



China Yurun Food Group Limited

中國雨潤食品集團有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 1068



**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2022**

Contents

1. About the Report	4
Basis of Preparation.....	4
Reporting Scope	5
Response to the Report.....	5
2. Letter from the Board	6
3. About Yurun Food	8
Business Profile.....	8
Corporate Value	8
Awards and Honours	9
4. Stakeholder Communication	10
Communication Channels	10
Materiality Assessment	11
5. Quality Lead	14
Management System.....	15
High-Quality Raw Materials.....	16
Hygiene Standards.....	18
Production and Inspection	18
Cold Chain Management	19
6. Customer is our Top Priority.....	21
Food Research and Development Innovation	21
Consumer Rights.....	21
Privacy Protection	22
Product Labelling and Promotion.....	22
Product Traceability and Recall	23
7. Responsible Operation	24
Responsible Procurement	24
Operating with Integrity and Honesty.....	25
Intellectual Property Rights Protection.....	28

Animal Welfare.....	29
8. Employee Care	30
Employment Policy.....	31
Employee Benefits.....	33
Health and Safety	34
Employee Training and Promotion.....	37
9. Environmental Protection	39
Emission.....	39
Use of Resources	46
Environment and Natural Resources.....	51
Responding to Climate Change	51
10. Community Contribution	53
Social Welfare.....	53
Enterprise-School Cooperation	54
Food Safety Promotion.....	55
11. Performance Indicators	56
12. Appendix 1: Laws and Regulations Complied with by the Group during the Reporting Period	63
13. Appendix 2: Index of the SEHK's ESG Reporting Guide.....	66

1. About the Report

Basis of Preparation

This is the seventh Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) issued by China Yurun Food Group Limited (“**Yurun Food**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”). The purpose of this Report is to report the Group’s ESG strategies and management performance and enhance communication with stakeholders. In order to gain a comprehensive view of the Group’s ESG performance, this Report should be read in conjunction with the *Annual Report 2022 of China Yurun Food Group Limited* (in particular the “Corporate Governance Report” contained therein).

This Report was prepared in accordance with the mandatory disclosure requirements and “comply or explain” provisions of the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**SEHK**”). This Report was prepared in adherence to the reporting principles of materiality, quantitative, balance and consistency. Appendix 2 of this Report provides detailed information about the content index of the *ESG Reporting Guide* for readers’ reference.

The reporting principles complied by the Company in the preparation of this Report are as follows:

Materiality

The Group determines material issues relevant to the Group through materiality assessment. The materiality assessment process includes inviting stakeholders to prioritise ESG issues, verifying the material issues by the board of directors of the Company (the “**Board**”), etc. For details of the materiality assessment process, please refer to the section headed “Materiality Assessment” of this Report.

Quantitative

In order to fully assess the Group’s ESG performance during the Reporting Period (as defined below), the Group disclosed the applicable quantitative key performance indicators (“**KPIs**”) referred to in the *ESG Reporting Guide* and set out the standards, methodologies, assumptions, and references used for the calculation of the quantitative KPIs, including the sources of the key conversion factors.

Consistency

Unless otherwise specified, the methodologies used in this Report are consistent with those used in the 2021 ESG report to allow readers to make meaningful comparisons of the Group's ESG data.

Balance

The application of this principle is reflected in various sections of this Report.

Reporting Scope

During the Reporting Period, there was no significant change in the nature of the Group's principal activities. The reporting scope of this Report is consistent with that of the *Annual Report 2022 of China Yurun Food Group Limited*, which covers the Company and all its subsidiaries. Unless otherwise specified, this Report covers the Group's businesses that are under the Group's control and have significant environmental and social impacts, including the production and sales of a wide variety of raw pork (chilled pork and frozen pork), low temperature meat products ("LTMP") and high temperature meat products ("HTMP") with a particular focus on pork products.

Unless otherwise specified, this Report covers the period from 1 January 2022 to 31 December 2022 (the "**Reporting Period**").

Response to the Report

You are welcome to provide feedback on the Group's ESG performance and this Report by email.

Email: ir@yurun.com.hk

2. Letter from the Board



“Food is of paramount importance to people, and food safety must always come first”. Since its establishment, the Group has been committed to its core business philosophy of “You trust because we care”. We value the interests of customers and the public and believe that social interest should outweigh business interest. To build a trustworthy brand, we take corporate social responsibility seriously and integrate it into our business management strategy.

The Group understands the importance of good corporate governance, including governance of ESG-related matters that are critical to sustainable development. The Group continued to improve its ESG governance structure and strived to enhance the performance of ESG work. We have established an ESG Working Group headed by our Vice President and composed of senior management of our subsidiaries to assist the Board in coordinating and supervising the Group's ESG-related matters, establishing ESG management policies and strategies, and identifying and assessing ESG matters (including risks) related to the Group. In addition, the ESG Working Group is required to report to the Board on significant ESG matters from time to time.

Based on our sustainable development strategy, the Group conducts annual materiality assessment of ESG issues and prioritises management and promotion of material issues as the annual focus of ESG work. The Board reviews and confirms the results of the materiality assessment, considers material issues as part of the overall strategic development of the Group, and oversees the management and performance of these issues.

Regarding ESG risks, the Board ensures that we have an appropriate and effective ESG

risk management and internal control system in place. During the Reporting Period, the Group developed the *Corporate ESG Evaluation Guide* as a tool for self-evaluation and improvement of its ESG management and performance, which could systematically improve the level of corporate ESG management. In addition, we conducted ESG risks review and update in 2022 through evaluation of internal management of the four ESG risks identified in the previous year, namely policy risks, social risks in supply chain management, infectious disease risks and food safety risks. On top of that, we included natural disaster risks. We urged relevant departments to develop business continuity plans systematically to respond to natural disaster-related emergencies, enhancing our resilience and capability to respond to natural disasters.

In terms of management of ESG-related targets, the Board is responsible for approving the Group's ESG-related targets and reviewing the progress of achieving the relevant targets. In order to adjust our action plans in a timely manner, achieve our targets steadily and realise sustainable development for the business and the environment, the Group reviewed and disclosed the achievement of the five environmental targets set in the previous year for some of its fresh and processed meat production plants during the Reporting Period. These targets covered the areas of air pollutant emissions, greenhouse gas (GHG) emissions, waste generation, energy use efficiency and water resource efficiency.

Looking ahead, leveraging the refreshment of the Yurun Food brand, we will continue to create high-quality food with a sincere and pragmatic attitude. We aim to provide a better experience for consumers, create value for society, and continuously improve the governance level of sustainable development of the Group.

This Report discloses the progress and achievement of Yurun Food's ESG work in 2022. The information disclosed in this Report is mainly derived from the Group's internal documents and statistics. The Board is solely responsible for the Group's environmental and social strategy and reporting, and has reviewed and approved this Report to ensure its reliability, truthfulness, objectivity and completeness.

3. About Yurun Food

Business Profile

Yurun Food is one of the largest meat producers in the People's Republic of China ("PRC"). Its products include chilled pork, frozen pork as well as LTMP and HTMP which are predominantly pork products. The Group is headquartered in Nanjing, Jiangsu Province, the PRC, with various production bases for chilled pork, frozen pork, and processed meat products across the PRC.

As one of the earliest leading enterprises in the development of Western-style low-temperature meat products in China, Yurun Food has the leading production equipment and technologies. Yurun Food focuses on the research and development of new mid- to high-end products and has established a research and development team consisting of professionals. We are committed to developing new products with market competitiveness, and successfully established a great corporate image of food safety and high quality among consumers.

The brand slogan of "low temperature maintains freshness, cold chain preserves newness, delicious taste" is the three major quality standards brought by Yurun Food to consumers, and it is also a solemn quality commitment to consumers. Yurun Food is committed to maintaining a diligent and persevering craftsman attitude to ensure food safety, assuring customers, and achieving social responsibility and moral quality guarantee that a "national brand" should fulfil.

Corporate Value

Ethical Philosophy	Corporate Mission	Corporate Objective	Core Belief	Shared Vision
You trust because we care	Rewarding customers, the society, employees, and shareholders	Becoming the most trustworthy food company	Nurturing the community with sincerity and good faith	Making life healthier, more tasteful, and more comfortable

Awards and Honours

The Group has won numerous awards over the years and our brand is recognised by various sectors and fancied by consumers. During the Reporting Period, Harbin Dazhong Roulian Food Co., Ltd ("Haroulian") was assessed as a "China 3-15 Honest Brand" in the annual "National 3-15 Honest Brand Survey". Haroulian was also awarded the "Outstanding Contribution Unit" by the Heilongjiang Meat Association for stable production and supply in the meat industry in Heilongjiang Province and also was awarded the "2022 Harbin Consumer Food Safety Award" by the Harbin Food Industry Association. In addition, Haroulian's products were awarded the "Longjiang Special Local Food Products" certificate by the Heilongjiang Food Distribution Association and Haroulian was authorised to use the dedicated label of Longjiang Special Local Food Products.



4. Stakeholder Communication

Communication Channels

Stakeholders	Issues of Concern	Communication Channels	Communication Frequencies
Shareholders/ Investors	<ul style="list-style-type: none"> Business performance Compliance 	<ul style="list-style-type: none"> General Meeting Public announcement Press release 	<ul style="list-style-type: none"> Annually/ as needed Ad hoc Ad hoc
Government Departments	<ul style="list-style-type: none"> Food safety Environmental compliance 	<ul style="list-style-type: none"> On-site inspection Online monitoring 	<ul style="list-style-type: none"> Ad hoc Real-time
Food Retailers	<ul style="list-style-type: none"> Food safety Marketing management 	<ul style="list-style-type: none"> Questionnaire Food retailers trade show On-site audit 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed Annually/ as needed
Consumers	<ul style="list-style-type: none"> Food safety Consumer rights Marketing management 	<ul style="list-style-type: none"> Trade fair and promotional activity Factory tour Customer service hotline Questionnaire 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed As needed Annually/ as needed
Suppliers	<ul style="list-style-type: none"> Supply chain management Food safety Environmental compliance 	<ul style="list-style-type: none"> On-site visit Supplier inspection 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed
Employees	<ul style="list-style-type: none"> Employment and labour policy Employee development and training Remuneration and welfare 	<ul style="list-style-type: none"> Employee union Employee representative symposium 	<ul style="list-style-type: none"> As needed Annually/ as needed
Communities	<ul style="list-style-type: none"> Food safety Community Investment Consumer rights 	<ul style="list-style-type: none"> Factory tour Press release Public announcement 	<ul style="list-style-type: none"> Annually/ as needed As needed As needed
Media	<ul style="list-style-type: none"> Food safety Consumer rights Environmental Performance 	<ul style="list-style-type: none"> Media interview Press release Public announcement 	<ul style="list-style-type: none"> As needed As needed As needed

Materiality Assessment

During the Reporting Period, the Group conducted the materiality assessment in the form of questionnaire survey. The Group invited internal and external stakeholders to participate in the materiality assessment to understand the ESG topics that concern the stakeholders. The materiality assessment can assist the Group in reviewing the approach for ESG management, and formulating and enhancing the relevant policies and measures to effectively address the concerns of stakeholders.

The followings are the four major steps of materiality assessment:



Identification

The Group considered the national and international sustainability reporting guidelines and standards, issues of peers' concern, food industry development trends, etc. to refine the Group's pool of ESG database. During the Reporting Period, the Group's senior management selected 14 ESG issues that were relevant to the Group.

Prioritisation

The Group invited internal and external stakeholders to complete the online survey to assess the materiality of the 14 ESG issues. Internal stakeholders (the Board and senior management) ranked the ESG issues according to the "Importance to Yurun Food". External stakeholders (employees, government departments, suppliers, distributors, customers, media, industry associations and communities) ranked the ESG issues according to the "Importance to Stakeholders". In addition, a separate ranking for the "environmental aspect" and "social aspect" was used in this Report. During the Reporting Period, a total of 538 stakeholders participated in the materiality assessment.

