



ESG Governance Mechanism

The Company formulates the ESG management framework from the Board of Directors to the operation team. We set up the ESG Committee to support the Board of Directors in developing ESG strategies and overseeing the implementation of ESG initiatives. The ESG Committee consists of two directors, the CFO and the Compliance and Public Relations head. We explicitly define the ESG Committee’s purpose, role, and responsibilities in the *ESG Committee Charter*. This includes setting the Company’s ESG objectives and action plans, supervising the progress of ESG initiatives, evaluating ESG risks, and drawing up risk management strategies and initiatives.

The ESG Committee is the highest decision-making body for the Company’s ESG work, responsible for overseeing ESG development, strategic advancement, and strategy implementation and reviewing annual work plans and reports. An ESG working group is set up under the ESG Committee to ensure all aspects of ESG work are properly managed and implemented. The ESG Committee and the ESG Working Group, with the authorization of the Board of Directors, will continue to improve the ESG indicator system and risk management process, hold regular briefings on the progress of ESG work and exchange on ESG matters, and optimize the Company’s ESG governance and management capacity.



Stakeholder Communication

We have identified six major groups of stakeholders by referring to global peers’ experience and practice. The six major groups of stakeholders are shareholders and investors, users, regulators and non-governmental organizations (NGOs), employees, business partners, and communities. We collected stakeholders’ expectations and concerns via various channels and take their common concerns into consideration when making ESG strategic decisions and operating the ESG management system. We have set up unblocked and efficient channels to communicate with stakeholders. Through these channels, we listen to their opinions and provide timely feedback.

Stakeholder	Expectations	Major Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> ○ Continuous and stable growth ○ Business ethics and compliance ○ Product innovation and harm reduction ○ Sustainable supply chain ○ Addressing climate change 	<ul style="list-style-type: none"> ● Non-deal roadshows ● Online and offline conferences ● News releases/announcements ● Annual reports/quarterly result announcements
Users	<ul style="list-style-type: none"> ○ Supply of high-quality products ○ Product innovation and harm reduction ○ User experience improvement ○ Minor protection 	<ul style="list-style-type: none"> ● Official website and social media ● User service hotline ● Press conferences ● User surveys
Regulators and NGOs	<ul style="list-style-type: none"> ○ Minor protection ○ Product quality and safety ○ Addressing climate change 	<ul style="list-style-type: none"> ● Information disclosure ● Routine communication and reporting ● Supervision and inspection ● On-site visits
Employees	<ul style="list-style-type: none"> ○ Human rights ○ Training and development ○ Remuneration and benefits ○ Occupational health and safety 	<ul style="list-style-type: none"> ● Internal meetings ● Regular communications and surveys ● Online and offline training
Business Partners	<ul style="list-style-type: none"> ○ Business ethics and compliance ○ Responsible marketing ○ Sustainable supply chain ○ Product quality ○ Product innovation and harm reduction 	<ul style="list-style-type: none"> ● Regular communications and surveys ● Contracts and agreements ● Regular evaluation and training of suppliers
Communities	<ul style="list-style-type: none"> ○ Corporate Philanthropy Programs ○ Community investment 	<ul style="list-style-type: none"> ● Official website and social media ● Interactions with charity organizations, NGOs and communities