Readers

We appreciate your engagement with the *COSMOS 2024 Sustainability Report*. To provide you and other stakeholders with more valuable information and enhance the management capabilities of COSMOS in terms of ESG, we sincerely welcome your feedback and suggestions regarding this report. You may submit your responses through the following channels:

Email: cosmos@cosmoschem.com

Address: 10/F, C1 Tower, Jiulonghu International Corporate Headquarters, No. 19 Suyuan Avenue, Jiangning District, Nanjing, China

1. What is your overall evaluation of this report?

☐ Good   ☐ Fair   ☐ Average   ☐ Poor
2. How do you assess the clarity, accuracy, and completeness of the information, data, and indicators presented in this report?

☐ Good   ☐ Fair   ☐ Average   ☐ Poor
3. Do you believe this report comprehensively reflects COSMOS's performance in relation to environmental, social, and governance factors?

☐ Good   ☐ Fair   ☐ Average   ☐ Poor
4. Is the language used in this report clear and easily understandable?

☐ Good   ☐ Fair   ☐ Average   ☐ Poor
5. Has the formatting of this report facilitated your understanding of the relevant information?

☐ Good   ☐ Fair   ☐ Average   ☐ Poor
6. In your opinion, what is the most critical area for improvement in this report?

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7. Do you have any additional opinions or suggestions regarding COSMOS's sustainable development management and information disclosure?

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