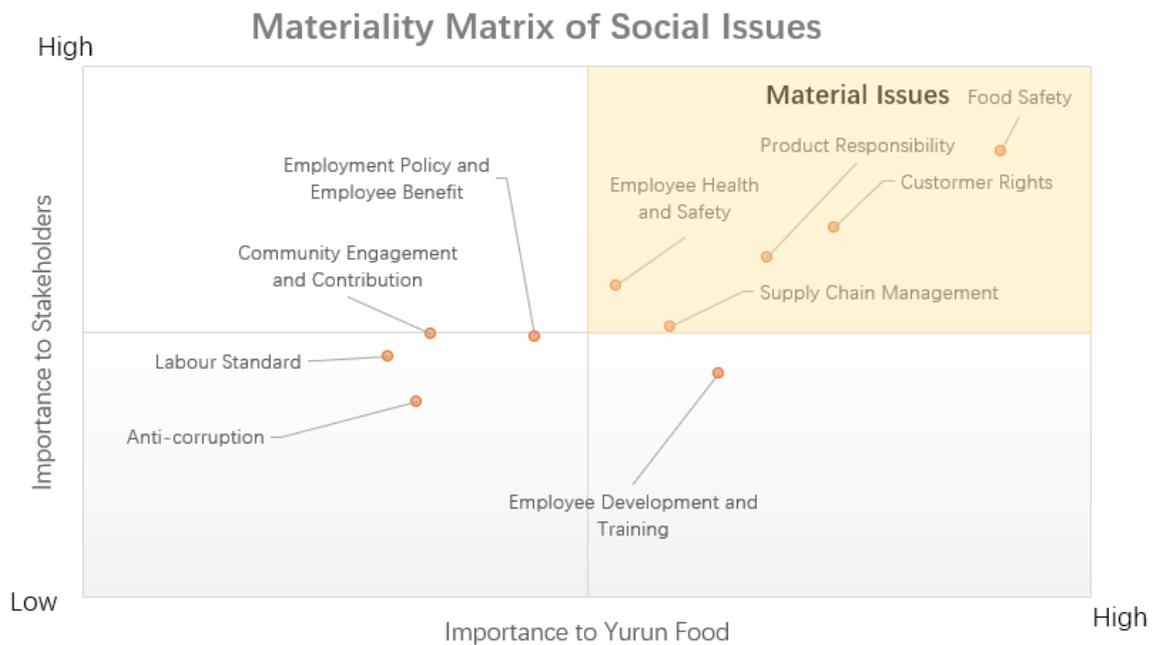
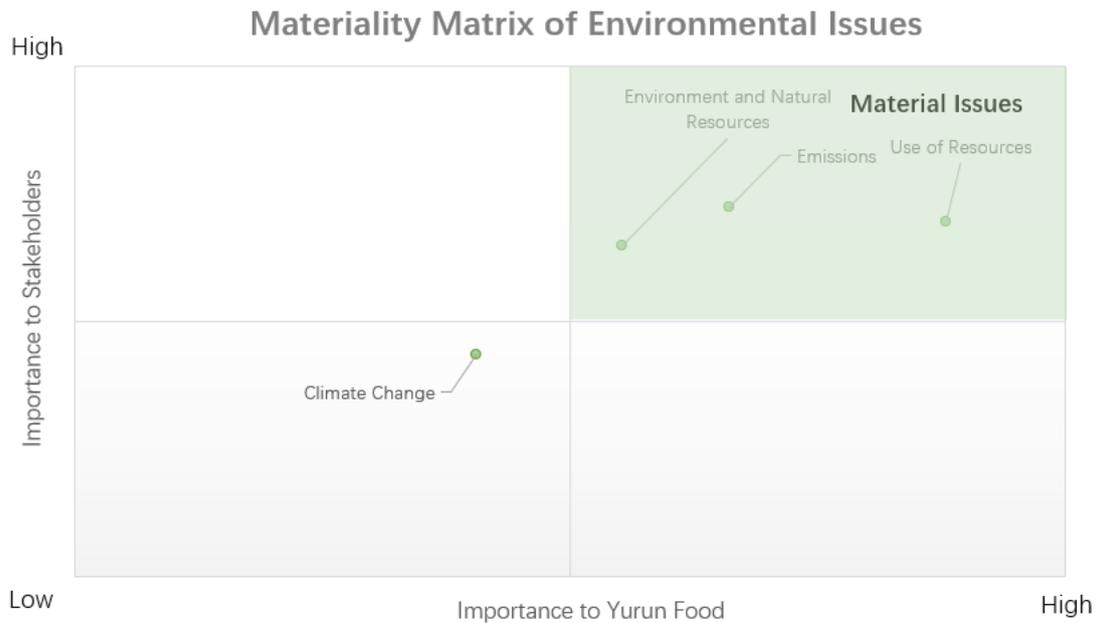
Analysis

The Group analysed the survey results and constructed a materiality matrix to identify material ESG issues with higher scores according to the "Importance to Stakeholders" and "Importance to Yurun Food", respectively.

Verification

The Board reviewed and verified the materiality assessment results and confirmed the material ESG issues for 2022.

The following charts illustrate the materiality assessment results for 2022. Comparing with the results of the previous reporting period, this Report assessed the materiality of ESG issues in two aspects, namely “environmental” and “social” aspects, which fully demonstrated the expectations of stakeholders in the Group in these two aspects. Based on the assessment results, the Group will make specific adjustments to our ESG work and respond to the concerns of stakeholders in a timely manner.



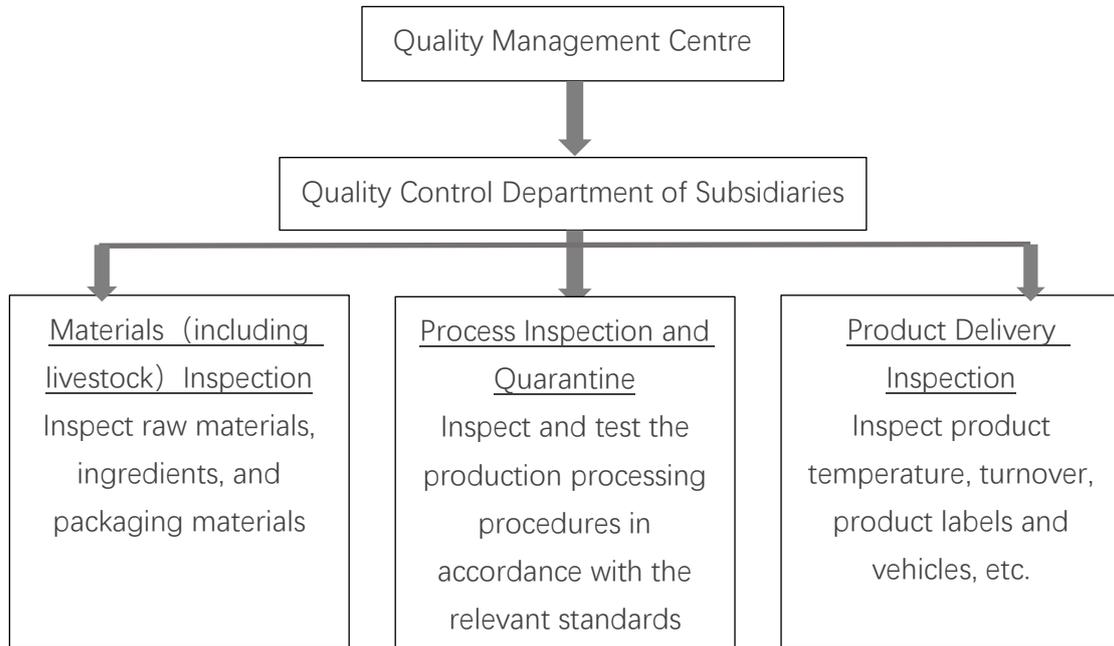
ESG Issue	Material Issues (Materiality from the Highest to the Lowest)	Relevant Section(s)
Environmental aspect	1. Use of Resources	Environmental Protection
	2. Emissions	Environmental Protection
	3. Environment and Natural Resources	Environmental Protection
Social aspect	1. Food Safety	Quality Lead
	2. Customer Rights	Customer First
	3. Product Responsibility	Quality Lead, Customer First, Responsible Operation
	4. Employee Health and Safety	Employee Care
	5. Supply Chain Management	Responsible Operation

5. Quality Lead

Yurun Food always puts consumer health as its first priority, and adheres to the quality principle of "Survival by quality. Development by innovation. Quality determines the life of the enterprise. One-vote veto system for quality", and has formulated the quality policy of "Nurturing the community with sincerity and good faith; Continuous innovation, surpassing the first-class". Yurun has continuously been improving the product quality and food safety management system. We carry out food safety self-inspection for no less than 2 times a year at an interval of no more than six months. We also cooperate with national and local quality supervision agencies at all levels to ensure product safety and quality control at the same time, and always maintain the industry-leading level in various quality inspection and testing, providing consumers with safe, assuring, healthy and delicious meat products.



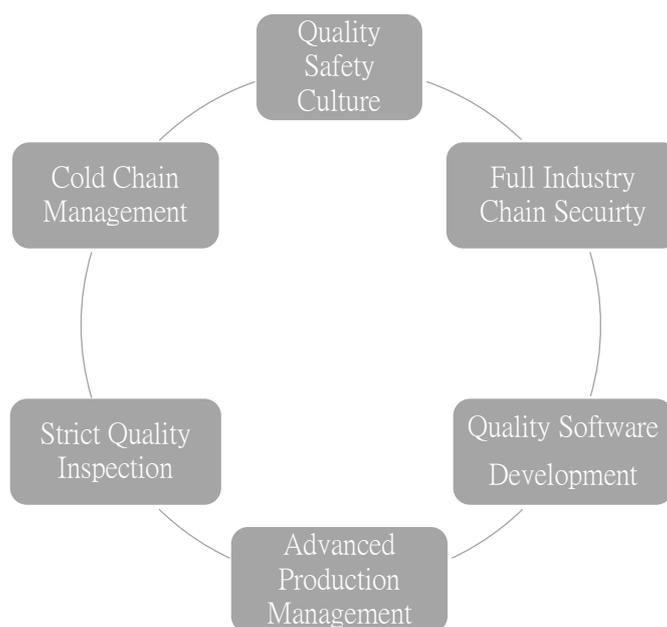
Management System



GB/T 19001-2016/ ISO 9001: 2015 <i>Quality management system – requirements</i>	GB/T 27341-2009 <i>Hazard analysis and critical control point (HACCP) system – general requirement for food processing plant</i>
6	2
production plants obtained/ maintained valid certifications during the Reporting Period	production plants obtained/ maintained valid certifications during the Reporting Period
GB/T 22000-2006/ ISO22000:2005 ISO22000:2018 <i>Food safety management system – requirements for any organisation in the food chain</i>	ISO14000: 2015 <i>Environmental Management System</i> ISO 18000 <i>Occupational Health and Safety Management System</i>
6	3
production plants obtained/ maintained valid certifications during the Reporting Period	production plants obtained/ maintained valid certifications during the Reporting Period

During the Reporting Period, the Group formulated and improved a number of food safety management systems to provide all-around protection from raw material procurement, production and processing, product transportation to marketing management. A Quality Management Centre was established to monitor the food quality and food safety. A quality management team was established by each subsidiary of the Group for the strict implementation of the unified standards set by the headquarters. We insist on the strict implementation of quality and technical management systems and standards, and constantly improve our product quality and food safety management system. In addition, we have been working closely with national and local quality supervision agencies at all levels to ensure product safety and quality.

We apply the concept of quality and safety environment through a set of closed-loop quality control systems. Each part of the product procurement, production, transportation and sales are linked closely to each other, to maintain a preventable, traceable, guaranteed and effective safety management model.

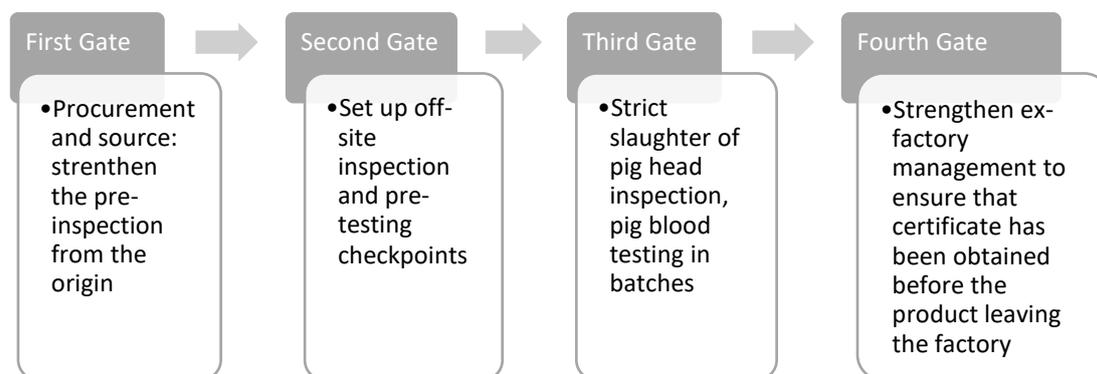


The Cycle of Quality and Safety

High-Quality Raw Materials

The Group attaches great importance to the quality of raw materials. We carefully select suppliers and conduct rigorous inspections of all raw materials to prevent the inflow of substandard materials. During the Reporting Period, we revised and improved the *Operating Procedures for the Acceptance and Inspection of Raw Materials* to standardise the acceptance and inspection of raw materials. We also revised the *Quality Assurance*

Agreement for the Purchase of Hogs to strengthen the prevention and control of the African swine fever epidemic from four "Gates".



