



**Labixiaoxin Snacks Group Limited**  
**蠟筆小新休閒食品集團有限公司**

(Incorporated in Bermuda with limited liability)

Stock Code: 1262



**Environmental,  
Social and  
Governance  
Report**

**2022**



# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## 1. ABOUT THIS REPORT

### 1.1 Overview

The Report is the seventh environmental, social and governance report (the “ESG Report”) prepared and issued by Labixiaoxin Snacks Group Limited in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange. The Report discloses the Company’s responsible practices in relation to its shareholders, customers, employees, partners, the environment, communities and other key stakeholders, as well as its environmental, social and governance (the “ESG”) performance. The Report covers the financial year from 1 January 2022 to 31 December 2022 (the “Reporting Period”), with some important information backdated to previous years.

### 1.2 Basis of Preparation

The preparation of the Report is based on the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange and the Review of the Environmental, Social and Governance Reporting Guide and related Listing Rules Appendix 27 (“Environmental, Social and Governance Reporting Guide”), with reference to the Guidance on Climate Disclosures (《氣候信息披露指引》) issued by the Hong Kong Stock Exchange, GRI Standards of Global Reporting Initiative, Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China (CASS-ESG5.0), Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China 3.0 – Food Industry (《中國企業社會責任報告編寫指南3.0之食品行業》) issued by Chinese Academy of Social Sciences and ISO 26000: Guidance on Social Responsibility (2010) issued by International Organization for Standardization.

The Report is prepared based on the requirements set out in the abovementioned standards, and proceeded through identifying and ranking major stakeholders, identifying and ranking important ESG-related issues, defining the scope of the ESG Report, collecting relevant materials and data, preparing reports based on the information collected, and the report reviewing process by the Board, so as to ensure the materiality, quantification, balance and consistency of the content in the Report.

### 1.3 Reporting Scope and Boundaries

The policies and relevant data provided in the Report cover the head office of Labixiaoxin Snacks Group Limited (stock code 1262) and its three subsidiaries in Fujian, Sichuan and Anhui, and the scope of the Report is consistent with that of the annual report. Unless otherwise stated, the currency used in the Report is RMB.

### 1.4 Statement about Information and Assurance of Reliability

All information and data used in the Report are extracted from the Company’s formal documents, statistics reports and financial statements. Information of the Report are provided by the Group’s employees and partners, intended solely to disclose environmental, social and governance affairs of the Group, but not for commercial use. The Board of the Company undertakes that the Report does not contain any false records or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.



## 1.5 Reporting Specification

"Labixiaoxin", "the Group", "the Company" and "we" in the Report all represent Labixiaoxin Snacks Group Limited.

## 1.6 Report Languages Available

The Report is publicly available in English and Chinese. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

## 1.7 Confirmation and Approval

The Report was confirmed by management and approved by the Board on 30 March 2023.

## 1.8 Feedback on the Report

If you have any questions or suggestions on the content of the Report, please contact the Administrative Department of Labixiaoxin Snacks Group Limited through the following means.

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Tel: 2536 9669

Fax: 2536 0690

E-mail: [admin@lbxxgroup.com](mailto:admin@lbxxgroup.com)

Website: [www.lbxxgroup.com](http://www.lbxxgroup.com)



## Environmental, Social and Governance Report

### 2. INFORMATION OF LABIXIAOXIN

#### 2.1 Company Introduction

Labixiaoxin (Fujian) Food Stuff Industry Co., Ltd. was established in 2000, and is now a leading snack food producer in China. The Company's products cover a wide range of more than 300 varieties, which primarily include jelly, puddings, popsicles, candies, cooked food, fast food, and others. In December 2011, Labixiaoxin Snacks Group Limited was officially listed on the main board of the Hong Kong Stock Exchange (stock code: HK.1262), becoming the first Jinjiang food corporate to entry into the capital market. Labixiaoxin has adhered to the product philosophy of "health and nutrition" to insist in using high-quality raw materials. We have three production bases in Fujian, Anhui and Sichuan, and the standard plants of these production bases together with their supporting facilities cover over 300 mu. We have over 1,200 employees.