Four Gates of Hog Acquisition Quality Assurance

To respond to the outbreak of African swine fever effectively, the Group has formulated the African Swine Fever Prevention and Control Plan and established a working group for the prevention and control of African swine fever at the Group headquarters and subsidiary levels. The working group is responsible for (i) collecting relevant laws and regulations and various policy requirements of African swine fever; (ii) arranging the deployment of African swine fever epidemic prevention and control work; (iii) establishing and implementing the African swine fever epidemic prevention and control system and emergency implementation plan to ensure effective operation; (iv) coordinating production, supply, transportation and marketing in all aspects; (v) collaborating with animal husbandry, epidemic control and other departments; (vi) and properly handling the various issues of African swine fever epidemic prevention and control. Important matters are reported to the principal of the working group in a timely manner. The working group also organises external inspections related to the prevention and control of African swine fever and participates in the relevant meetings.

The followings are the Group's measures to prevent and control African swine fever:

- Construct the layout of the production site and equip it with necessary facilities to reduce the risk of cross-contamination
- Strengthen the management structure of "people, vehicles, animals and pests" and improve the biosecurity factor
- Maintain good management in hog herd to ensure the hogs are healthy
- Follow pollution management to ensure strict compliance and safe disposal
- Implement the assessment of and acceptance for production expansion and monitor daily environment so as to preserve the environment for breeding

Hygiene Standards

The Group has stringent requirements on the hygiene of vehicles, factories, enclosures, production plants, warehouses, and personnel, and conducts effective verification and assessment to avoid incidents of food contamination. We have established policies such as the *Cleaning and Disinfection Management Regulations*, the *Hygiene Management System*, the *Hog Slaughtering Industry Cleaning and Disinfection Regulations*, the *Vehicle Cleaning and Disinfection Hygiene Regulations* and other policies to specify the scope, methods, procedures and frequency of cleaning and disinfection.

Production Plants	<ul style="list-style-type: none"> • Employees must turn on UV lamps and ozone sterilisers when they are off duty • Deep cleaning and disinfection of ceilings, walls, floors, production equipment and utensils, etc. • In order to ensure that the relevant policies are strictly implemented, regular hygiene inspections for production plants are carried out
Production Workers	<ul style="list-style-type: none"> • All production workers shall wash and sanitise their hands and put on work clothes, work boots, headwear and masks before entering the production area of a production plant
Vehicles	<ul style="list-style-type: none"> • Debris removal, rinsing and sanitation of vehicles are carried out for vehicles prior to loading
Warehouses	<ul style="list-style-type: none"> • Cleaning and disinfection of rapid chiller rooms, freezer rooms and finished goods storage rooms are carried out regularly

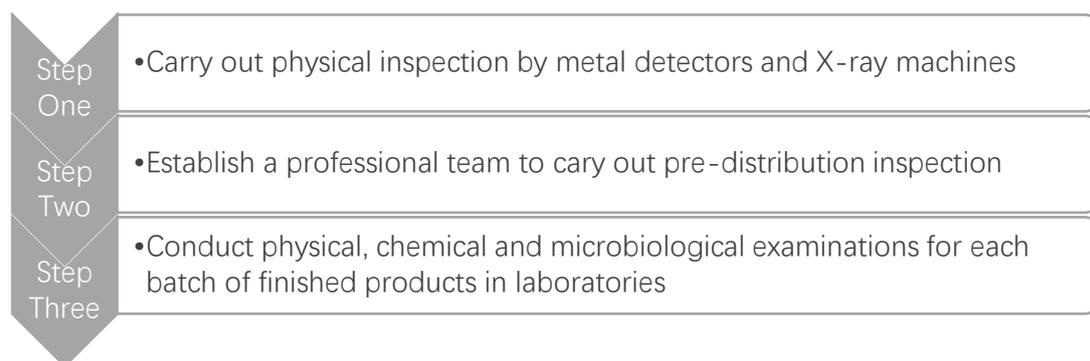
Production and Inspection

We attach great importance to product quality throughout our food production process. The Group formulates food production standards that are higher than the national standards, standardises the products production process, product quality criteria and other indicators, and implements self-inspection and quality reviews to ensure high product qualification. Production plants are required to strictly implement the food production standards of the Group. During the Reporting Period, no non-compliance incident has been identified.

In addition, the Group installed surveillance devices in production plants to monitor the entire production process. Corrective and preventive measures will be carried out in a timely manner if needed. Regarding food processing, the Group has introduced advanced meat processing equipment from overseas to achieve a closed and automatic operation for pre-treatment of raw materials, seasoning, filling, cooking, packaging, etc., so as to minimise product quality issues caused by manual operation.

The Group has professional testing equipment and testing teams, which can conduct examination and research in nutrition analysis testing, microbiology testing, pesticide and veterinary drug residues testing, elemental analysis testing and food additive testing, etc.

The Group has established a set of inspection standards that is higher than the industry and national standards. All the products must pass the following “three steps” prior to distribution:



Cold Chain Management

The Group’s main products are chilled pork, frozen pork and LTMP. Cold chain management forms a very important part of product quality assurance as temperature directly affects the quality of products quality. Internal policies such as the *Product Transportation Management System*, the *Logistics Shipping Management Regulations* and the *Logistics Safety Summer Control Programme* have been formulated to regulate the types of logistics vehicles, in-transit temperatures, hygiene, delivery schedules and quality incident rates in all aspects to ensure that the cold chain management of the product storage and transportation process follow the relevant standards.

Production plants, logistics teams, supermarkets, and other distributors are required to ensure products are being produced, transported and stored at appropriate temperatures. We strictly monitor the temperature across our production lines, regulate the refrigeration equipment of the transportation vehicles and require retailers to comply with the requirements of product quality assurance of the Group.

Production and Storage	The Group strictly monitors the temperatures across the production lines to ensure that the temperatures of raw pork from cutting, marinating to processing meet the Group's standards. The Group has formulated the <i>Cold Storage Management System</i> to record incomings and outgoings of product inventory and to keep track of the inventory. The Group conducts proper maintenance of the freezer on a regular basis to prevent any equipment failure that may affect product quality.
Transportation	The Group has formulated internal policies such as the <i>Logistics Management Code</i> and the <i>Cold Chain Management System of Logistics</i> , which set out the requirements for the logistics teams to ensure that the transportation of products meets the cold chain logistics standards. The Group adopts a full cold chain transportation mode. Through the network of production plants across the country, all production plants and markets within a distance under a three-hour cold chain coverage are linked up. We control the temperature inside each transportation vehicle. The temperature inside vehicles with chilled products is controlled at 0-4°C while that with frozen products is controlled under -15 °C. During the transportation process, information such as GPS location and ambient temperature, etc. is automatically recorded by the automatic recorders and monitored in real-time by the control centre.
Sales	The Group sets freezer requirements for distributors, supermarkets and other retailers and conducts regular inspections to ensure that the products are being stored in accordance with the Group's requirements.

The Group values quality management of products after launching in the market. We provide product handling guidelines to our retailers to ensure that they understand the methods of product handling and the rules that they are required to follow. During the Reporting Period, we continued to implement the *Regulations for the Management of Unsalable Products of Distributors*, which provides a different level of support for expired unsalable products according to the maturity of the market in which the distributor is located, the structure of the distributor's sales channels, etc. We also provided guidance on cash management to distributors and clarified the treatment of the unsalable products to ensure food safety. In addition, we actively promoted our market inspection programme, whereby our sales staff conducted inspections of all distributors in their respective areas. The inspection results were reported at our weekly business analysis meetings. Continuous improvement was promoted to ensure safe and secure food products would be purchased by consumers.

6. Customer is our Top Priority

Yurun Food adheres to the core value of "Focus on Customer Interests". We pay close attention to customer preferences and needs, focus on the research and development of healthy food and food innovation to meet different needs of our customers. Meanwhile, we are committed to protecting the rights and interests of our customers to win their trust.

Food Research and Development Innovation

The Group regards product and technology innovation as its core driving force for transformation and upgrading. Our excellent research team focuses on upgrading key food technologies, researching and developing new and popular products in the market, and further enhancing our market competitiveness. Yurun Food has been keeping abreast of the industry development trends and has implemented a series of new measures, including product innovation, packaging innovation, flavour innovation, etc. The Group continues to work with universities to develop innovative food products in line with the development of food industry.

The Group is committed to researching and developing health products, focusing on food health, nutrition, and savory technology research, to meet consumers' pursuit of healthy life. During the Reporting Period, the Group developed zero-pigment, zero-sugar, low-fat and low-salt meat products to provide consumers with more healthy choices.

To keep food healthy, the Group strictly abides by the provisions of the *Standard for the Use of Food Additives* (GB 2760-2014) and does not use food additives prohibited in the PRC or add excessively food additives and preservatives. In addition, during the production process, we do not add substances that may endanger human health and non-edible chemicals other than food additives. During the Reporting Period, no incident involving the excessive use of additives has been identified during the high and low temperature products inspection process.

Consumer Rights

The Group actively listens to the opinions of customers and always safeguards their rights and interests. The *Customer Complaint Handling Work Specification* has been updated, which clearly sets out the responsibilities of departments and personnel at all levels, the types of complaints, and the handling process of various types of complaints, so as to ensure that complaints from customers are effectively resolved. Customers can make complaints through customer service hotlines, supermarkets or distributors. We uphold

the principles of “timely response, careful investigation, reasonable communication, and proper handling” to handle customer complaints. In case we receive complaint from customer, our customer service officer will record the complaint in detail and provide feedback to customers within 24 hours. We will carefully investigate the complaint, analyse the cause, and take corrective action, as well as improve preventive measures to avoid recurrence. During the Reporting Period, the Group received a total of 37 complaints about products. All complaints had been properly handled, achieving 100% handling rate.

Privacy Protection

The Group attaches great importance to protecting customer privacy and always strictly adheres to the laws and regulations relating to privacy and data protection. The Group has established the *Customer Privacy Policy*, which stipulates that all the departments and personnel concerned shall receive proper training and observe confidentiality obligations as contained in confidentiality agreement. The Group will not disclose customer information to third parties without permission from the customers. In order to ensure privacy of customer is protected, if there is a complaint, except for internal relevant personnel, consumer's contact information and full name would not be disclosed to the public. In addition, the Group has set up limited access to customer information in such a way that only designated employees can access customer information.

Product Labelling and Promotion

The Group clearly discloses information about the ingredients of food products on the product labels. The Group prepares product labels in strict compliance with the *Administrative Provisions on Food Labelling*, the *General Principles on the Labels of Pre-packaged Food* (GB 7718-2011), and the *General Principles Labels of Pre-packaged Food* (GB28050-2011) to ensure that consumers can receive true and accurate product information. The product labels show the following information, the date of manufacture, the expiration date, ingredients, food additives and nutritional facts, etc.

The Group focuses on cultivating internal standardization personnel training related to product labelling to improve its own business standards. We have formulated the *Packaging Counter-Signature Specification*, pursuant to which cross-checking will be conducted to ensure the information provided on the label is accurate, not missing and not misleading, and the consumers are provided with the required information.

The Group also strictly abides by the *Advertising Law of the PRC*, the *Trademark Law of the PRC*, the *Interim Measures for the Administration of Internet Advertising* and other laws and regulations, and submits the content of the advertisements to the relevant

government departments for review when publishing advertising information, product packaging logos and corporate promotion materials to ensure that brand promotion and commercial promotion activities are legal and compliant. In order to ensure the legitimate rights and interests of consumers are protected, the Group makes sure the content of its external publicity is true and accurate, avoids infringing intellectual property rights, and making false or misleading publicity.

Product Traceability and Recall

To ensure consumers can enjoy the Group's products with confidence, the Group makes use of information technology to manage and control the whole production process, achieving "traceable source, trackable destinations, and accountable liability". The Group has established the product traceability system and introduced electronic scanning and tracking technology to ensure that products are trackable at any point from production, sales and after-sales. In the event of product recall, we can quickly identify the batches of affected products and the scope of the product recall through our product traceability system.

To protect consumer rights, the Group has a well-established product recall mechanism. We have formulated the *Product Recall Management Procedures*, which sets out the responsibilities of the product recall team and the product recall procedures. The product recall team, which consists of senior executives, technicians, sales representatives, and production workers, is responsible for product recalls. The Group classifies product recalls into three major levels according to the severity of food safety hazards. With respect to different levels of product recalls, the Group formulates and takes corresponding measures. We promptly disseminate information about product recalls to consumers through various media such as newspapers, radio, television and Internet, etc.

In addition, the Group has also formulated the *Food Safety Accident Management System* and the *Food Safety Contingency Plan* to handle emergencies arising from food safety. The Group has set up emergency management teams at both the Group headquarters and subsidiary levels to ensure that the impact of food safety emergencies can be effectively minimised upon occurrence. Our subsidiaries are required to organise regular product tracing and recall drills to assess the effectiveness of the product traceability system and the recall procedures. The Group's production base in Harbin successfully organised product recall drill during the Reporting Period. During the Reporting Period, the Group did not recall any products for health or safety reasons.

7. Responsible Operation

Yurun Food operates its business and builds a trustworthy brand responsibly. The Group has formulated and strictly implemented internal policies on responsible procurement, market management, integrity and legal compliance, intellectual property rights and animal welfare.

Responsible Procurement

The Group is committed to improving its supplier management system. The Group (i) revised the terms and conditions of the *Procurement Contract Management System and the Raw Material Acceptance and Inspection Operating Procedures*; (ii) established the *Material Supplier Management System*; and (iii) implemented a supplier "Shortlisting-Evaluation-Assessment-Phase Out" mechanism to manage supplier resources effectively, and enhance guaranteed supply. The main phases of the Group's supplier management system are as follows:

Shortlisting	Procurement officers assess the qualifications, production capacity, safety system and product quality of suppliers. Suppliers fill in the <i>Supplier Questionnaire</i> according to requirements, and our supplier evaluation team conducts a review.
Evaluation	The supplier evaluation team is composed of employees from the Procurement Department, the Quality Control Department, the Legal Department and the Technical Department. The supplier evaluation team conducts rigorous evaluations of qualified suppliers as required by the <i>Supplier Evaluation Form</i> , including their ESG performance. At the same time, we regularly carry out on-site reviews. Qualified suppliers are added into the SAP system and the qualified supplier list.
Assessment	The Group conducts annual appraisals of its suppliers and assesses their performance in terms of product quality, price and service. We categorise suppliers into three levels and manage accordingly based on the annual appraisals results.
Phase Out	If a supplier cannot provide normal supply without a legitimate reason, the Group will cease cooperation with such supplier. If a violation is verified during the cooperation process, the Group will put the relevant supplier on blacklist and will not engage it again for 12 months.

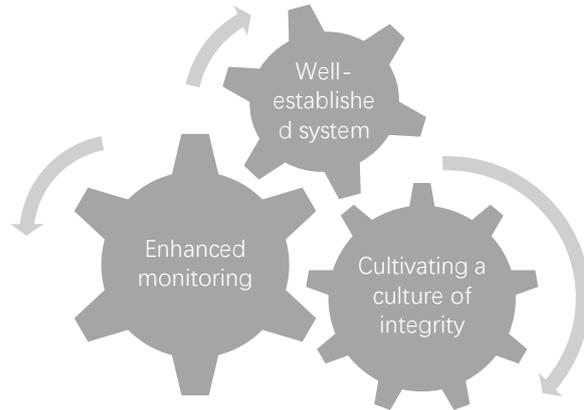
The Group emphasises environmental and social risk management of suppliers throughout the process, incorporates suppliers' environmental and social performance into the supplier management process, and collaborates with suppliers to build a responsible supply chain. For instance, we require suppliers to (i) comply with the *Environmental Protection Law of the PRC*; (ii) possess statutory qualifications for corresponding products; (iii) provide pollution treatment certificates or other pollution-related pollutant disposal certificates; and (iv) sign integrity commitment, quality and safety commitment and information safety commitment when signing the procurement contracts. We also monitor public opinion of partner suppliers or new suppliers from time to time, and will terminate with their cooperation immediately in the event of a failed government sample inspection.

We attach importance to environmental protection and green and low-carbon production in the procurement process and would require our suppliers to observe such environmental requirements. When a new supplier is under review, the supplier's quality system, environmental protection system and other aspects are being audited. When we purchase packaging materials, we prioritise the procurement of reusable materials, such as turnover boxes, turnover baskets, etc. When we purchase equipment, we prioritise the selection of equipment with low water, electricity and gas energy consumption, and choose equipment that reduces water pollution or can be disposed with water treatment. When procuring environmental treatment equipment, we clearly require that the treated wastewater and exhaust gases must meet national environmental requirements.

As of the end of the Reporting Period, the Group had 703 suppliers. Other than 4 overseas suppliers, all of which were suppliers located in the PRC. The Group has implemented the above practices when engaging suppliers.

Operating with Integrity and Honesty

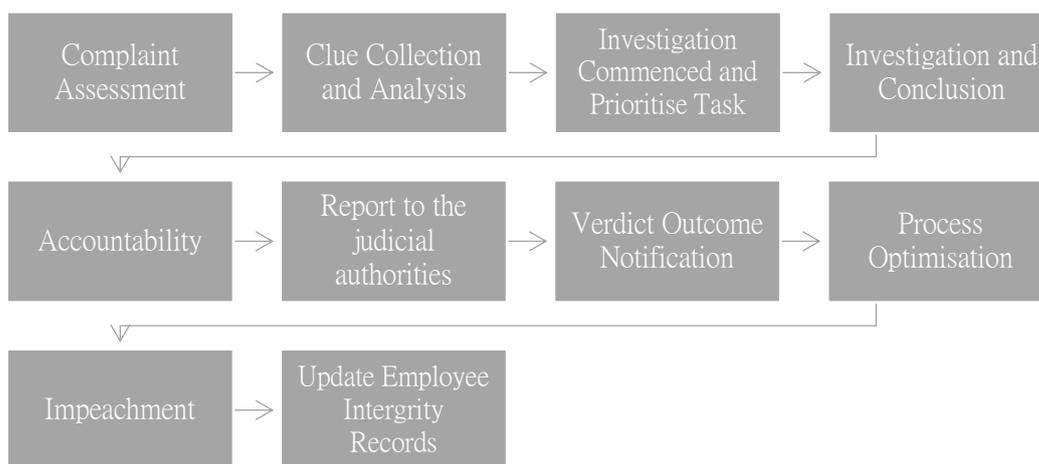
The Group deeply recognises that corruption can severely damage the interests and reputation of a company and therefore we adopted a zero-tolerance approach to corruption. We employ a three-pronged strategy, including a well-established system, enhanced monitoring and cultivating a culture of integrity, to combat and prevent corrupt practices such as bribery, extortion, fraud, and money laundering, and to promote a corruption-free corporate culture. During the Reporting Period, the Group did not receive any notification of adjudicated legal cases regarding corrupt practices brought against the Group or its employees.



Well-established System

The Group formulated and revised the relevant policies to combat corruption. The Group observes the *Anti-Corruption Management System* and the *Integrity Reporting Management System* to combat corruption. The Group encourages employees to actively report any form of corrupt practices. Whistle-blowers can report corrupt practices through our reporting hotline, email and corporate official WeChat account, etc. The Group keeps the personal information of the whistle-blowers strictly confidential and handles all reported corruption practices carefully. If a corruption report is substantiated, depending on the seriousness of the cases, we take disciplinary actions against the relevant employees or departments, including but not limited to warnings, penalties, demotions, dismissals, etc. If the case is of serious nature, we transfer the case to the judicial authorities for handling.

During the Reporting Period, the Group established four standing anti-corruption bodies, namely the Discipline Supervision and Accusation Review Committee, the Monitoring Centre, the Financial Research Office and the Financial Management Centre. The Group fully publicised various reporting channels, such as telephone, email, DingTalk, WeChat, correspondence address and visits, to strengthen the construction of our anti-corruption forces and system and safeguard the interests of the Company. In order to ensure effectiveness of our complaint channels and reasonable compliance with the clues analysis process, we formulated procedures for accepting, supervising and handling anti-corruption clues and complaint. The Group issued the *Guidelines for Accountability for Business Violations* and *Guidelines for Accountability for Economic Violations*, and clarified the definition of violations, accountability principles, measures and procedures. This helped strengthen the standardization of work related to accountability for violations. In addition, we also formulated the *Policy for Active Declaration of Economic Violations*, urging personnel suspected of economic violations to actively, truthfully and completely report to problems, and strive for leniency or exemption from administrative treatment.



Anti-corruption Clue and Complaint Acceptance, Monitoring and Handling Flowchart

Enhanced Supervision

The Group places great importance on anti-corruption efforts related to procurement. Suppliers are required to sign the *Letter of Undertaking of Integrity* to ensure that they understand the code of conduct and their responsibilities to prevent corruption. Additionally, we conduct regular on-site visits to our business partners in retail and raw material markets to enhance communication and perform financial reconciliation with them, reducing the risk of corruption.

Cultivated Anti-corruption Culture

The Group has cracked down on corruption, bribery, gangsterism and falsification, dismissing incompetent, irresponsible and selfish staff and building an image of a clean and fair corporate culture. During employee induction training, anti-corruption principles are promoted to carry out preventive work. When signing labour contracts, the *Employee Code of Business Conduct* and the *Letter of Undertaking of Integrity* are signed separately with the employee. The Group implements the “Four-Anti” publicity campaign within the Group (including subsidiaries), and defines corruption as a forbidden line for enterprises with strict punishments if violated.

The Group regularly publishes internal anti-corruption bulletins through internal web platforms and emails, publicizing cases of internal corruption in the company, serving as a warning to directors and employees. During the Reporting Period, we organised integrity training for our employees and arranged for our directors to study a publication *Toolkit on Directors’ Ethics* published by the Independent Commission Against Corruption (ICAC) of Hong Kong to reduce the frequency of non-compliance and strengthen anti-corruption awareness through both training and enforcement. The Group’s anti-corruption training covered all employees, achieving a 100% coverage rate.

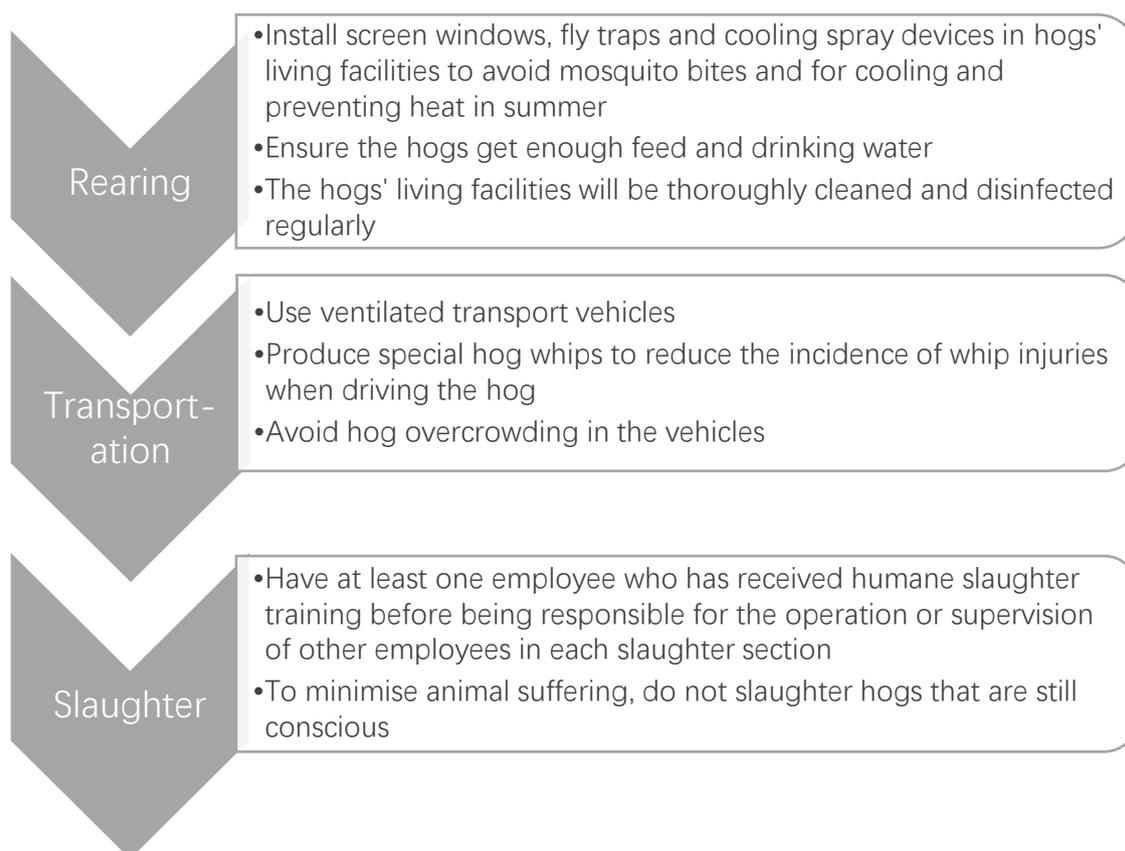
Intellectual Property Rights Protection

The Group recognises that effectively protecting intellectual property rights can motivate a company to continue innovation and safeguarding its achievements and efforts. The Group regulates this area by establishing an Intellectual Property Management Department and adhering to internal systems such as the *Trademark Management System* and the *Patent Management System*. We utilise the official registration and certification method for trademark intellectual property rights, obtain trademark registration certificates, apply for appearance patents for major products packaging designs, seek patent protection for new inventions and utility inventions, and renew intellectual property rights in a timely manner before their expiration to protect the Company's intellectual property rights and interest.

In addition, we enter into confidentiality agreements with our employees involved in intellectual property rights to ensure they understand their responsibilities in protecting the Group's intellectual property rights. When entering contracts with customers involving intellectual property rights, we employ confidentiality agreements with additional contractual clauses to mitigate infringement risks. Upon discovering external infringement, we take measures such as evidence collection, alarm filing, and appeals to stop it and safeguard intellectual property rights from infringement. While protecting our own intellectual property rights, we refrain from infringing the intellectual property rights of others.

Animal Welfare

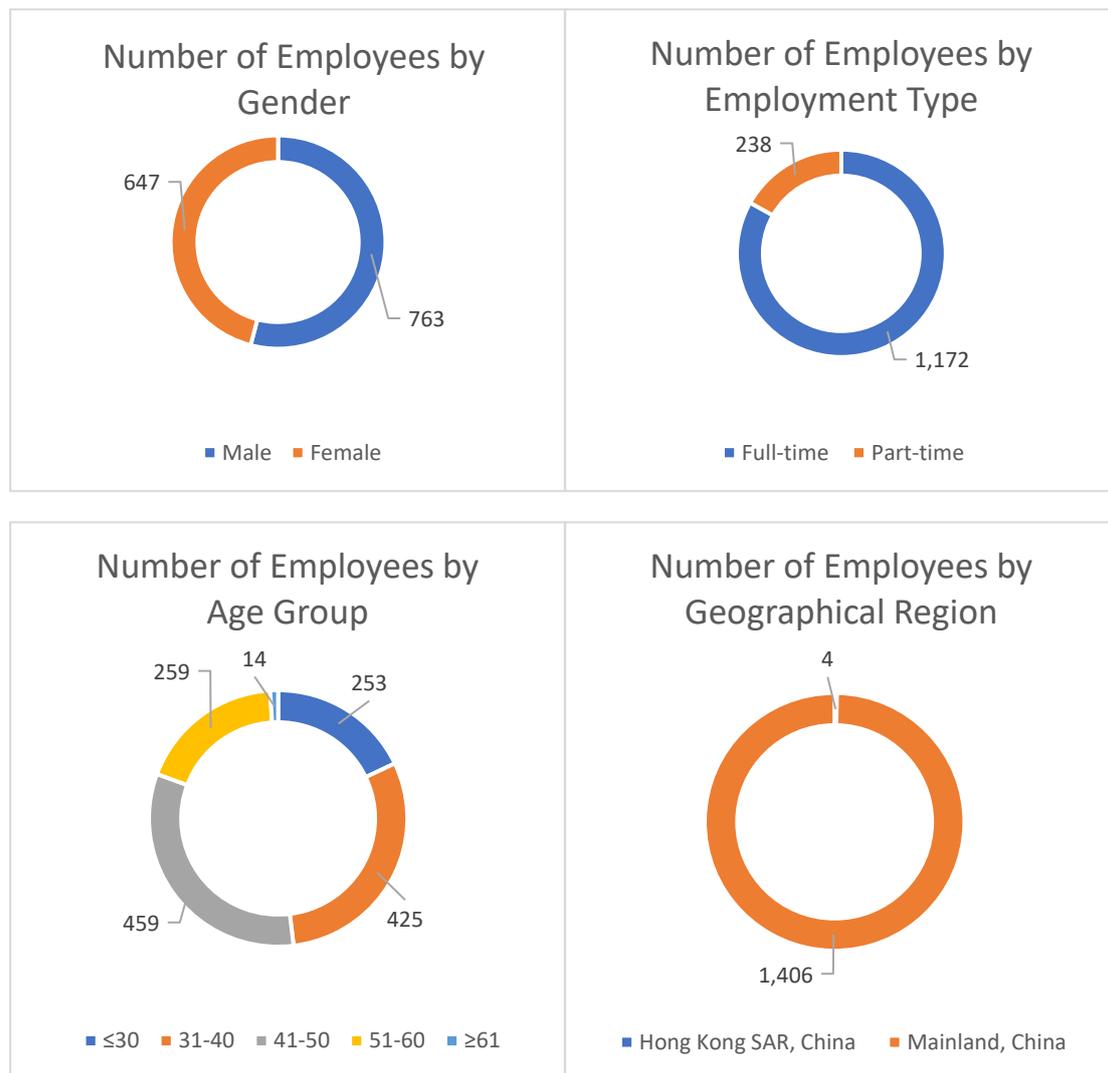
The Group has established regulations regarding animal welfare to govern the handling of animals at different stages, from rearing to slaughter. Our concern for animal welfare stems not only for humane reasons but also to ensure our product quality. The Group has developed specific guidelines for key stages such as rearing, transportation and slaughter to guarantee that animals receive humane treatment. Moreover, the Group's subsidiaries regularly organise training on humane slaughter practices to ensure that the relevant employees minimise the suffering of the animals during the slaughter process.



8. Employee Care

Yurun Food upholds the philosophy of "respecting individuals, fostering personal development and ensuring proper deployment" in human resource management. The Group recognises that talent is crucial for business development. We treat each employee with sincerity and strive to be the ideal employer for our staff.

As of the end of the Reporting Period, the Group had a total of 1,410 employees. The Group's team profile is as follows:



Employment Policy

The Group strives to be the best employer in the eyes of its employees. To attract talents, we offer competitive remuneration and benefits, as well as various training and development opportunities. We seek to grow alongside with our employees and achieve mutual success.

Employment Management

The Group has a well-established human resources management system. The Group revised the *Compilation of Human Resources Systems* and the *Welfare Management System* to provide clear provisions on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfares, prevention of child labour and forced labour, etc., to fully protect the rights and interests of employees.

The Group's recruitment process is as follows:



The Group employs people based on their merit in a fair and just manner, adopting multiple channels for recruitment to avoid any form of recruitment discrimination. The Group currently employs 1,410 people with multicultural backgrounds from 29 provinces and 10 different ethnic groups, including 15 persons with disabilities. The Group works to ensure that employees are not discriminated against on the grounds of gender, age, educational background, geography, ethnicity, religion, etc and provides equal opportunities, implements equal pay for equal work, and promotes a diverse and inclusive corporate culture.

The Group strictly complies with laws and regulations relating to employment and has formulated and implemented the *Recruitment Management System*. The system clearly stipulates that personnel under the age of 16 are not allowed to be hired. Our human resource management system prohibits the input of information from persons below the age of 16 to avoid the recruitment and entry of child labour. In addition, the Group does not force employees to work involuntarily. The working hours of our employees are clearly stated in our *Employee Handbook*, which strictly regulates the working hours of employees in different employment categories and demands for overtime to prevent forced labour. If employees must work overtime, they are required to submit a request to their supervisor. In the event of employing child labour and forced labour, the Group immediately stops the violation, appease and properly deal with the parties involved in the violation, holds management responsibility for the person in charge of the violation, and gives administrative penalties for “dereliction of duty” to the person involved in the direct violation. In addition, the Group trains recruiters of companies involved in the violation in terms of recruitment policies to ensure that similar incidents do not occur again.

Remuneration

To attract and retain talent, the Group offers competitive remuneration packages. We adjust the remuneration of our employees based on various factors, such as job nature, job performance, business performance, operation situation, consumer price indices and the labour market. The Group has established a reward system to recognise the efforts and contributions of our employees. In addition to remuneration adjustments and year-end bonuses, the Group also recognises outstanding employees on a monthly, quarterly and annual basis, providing awards and incentives in recognition of their contributions to the Group.



Monthly Performance Benchmarker Poster

Dismissal

The Group's *Employee Handbook* sets out the handling methods for various types of termination of employment. The employment contracts signed with our employees also clearly stipulate the provisions relating to termination of employment, including the notice period and compensation, to protect the rights and interests of both employer and employees. Employees are required to properly complete handover and resignation procedures before leaving the Group to ensure the normal business operations of the Group.

Employee Benefits

The Group's *Employee Handbook* and *Compilation of Human Resources Systems* clearly outline issues related to working hours, rest and leave, employee welfare and other related topics. Employees enjoy paid annual leave and statutory leave in accordance with the law, and have the right to sick leave, personal leave, marriage leave, maternity leave, compassionate leave, family visit leave and other types of leave. The internal platform enables employees to track and check their overtime, available time off and other holidays. The Group fully pays social security and housing provident fund for employees in accordance with laws and regulations and purchases additional commercial insurance for employees to comprehensively protect their lives. Moreover, the Group distributes holiday gifts to employees during traditional festivals, providing employees with free accommodation, food and beverage subsidies, free medical check-ups and birthday gifts. We have established mutual aid funds to provide financial assistance to employees and family members who have suffered from major illnesses, significant changes, and families with special financial difficulties. The Group also maintains a robust employee communication and feedback channel to encourage employees to respond positively to various issues. During the Reporting Period, the Group organises employee's opinion surveys, performance grievances and welfare satisfaction surveys to gain a true understanding of staff feedback and resolve them in a timely and appropriate manner.



Employees Communication

Health and Safety

The Group is dedicated to creating a safe working environment for its employees by adhering to the principle of "safety first, prevention-oriented, integrated management". Headquarters of the Group are responsible for formulating production safety rules and regulations, as well as providing education and training on safety knowledge, regular inspection programs for safety hazards, and offering technical guidance and support, etc. Each subsidiary has a safety production leading group and emergency command centre, responsible for implementation the relevant system documents, daily safe production management, safety knowledge training, organisation of emergency drills and emergency handling. During the Reporting Period, we continued to enhance our production safety management system and various special contingency plans, and achieved OHSAS18001 occupational health and safety management systems certification at several of our plants. In addition, before the end of the government's epidemic control efforts, the Group proactively prepared for the prevention and control of the epidemic and reasonably formulated and implemented preventive and control measures to effectively ensure the health and safety of our employees.

Safe Production

The Group places great importance on production safety and has implemented various safety measures based on potential production safety risks to prevent any safety incidents from occurring. The Group ensures the safety of employees through multi-faceted and multi-level technology. In terms of production machinery safety protection, we introduce foreign advanced automatic production equipment, avoid manual operation, and install safety devices on the equipment. In terms of safety protection, we regularly provide employees with labour protection materials such as work clothes, boots, and protective gloves in accordance with the *Code of Conduct for the Distribution of Protective Equipment*, and have safety cabinets equipped with portable alarms, gas masks, safety ropes, bandages, and other emergency supplies. Furthermore, we post safety signs in our production plants to remind employees to remain vigilant.



Distribution of Labour Protection Supplies

The Group organises regular factory self-inspections and routine safety inspections to ensure effective implementation of safety measures. If any issue is identified during the inspections, factory managers may be penalised and relevant employees are urged to eliminate the safety hazards as soon as possible. Safety inspection activities include, but not limited to:

- Inspection, maintenance, and repair of safety facilities
- Checking the use of various protective equipment and facilities
- Evaluating employees' performance of carrying out safety-related duties

The Group strictly complies with the relevant laws and regulations concerning the protection of employee health and safety and has clearly stipulated labour protection, working conditions, protection against occupational hazards and regular medical check-ups in the *Compilation of Human Resources Systems*, to ensure the health and safety of employees at work and prevent the occurrence of occupational diseases and strain on employees' limbs.

The Group maintains records of work-related injuries and statistics in accordance with the *Regulation on Work-related Injury Insurance*. During the Reporting Period, there was no work-related fatality in the Group and 19 employees sustained work-related injuries, resulting in 471 lost days due to these injuries. The Group provided immediate medical assistance to the injured employees and offered them with financial compensation in

accordance with the *Regulation on Work-related Injury Insurance*. We conduct in-depth investigations into each safety incident and continuously improve preventive measures for safety incidents to avoid recurrence.

Safety Training and Drills

The Group organises safety training and drills on a regular basis, issues relevant safety operating procedures for production equipment, and provides training to employees on equipment use and safety precautions for various types of equipment in five areas: hazards analysis, safety assessment, contents control, operation contents and protective measures, so as to enhance employees' attention to safety. For high-risk special jobs such as furnace workers, electricians, pressure vessel operators, forklift workers, and fire safety workers, we require employees to receive professional training and only permit them to work after obtaining the corresponding qualification certificates.

To effectively respond to emergencies and enhance the ability to handle emergencies, the Group has issued an annual emergency drill plan, requiring fire drills and ammonia drills to be conducted more than twice a year, while other types of emergency drills are carried out according to actual circumstances. The Group evaluates the effectiveness of the drills and improves the emergency plan based on the drills to ensure their effectiveness and appropriateness. In the event of an emergency, the Group activates the emergency plan and promptly takes effective measures to carry out rescue work and minimise the loss of life and property caused by the incident.



Fire Safety Training



Fire Drill

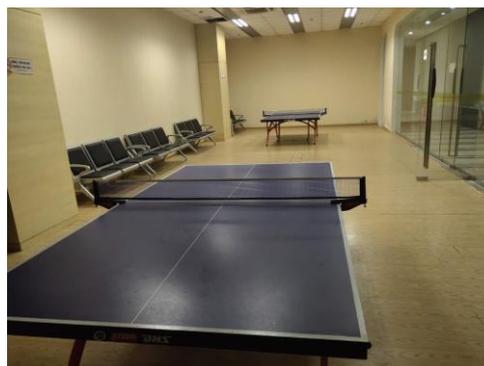
Physical and Mental Health

The Group also places great importance on the physical and mental health of our employees. We periodically invite external experts to conduct training for our employees to enhance their health awareness. In addition, the Group has a psychological counselling room and regularly invites psychologists and counsellors to provide psychological counselling services for employees in need, helping them resolve various psychological

problems. The Group has set up lounges, cafes, gymnasiums, basketball courts, indoor tennis courts, badminton courts, etc., to provide rest and sports venues for employees to relieve their work pressure. Furthermore, we organise sports competitions such as basketball, badminton and table tennis, as well as group movie viewing and department gatherings and camping activities from time to time to satisfy the entertainment needs of employees, alleviate work pressure, and comprehensively protect the physical and mental health of employees.



Employee Gym



Employee Activity Room



Employee Tug-of-War competition



Employee Park Barbecue Camping

Employee Training and Promotion

The Group values the growth of our employees and offers a clear promotion system and a wide range of development opportunities to our employees. The Group's *Compilation of Human Resources Systems* clearly outlines the organisational and talent management systems and employees are informed of the promotion eligibilities for different positions. We adopt the talent selection mode that combines open competition, employee self-recommendation, recommendation by external parties, examination and assessment, taking employees' work performance and moral quality as the primary reference basis for qualification, upholding the principle of openness, fairness, and justice to select and promote cadres, and publicising the selection results to all employees.

In addition, the Group has established a clear talent training system with a dedicated training organisation responsible for talent development and selection. We use a combination of internal and external training, from induction training, pre-job training, on-the-job training, and outward training to advanced management training, covering all stages of employee career development. The training courses encompass finance, administration, marketing, safety management, product research and development, workplace etiquette, human resource management and many other aspects to improve the quality of employees. The Group requires each business unit to formulate and submit training plans based on the actual situation. The Human Resources Department conducts random checks on the implementation of the training plans to ensure that the training plans are carried out effectively, enhancing employees' professional knowledge and skills.

The followings are the different types of training organised by the Group.

- general system
- introduction for new hires
- safety knowledge
- nurturing employee reserves
- technical training
- knowledge training
- management system
- management knowledge



Written Test Selection



Filling Machine Training

9. Environmental Protection

The Group actively adopts different measures to reduce the negative impact of our production and operational activities on the environment. We attach great importance to complying with environmental management by strictly abiding by environmental laws and regulations, carrying out environmental protection knowledge training, strengthening employee awareness of environmental protection, and implementing the environmental protection responsibility of all employees.

We are committed to incorporating green concepts into every aspect of our factory site selection and construction and business operations. Firstly the construction and site selection of each production plant undergo a rigorous environmental assessment, and all factories are subject to detailed assessment and investigation by the environmental protection department and the land planning department to ensure compliance with the national standards before commencing production. Additionally, we promote clean production, adopt clean energy, provide advanced equipment, cultivate advanced technology, and improve clean production level. During the Reporting Period, three subsidiaries obtained ISO14001 environmental management system certification. We will also gradually apply for such certification for other subsidiaries to enhance our overall environmental management system.

To explore the potential of carbon emission reduction in the food industry and promote the protection of the ecological environment in an orderly manner, we reviewed our environmental targets in five areas during the Reporting Period: air pollutant emissions, greenhouse gas emissions, waste generation, energy use efficiency and water resource efficiency. We continuously tracked the actual actions taken against these targets, prepared documentation and reviewed final review reports. The Board will receive regular reports on the progress of achieving the targets, confirm and review the results of the progress of the ESG targets. In the future, the Group will continue to draw lessons from the progress of the achievement of the environmental targets, adjust the targets and improve the implementation mechanism in a timely manner, and use them as the basis for formulating the next responding strategy and action plan.

Emission

The Group's main pollutants are wastewater, exhaust gases, greenhouse gases, and hazardous and non-hazardous wastes. The Group strictly complies with *the Environmental Protection Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Law of the PRC*

on the *Prevention and Control of Environment Pollution Caused by Solid Wastes*, and other relevant laws and regulations on emissions of exhaust and greenhouse gases, discharges to water and generation of hazardous and non-hazardous waste. We also strictly enforces the national emission standards, including but not limited to the *Integrated Emission Standard of Air Pollutants*, *Emission Standard of Odour Pollutants* and *Emission Standard of Air Pollutants for Boilers* and have established an environmental management system to identify and manage environmental risks in the course of operation. We pay close attention to the updates and changes of environmental laws and regulations, and improve corresponding environmental measures. For example, we have built waste treatment sites in accordance with regulations, and treated waste water, exhaust gas and waste residual by ourselves before centralised treatment to ensure environmental compliance of each production plant.

During the Reporting Period, three factories of the Group renewed the pollutant discharge permits, while the remaining sewage discharge permits were still valid. Each factory appoints a third-party company to carry out self-monitoring of environmental pollutants, and no abnormality was reported.

Sewage Discharge

The Group strictly complies with the requirements of the *Discharge Standard of Water Pollutants for Meat Packing Industry* and the *Technical Specifications for Slaughterhouse and Meat Processing Wastewater Treatment Projects* for the treatment of sewage. We have formulated the *Guidelines for Sewage Operation* to regulate the management of sewage treatment stations, and regularly update ageing equipment to ensure that sewage discharge meets the standards. We also control water consumption on machine cleaning to avoid wastage, reduce the generation and discharge of sewage. Some plants make use of treated effluent from the sewage treatment system to enhance recycling and reduce discharge.

Our production plants are equipped with wastewater treatment facilities that use physical, chemical or biological methods to remove wastewater impurities. The wastewater treatment process may produce odours. To avoid affecting nearby residents, the Group has taken the following measures to control the spread of odours:

- Introduce solid-liquid separation equipment to control sludge production at source
- Cover the sewage treatment area
- Add deodorants into wastewater and sludge
- Install deodorization facilities like spray towers, activated carbon system and biofilters to centrally clean up the collected foul gases
- Regularly inspect the pollution and odour control equipment to ensure it is in good working conditions

Waste Generation and Disposal

The Group has well-established waste disposal procedures and strictly complies with national regulations in handling various types of waste. We have formulated the *Hazardous Waste Management System* to specify the responsible person for management. The Group optimises the production process, improves the production level, and minimises the generation of hazardous and non-hazardous waste.

The major hazardous waste of the Group is sludge generated from the wastewater treatment station. We have designated areas for the storage of hazardous waste and appointed qualified service providers to collect and dispose the wastes. Our major non-hazardous wastes are office waste, domestic waste, kitchen waste, sludge generated from sewage treatment stations and grease trap waste. For office waste, we place collection bins in the engineering system maintenance area to separate and collect waste materials such as aluminium and iron power cords to ensure they are recycled. For non-hazardous wastes, the Group delivers them to the environmental hygiene department for further handling.

Some of our production plants use automatic harmless treatment equipment to process waste grease, fur, skin with stamps, pale soft exudative meat and other by-products generated during the production process into organic fertilizers, thereby reducing the burden on landfill site and reducing greenhouse gas emissions from waste landfill.

During the Reporting Period, the Group has achieved the targets set in the previous year to reduce the generation of hazardous and non-hazardous waste, with specific indicators, action plans and progress of completion as shown in the table below:

Indicators	Action Plans	Progress of Completion
Coverage of sludge (sludge generated from sewage treatment station) dewatering and solid-liquid separation equipment	<ul style="list-style-type: none">• Use solid-liquid separators and grilles to reduce sludge generation• Regular checking to ensure the sewage treatment equipment is in good operation	Completed during the Reporting Period and will be progressed on an ongoing basis

Indicators	Action Plans	Progress of Completion
Legal disposal of hazardous waste	<ul style="list-style-type: none"> Maintain connection with the Hazardous Waste Division of the Environmental Protection Bureau and carry out transfer of treatment as soon as the minimum treatment standards are met 	As the volume of hazardous waste did not meet the minimum treatment standard, there was no transfer of hazardous waste during the Reporting Period
Non-hazardous waste recovery rate	<ul style="list-style-type: none"> Use harmless treatment equipment to process by-products into organic fertilizers 	Some plants have disposed of their non-hazardous waste and the remaining plants will make plans to implement them in the short term
Sludge (sludge generated from sewage treatment station) harmless disposal rate	<ul style="list-style-type: none"> Sign sludge disposal contract with a qualified third party organisation to achieve legal and compliant disposal 	Completed during the Reporting Period and will be progressed on an ongoing basis
Waste sorting and centralised treatment	<ul style="list-style-type: none"> Sign contract for the disposal of solid waste in the production area and supervise timely cleaning and recycling Set up sorting bins in the plants and collect them by category 	Completed during the Reporting Period and will be progressed on an ongoing basis

Indicators	Action Plans	Progress of Completion
Reduce the use of disposable items	<ul style="list-style-type: none"> • Microwave ovens are placed in the canteen to encourage employees to bring their own lunch • Disposable tableware is provided for a fee to reduce the use • Disposable items in the workshop are declared and collected by the team leader for controlled use, minimising the use of disposable materials and using recycled materials 	Completed during the Reporting Period and will be progressed on an ongoing basis
Implement paperless office	<ul style="list-style-type: none"> • Build OA, SAP, BPM, DingTalk and other office software to achieve online paperless office and reduce the use of paper as much as possible 	Completed during the Reporting Period and will be progressed on an ongoing basis

Air Pollutants and Greenhouse Gas Emissions

The Group actively responds to the national strategy of "carbon peaking and carbon neutrality" and strictly follows the *Integrated Emission Standard of Air Pollutants* and the emission standards formulated by the environmental protection bureaus of each operating location. We strictly limits the emission of air pollutants, reduces production, limits production, and suspends production in severely polluted weather as required. Each factory appoints a third-party agent to carry out regular air pollutant monitoring and regular maintenance of waste discharge equipment to ensure that the equipment is in good operation.

The Group's major air pollutants come from the exhaust gas emissions from boilers. During the Reporting Period, we were fully equipped with electric transportation equipment within our plants. Our plants were equipped with biomass boilers or gas-fired boilers, and we have completely phased out coal-fired boilers. The Group has implemented a variety of measures to reduce air pollutant and greenhouse gas emissions during our operations.

During the Reporting Period, following the objective of reducing air pollutant and greenhouse gas emissions, we clearly defined the direction of low-carbon emission management and promoted low-carbon production methods in a practical manner. Specific indicators, action plans and progress of completion are shown in the table below:

Indicators	Action Plans	Progress of Completion
Environmental protection boiler coverage	<ul style="list-style-type: none"> All factories use biomass boilers or gas-fired boilers 	Completed during the Reporting Period and will be progressed on an ongoing basis
Reduction of NOx emissions	<ul style="list-style-type: none"> Progressively promote the use of low-NOx burners in all factories 	During the Reporting Period, only one factory did not apply low-NOx burners. A medium-term plan was formulated to follow up on the municipal planning for the replacement of low-NOx burners when the gas pipeline was laid around the factory
	<ul style="list-style-type: none"> Fully adopt electric transportation equipment such as electric forklifts to transport materials around the site 	Completed during the Reporting Period and will be progressed on an ongoing basis

Indicators	Action Plans	Progress of Completion
Reducing odour emissions	<ul style="list-style-type: none"> Complete the repair of damaged windows and installation of curtains at the solid-liquid separator and sludge storage areas of the sewage station to prevent odour from escaping 	Completed during the Reporting Period and will be progressed on an ongoing basis
Use of solar energy	<ul style="list-style-type: none"> Progressively install solar panels for street lamps in the factory area Progressively install solar panels on rooftop for electricity supply 	Some factories have installed solar panels and the remaining factories make a long-term plan to complete the installation of solar panels and record the energy saving performance before and after the installation
Refrigerant consumption	<ul style="list-style-type: none"> Replace the environmentally friendly refrigerants steadily 	Some factories have replaced their refrigerants with environmentally friendly refrigerants and the remaining factories make a medium-term plan to complete the replacement and strengthen the daily consumption management of refrigerants
Factory green cover rate	<ul style="list-style-type: none"> Carry out tree planting activities and encourage employees to participate Clean up the garbage at the factory and plant trees at the sewage station 	Some factories have carried out greening activities and the remaining factories make a long-term plan to complete the greening of sewage stations

Indicators	Action Plans	Progress of Completion
Accident prevention and treatment	<ul style="list-style-type: none"> Organise weekly equipment safety meetings and daily pre-shift meetings focusing on training, drills, checks and corrections to avoid accidents 	Completed during the Reporting Period and will be progressed on an ongoing basis

Use of Resources

Energy Use

The major energy consumption of the Group is natural gas and purchased electricity. In order to effectively improve the efficiency of energy use, the Group has formulated the *Energy Management System*. We designated functional departments to formulating and implementing energy planning and energy management systems for the Group. It also oversees and examines the energy management of each subsidiary.

During the Reporting Period, we monitored our energy use related work and reviewed and managed our progress in achieving our targets in order to strengthen our ability to manage energy use. Specific targets, action plans and progress of completion are shown in the table below:

Indicators	Action Plans	Progress of Completion
Promotion of heat recovery technology	<ul style="list-style-type: none"> Complete the upgrading of the biomass boiler economiser to fully absorb and utilise the residual heat from the boiler exhaust gas to save biomass fuel and improve the thermal efficiency of the boiler 	Completed during the Reporting Period and will be progressed on an ongoing basis
Improve production plan, process flow, etc.	<ul style="list-style-type: none"> Control cooling compressor start-up time in a reasonable way to avoid peak electricity consumption Centralise production and warehouse scheduling to improve energy efficiency 	Completed during the Reporting Period and will be progressed on an ongoing basis
Replacement of energy-saving equipment	<ul style="list-style-type: none"> Complete the replacement of garden lights in the factory with LED lighting Complete the renovation of the fresh air cooling system in the finished product warehouse 	Completed during the Reporting Period and will be progressed on an ongoing basis
Electricity Consumption Management	<ul style="list-style-type: none"> Formulate annual energy consumption plans based on the actual situation of different factories, carry out energy consumption statistics of each operating factory, form energy consumption reports, track abnormal data, urge all subsidiaries to find the causes of problems, formulate solutions and implement them Sign contract with the electricity supplier and apply for direct purchase of electricity to reduce cost of generating electricity 	Some factories have achieved direct purchase of electricity and the remaining factories have formulated medium to long term plans to carry out energy consumption statistics and implement energy saving targets

Indicators	Action Plans	Progress of Completion
Use of renewable energy	<ul style="list-style-type: none"> Actively study renewable energy-related policies and applications to increase the proportion of renewable energy in total external electricity consumption 	As the underlying conditions and capacity constraints, there were no green power agreements were signed during the Reporting Period. Long-term plans are formulated to actively engage in renewable energy use
Strengthen energy-saving publicity and education	<ul style="list-style-type: none"> Continuously carry out energy-saving publicity and training through bulletin boards and posting energy-saving slogans to enhance employees' awareness of energy conservation 	Completed during the Reporting Period and will be progressed on an ongoing basis

Use of Water Resources

The Group actively works with local environmental protection authorities and adheres to water intake within the permitted scope. To ensure compliance with strict hygiene standards, the Group has to thoroughly clean its production plant equipment and transportation vehicles on daily basis. During the Reporting Period, we reviewed the water usage targets and some of our subsidiaries have completed the installation of water saving equipment and commenced water reuse operations. We will continue to monitor and manage the progress of achieving the water use targets and adjust our action plans in a timely manner to enhance the efficiency of water use.

In order to continuously improve the usage efficiency of water resources, we have formulated the following specific targets and action plans:

Indicators	Action Plans	Progress of Completion
Monitoring the use of water resources	<ul style="list-style-type: none"> • Complete the Installation of water consumption measuring equipment at terminals to control water waste in workshops • Strengthen the inspection and maintenance of the water supply system to reduce various leakage caused by improper operation 	Completed during the Reporting Period and will be progressed on an ongoing basis
Strengthen the recycling of water resources	<ul style="list-style-type: none"> • Progressively start retrofitting cooling water towers with pumps, installing circulating pumps and renovating water pipelines to achieve secondary use of water resources 	Some factories have completed the retrofitting and installation of water saving equipments and the remaining factories make short-term plans to complete the water piping retrofitting projects and record the water savings upon completion of the retrofit
Improving equipment and processes to reduce the use of water resources	<ul style="list-style-type: none"> • Progressively promote the use of high-pressure washers to control the amount of water used for cleaning and improve cleaning efficiency 	Some factories have adopted high-pressure washers and the remaining factories make medium to long term plans to upgrading water facilities
Strengthen water conservation promotion and education penetration	<ul style="list-style-type: none"> • Publicise or announce water saving requirements at weekly and monthly meetings • Organise statistical analysis of water consumption in each company, follow up on abnormal data and urge rectification 	Completed during the Reporting Period and will be progressed on an ongoing basis

The Group sources water from municipal water supply and underground water for its business operation. The use of underground water is strictly regulated by local government authorities. During the Reporting Period, the Group did not have any issue in sourcing water.

Use of raw materials and packaging materials

Through the *Cost Indicator Incentive Scheme for Processed Meat Production Division*, the Group has set standards for the utilization of raw materials and packaging materials, and urged its subsidiaries to implement various measures to enhance the efficiency of the use of raw materials and packaging materials and reduce costs.

The followings are the measures to enhance the efficiency of raw material use:

- Promote chilled raw materials across the Group and reduce losses in the defrosting cycle
- Use high humidity and low temperature thawing machines to reduce overall raw material water loss and reduce the cost and increase the efficiency
- Establish a splitting centre to coordinate the splitting needs of raw materials in each factory, reduce the need for splitting manually during the trimming process and improve raw materials' utilisation

The followings are the measures to enhance the efficiency of the use of packaging materials:

- Recycle plastic turnover baskets for delivery of products through e-commerce channels and special channels to reduce the use of cartons
- Reuse insulation boxes for short-distance transportation such as e-commerce channel products and frozen products to reduce the use of cartons
- Re-use the external packaging boxes of purchased gift boxes to reduce consumption during transportation
- Change the form of packaging, increase the capacity of general boxes, and reduce the use of packaging materials
- Standardise packaging layouts to enhance packaging and reduce defective stock generation
- Replace colour film with white film and labels for certain products
- Strengthen packaging technology training for employees and the acceptance of suppliers' packaging materials to reduce the number of defective products and damage during production

Environment and Natural Resources

The Group recognises that as a food enterprise, there may be various environmental risks in its production and operation process: the leakage of food-grade and industrial-grade oil, lubricating oil, ink solvent, and waste liquid generated by laboratories and equipment may lead to soil pollution. The sludge and manure generated are not properly treated, which will lead to land compaction; if pig blood and pig hair produced by slaughtering are not collected and treated, it can easily cause water pollution. Odour gas in sewage stations and leakage during the use of refrigerants can easily affect the air quality. During the Reporting Period, the Group revised the *Regulations on the Handling of Production Safety and Environmental Accidents* to clarify the responsibilities of personnel and avoid environmental accidents. Several subsidiaries have completed the filing of emergency plans for environmental emergencies and environmental accident drills.

Responding to Climate Change

The Group is gradually studying the risks and opportunities brought by climate change, while keeping a close eye on potential policy changes and market changes. During the Reporting Period, we have identified climate-related physical risks, such as droughts, floods, heavy rains and other extreme weather conditions that may affect the production and operation of the Group. In order to improve the level of risks management, we have formulated the *Special Emergency Rescue Plan for Bad Weather* and the *Special Emergency Rescue Plan for Heavy Pollution Weather* to deal with emergencies under severe weather and reduce losses.

During the Reporting Period, we have taken the following measures in response to the unexpected extreme weather conditions:

- To ensure normal operation, the Production Centre sets safety inventory standards for raw materials according to the production cycle in response to sudden extreme weather conditions
- As the prices of some raw materials may rise due to extreme weather, the Group has increased strategic inventories of bulk materials to cope with the impact of extreme weather on raw material prices and reduce production costs
- Before delivery, the product transportation department studies weather conditions, determines the delivery time, safe and reasonable transportation routes and methods, and formulates emergency plans to deal with emergencies

- Each factory will pay attention to weather changes at both the supply and sales ends, prepare raw material reserves in advance, communicate with the market, and remind customers of delivery time and inventory level

In response to the adverse impact of long-term shifts in global climate patterns, we have also taken the following measures:

- Global warming has a certain impact on cold chain transportation. In order to ensure the safety of product transportation, all subsidiaries of the Group use thermal insulation vehicles to transport products according to weather changes, and use the electronic temperature control devices to monitor the temperature of transportation vehicles throughout the process
- In order to cope with the impact of global warming on hogs, each subsidiary of the Group cools the hogs' living facilities by turning on exhaust blowers and spraying water in hot weather to cool down the temperature so as to make the environment most suitable for the hogs
- In response to the impact of climate change on the supply of raw materials, the Group is actively following the industry development and working with universities to explore diversified sources of raw materials

10. Community Contribution



Since its establishment, Yurun Food has been committed to helping the poor and contributing to the society. We comply with relevant laws and regulations and actively participate in various social welfare and charity activities, while constantly innovating ways to engage in community activities. During the Reporting Period, we demonstrated our responsible brand image in the areas of social welfare, enterprise-school cooperation and food safety promotion, and we took practical actions to fulfil our original mission of delivering safe and healthy food to thousands of households.

Social Welfare

As labour lessons are included in the compulsory education curriculum, children are encouraged to develop labour concepts and habits in their daily lives. With this in mind , we launched the first "Yurun Baby Chef" challenge competition during the Reporting Period to meet parents' demand for summer parent-child activities, while encouraging children to take the initiative to participate in household chores, enhance their self-care skills and cultivate a sense of family responsibility.

During the Reporting Period, we also organised youth volunteer walks and patriotic film screenings to help enrich patriotic education and spread patriotic beliefs among young people.



Youth Volunteer Walks



Patriotic Film Viewing

Enterprise-School Cooperation

The Group has been providing students from colleges and universities with opportunities to visit, study, internship and employment. The Group has established school-enterprise cooperation relationships with dozens of colleges and universities across the country to carry out in-depth connection. We serve as a teaching and internship base for many colleges and universities, promoting in-depth cooperation between enterprises and schools in terms of “production, learning and research”. The Group continues to conduct joint research and development projects with Jiangnan University and other renowned institutions to grasp the development direction of the food industry and actively invest resources in product innovation and research.



Networking with Jiangnan University



Enterprise-School Cooperation Signing Ceremony

Food Safety Promotion

During the Reporting Period, we actively cooperated with Heilongjiang Province's "Fight Food Crimes, Safeguard People's Livelihood" public security theme day publicity campaign to deliver our responsibility as a food production enterprise in safeguarding food safety and disseminating scientific knowledge on food safety, building a responsible corporate image and achieving branding effects.



Food Safety Promotion Week Activities

11. Performance Indicators

Annual Product Output¹

	Units	2022	2021
Annual Product Output	Tonnes	84,550	72,827

Emissions and Wastes

	Units	2022	2021
Air Pollutant ²			
Nitrogen Oxides	Tonnes	6.99	6.81
	Tonnes/ tonnes annual output	8.26×10^{-5}	9.35×10^{-5}
Sulphur Oxides	Tonnes	0.26	2.38×10^{-4}
	Tonnes/ tonnes annual output	3.05×10^{-6}	3.27×10^{-9}
GHG			
GHG (Scope 1 and Scope 2)	Tonnes CO ₂ e	31,148	31,292
	Tonnes CO ₂ e/ tonnes annual output	0.37	0.43
Scope 1: Direct Emissions ³	Tonnes CO ₂ e	21,301	21,477
Scope 2: Indirect Emissions ⁴	Tonnes CO ₂	9,847	9,815

¹ The annual product output of the Group was used for the calculation of the intensity of environmental KPIs.

² The calculation scope of air emissions included stationary sources, vehicles and mechanical equipment for the Reporting Period. Air emissions were calculated using the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources* and the *Road and the Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC.

³ The calculation scope of GHG emissions (Scope 1) includes stationary sources, vehicles, and fugitive emissions associated with the use of refrigerants. GHG emissions (Scope 1) were calculated using the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial)* and the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC, and the *Fifth Assessment Report* issued by the Intergovernmental Panel on Climate Change (IPCC).

⁴ The calculation scope of GHG emissions (Scope 2) during the Reporting Period includes purchased electricity. GHG emissions (Scope 2) were calculated using the 2022 national grid average emission factor of the *Notice on the Management of Corporate Greenhouse Gas Emissions for Power Generation Sector for 2023-2025* issued by the Ministry of Ecology and Environment of the PRC and the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC.

	Units	2022	2021
Wastewater			
	Tonnes	449,469	545,260
Wastewater	Tonnes/ tonnes annual output	5.32	7.49
Hazardous Waste			
	Tonnes		
Sludge (Sludge generated from wastewater treatment plants)	Tonnes	0	0
	Tonnes/ tonnes annual output	0	0
Waste Liquid generated from chemical room ⁵	Tonnes	1.68	2.01
	Tonnes/ tonnes annual output	1.99×10^{-5}	2.76×10^{-5}
Non-hazardous Waste			
	Tonnes	281	312
Total Non-hazardous Waste	Tonnes/ tonnes annual output	0.003	0.004
Domestic Waste	Tonnes	137	117
Food Waste	Tonnes	28	22
Sludge (Sludge generated from sewage treatment plants)	Tonnes	114	171
Waste Grease from Grease Trap	Tonnes	1.9	2.0

Use of Resources

	Units	2022	2021
Energy			
	MWh	17,267	16,894
Indirect Energy ⁶	MWh/ tonnes annual output	0.20	0.23

⁵ A new indicator for this reporting period, sourcing from chemical rooms.

⁶ During the Reporting Period, the only indirect energy consumption of the Group was the purchased electricity.

	Units	2022	2021
Energy			
Purchased Electricity	MWh	17,267	16,894
Purchased Steam	MWh	0	0
Direct Energy (Natural Gas, Gasoline, Diesel and Biomass Fuel)	MWh	44,071	44,472
	MWh/ tonnes annual output	0.52	0.61
Natural Gas	m ³	4,070,000	4,100,000
	m ³ / tonnes annual output	48.14	56.30
Gasoline	Litres	5,620	2,417
	Litres/ tonnes annual output	0.07	0.03
Diesel	Litres	313	11,311
	Litres/ tonnes annual output	3.70 x 10 ⁻³	0.16
Biomass Fuel ⁷	Tonnes	506	/
	Tonnes/ tonnes annual output	0.01	/
Water			
Total Water Consumption	Tonnes	742,935	856,174
	Tonnes/ tonnes annual output	8.79	11.76
Municipal Water	Tonnes	349,892	309,900
Ground Water	Tonnes	393,043	546,274
Packaging Materials			
Total Consumption of Packaging Materials	Tonnes	814	571
	Tonnes/ tonnes annual output	0.01	0.008
Paper (including carton, paper label)	Tonnes	593	395
Plastic (including plastic bag, food bag)	Tonnes	221	176

⁷ A new indicator for this reporting period, sourcing from boiler use.

Employees

Number of Employees	Units	2022 (as of 31 December 2022)	2021 (as of 31 December 2021)
Number of Employees	Person	1,410	1,474
By Gender			
Male	Person	763	771
Female	Person	647	703
By Employment Type			
Full-time	Person	1,172	1,474
Part-time	Person	238	0
By Age Group			
≤ 30	Person	253	260
31-40	Person	425	465
41-50	Person	459	510
51-60	Person	259	228
≥ 61	Person	14	11
By Geographical Region			
Mainland China	Person	1,406	1,469
Hong Kong SAR, China	Person	4	5
Employee Turnover Rate⁸	Units	2022	2021
Employee Turnover Rate	Percentage	27.02%	30.47%
By Gender			
Male	Percentage	26.07%	32.55%
Female	Percentage	28.34%	28.05%

⁸ The formula for calculating employee turnover rate: the number of employees leaving employment in 2022/ (the number of employees as of the beginning of 2022 + the number of new hires in 2022) ×100%

Employee Turnover Rate	Units	2022	2021
By Age Group			
≤ 30	Percentage	27.51%	37.92%
31-40	Percentage	28.57%	28.96%
41-50	Percentage	29.60%	24.47%
51-60	Percentage	15.91%	38.41%
≥ 61	Percentage	50.00%	20.00%
By Geographical Region			
Mainland China	Percentage	27.04%	30.53%
Hong Kong SAR, China	Percentage	20.00%	0%

Training

Percentage of Employees Trained by Category ⁹	Units	2022	2021
By Gender			
Male	Percentage	54.11%	52.31%
Female	Percentage	45.89%	47.69%
By Employee Category			
Production	Percentage	68.87%	68.25%
Non-production	Percentage	20.57%	21.30%
Sales	Percentage	10.57%	10.45%
Average Training Hours Completed per Employee ¹⁰	Units	2022	2021
Average Training Hours Completed per Employee	Hours	49.65	32.28

⁹ The formula for calculating the percentage of employees trained by category: the number of employees trained in the specified category/ the total number of employees trained ×100%

¹⁰ The formula for calculating the average training hours completed per employee: the total number of training hours for employees/ the total number of employees as of the end of the Reporting Period

Average Training Hours Completed per Employee ¹¹	Units	2022	2021
By Gender			
Male	Hours	50.42	34.35
Female	Hours	48.74	30.01
By Employee Category			
Production	Hours	50.20	37.69
Non-production	Hours	49.25	20.34
Sales	Hours	46.85	21.32

Safety

Work Injury	Units	2022	2021	2020
Lost Days due to Work Injury	Days	471	481	297
Number of Work-related Fatalities	Person	0	0	0
Rate of Work-related Fatalities	Percentage	0	0	0

Suppliers

Number of Suppliers	Units	2022	2021
By Geographical Region			
China	Number of Suppliers	699	894
Other Regions	Number of Suppliers	4	0

¹¹ The formula for calculating the average training hours completed per employee: the total number of training hours for employees/ the total number of employees as of the end of the Reporting Period

Products and Service

Products and Service-related Complaints	Units	2022	2021
Number of Complaints	Cases	37	43
Complaints Resolution Rate	Percentage	100%	100%
Product Recall	Units	2022	2021
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons	Percentage	0%	0%

Anti-Corruption

Number of Cases Regarding Corrupt Practices	Units	2022	2021
Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Group or its employees	Cases	0	0

12. Appendix 1: Laws and Regulations Complied with by the Group during the Reporting Period

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the <i>ESG Reporting Guide</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Product Responsibility	
<p><i>Food Safety Law of the PRC</i> <i>Animal Epidemic Prevention Law of the PRC</i> <i>Measures for the Management of Animal Epidemic Prevention</i> <i>Measures for the Examination of Animal Epidemic Prevention Requirements</i> <i>Animal Husbandry Law of the PRC</i> <i>Standardisation Law of the PRC</i> <i>Regulation on the Implementation of the Food Safety Law of the PRC</i> <i>Product Quality Law of the PRC</i> <i>Advertising Law of the PRC</i> <i>Interim Measures for the Administration of Internet Advertising</i> <i>Regulations on the Administration of Hog Slaughter</i> <i>Law of the PRC on the Protection of Consumer Rights and Interests</i> <i>Administrative Provisions on Food Labelling</i> <i>Law of the PRC on Prevention and Treatment of Infectious Diseases</i> <i>Regulation on Responses to Public Health Emergencies</i> <i>Measures for the Administration of Sampling Inspections of Food Safety</i> <i>Interim Measures for the Supervision and Administration of the Quality and Safety of Food-related Products</i></p>	<p>During the Reporting Period, the Group complied with the applicable laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labels, and privacy matters relating to the products and services provided and methods of redress.</p>

Emissions	
<p><i>Environmental Protection Law of the PRC</i> <i>Environmental Protection Tax Law of the PRC</i> <i>Regulation on the Implementation of the Environmental Protection Tax Law of the PRC</i> <i>Water Pollution Prevention and Control Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i> <i>Atmospheric Pollution Prevention and Control Law of the PRC</i> <i>Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise</i> <i>Cleaner Production Promotion Law of the PRC</i> <i>Measures for Pollutant Discharge Permitting Administration (For Trial Implementation)</i> <i>Measures for the Administration of Automatic Monitoring of Pollution Sources</i> <i>Catalogue of Industry Varieties Involving Safety Risks of Hazardous Chemicals</i> <i>National Catalogue of Hazardous Wastes</i></p>	<p>During the Reporting Period, the Group complied with the applicable laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>
Employment and Labour Practice	
<p><i>Labour Law of the PRC</i> <i>Labour Contract Law of the PRC</i> <i>Law of the PRC on the Protection of Women's Rights and Interests</i> <i>Law of the PRC on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labour</i> <i>Social Insurance Law of the PRC</i> <i>Labour Dispute Mediation and Arbitration Law of the PRC</i></p>	<p>During the Reporting Period, the Group complied with the applicable laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and preventing child and forced labour.</p>
Health and Safety	
<p><i>Production Safety Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Occupational Diseases</i></p>	<p>During the Reporting Period, the Group complied with the applicable laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.</p>

Anti-corruption	
<i>Company Law of the PRC</i> <i>Bidding Law of the PRC</i> <i>Anti-unfair Competition Law of the PRC</i> <i>Criminal Procedure Law of the PRC</i> <i>Criminal Law of the PRC</i> <i>Interim Provisions on Banning Commercial Bribery</i>	During the Reporting Period, the Group complied with the applicable laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud, and money laundering.

13. Appendix 2: Index of the SEHK's *ESG Reporting Guide*

Mandatory Disclosure	Description	Relevant Sections and Remarks
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Letter from the Board
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About the Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the Report

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Environmental Protection
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Performance Indicators

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection
Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Care
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Indicators
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Care
KPI B2.1	Number and rate of work-related fatalities.	Performance Indicators
KPI B2.2	Lost days due to work injury.	Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Care

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employee Care
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Indicators
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employee Care
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Care
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Care
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operation
KPI B5.1	Number of suppliers by geographical region.	Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Operation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Operation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Operation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	Customer First

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B6: Product Responsibility		
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Performance Indicators
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Performance Indicators, Customer First
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer First
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Lead, Customer First
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer First
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Responsible Operation
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Responsible Operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Operation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Operation
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Contribution
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community Contribution
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Community Contribution