In more than two-decade development, Labixiaoxin has been improving its equipment level, manufacturing capability, sound supply chain management capability and strict quality assurance system. In terms of products, Labixiaoxin continues to introduce new products in line with the trend of food industry. It successively introduced new snack foods such as drinkable cheese, ice cream flavored pudding, and zero fat jelly, which were currently welcomed by customers and brought consumers more choices of premium products and formed a diversified product portfolio. In terms of sales, through a mature distribution network, Labixiaoxin's high-quality products are widely available at home and abroad, forming a strong brand communication and influence.

During the Reporting Period, the revenue from principal activities of Labixiaoxin was approximately RMB684 million.

#### 2.2 Corporate Culture and Philosophy

Upholding the corporate mission of "creating a great health undertaking and building a century-old brand", Labixiaoxin is committed to providing consumers with healthy and nutritious products by embracing the corporate vision of "a leading brand in China's snack industry", taking the value of "hard working and struggle, innovation-driven, rigorous and self-disciplined, co-creation and co-sharing", enriching its brand concept of "stick to high-quality snacks, every bite is carefully selected" and adhering to the operation philosophy of "reaching and understanding customers' needs is the origin of our management".

##### **Corporate core values:**

- Hard working and struggle (new concept): Represent second entrepreneurial concept of establishing the culture of hard working and struggle for all employees; struggle concept of integrating the diligent culture into the organizations; benchmarking concept of forward-looking, down-to-earth and being practical.
- Innovation-driven (new model): Develop new channels to accelerate channel structural reforms; optimize product categories to expand presence of products; adopt innovative sales models to accelerate the exploration of e-commerce marketing methods; enhance brand image and lead the trend of health; improve mechanism construction and adopt innovative ways for system reform.



- Rigorous and self-disciplined (new motivation): Strengthen the building of leadership among senior management with “top ten key rules”; establish a scientific and rigorous management style for middle management with military management; optimize work methodology and behavioral models with code of conduct.
- Co-creation and co-sharing (new value): Adopt equity co-sharing and undertaking co-creation for senior management; implement platform co-creation and wealth sharing for distributors; implement quality symbiosis and benefit sharing for suppliers; implement project partnership and results sharing for management; implement all staff co-creation and platform fission for marketing.

## 2.3 Patents, Innovations and Honors

### 2.3.1 Labixiaoxin's Patents and Innovations

On the way to the innovation and promotion of Chinese snack foods, Labixiaoxin never stops the pace of self-reform. By relying on the National Health and Production Commission Functional Food Research Institute (全國健產委功能食品研究院) and the Enterprise Technology Research and Development Center, we have set up a sound technology research and innovation system, establish a think-tank integrating National Health and Production Commission and the Secretariat of the Functional Food Association, adopt the human resources development model which “introducing high-tech talents, cultivating and enhancing the level of corporate technological personnel” on the basis of “cooperation with universities and scientific research institutes” to launch high-quality and diversified new products with innovation.

Patent certificates and awards in recent five years:

- September 2019: First Class Prize of Fujian Provincial Technological Progress Award 2018;
- November 2022: Third Class Prize of Fujian Provincial Technological Progress Award 2021;
- 2022: A total of 7 patents have been applied for and accepted.



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### 2.3.2 Labixiaoxin's Major Honors in Recent Five Years

Social recognition:

- May 2018: MIIT Certification for the Integration of Informatization and Industrialization Management System;
- May 2019: "Outstanding Enterprise" of Bakery & Confectionery Industry at the 40th Anniversary of China's Reform and Opening-up;
- September 2019: Outstanding Enterprise at the 40th Anniversary of China's Reform and Opening-up;
- October 2019: Municipal-level Key Leading Enterprise of Quanzhou's 9th Agricultural Industrialization;
- May 2022: Human Resource Advanced Enterprise of Jinjiang.

Brand reputation:

- May 2020: "Labixiaoxin" brand value amounting to RMB2.941 billion based on the evaluation of China Council for Brand Development;
- January 2021: Provincial-level Key Leading Enterprise of Fujian's Agricultural Industrialization appraised by the Fujian Provincial Department of Agriculture and Rural Affairs.

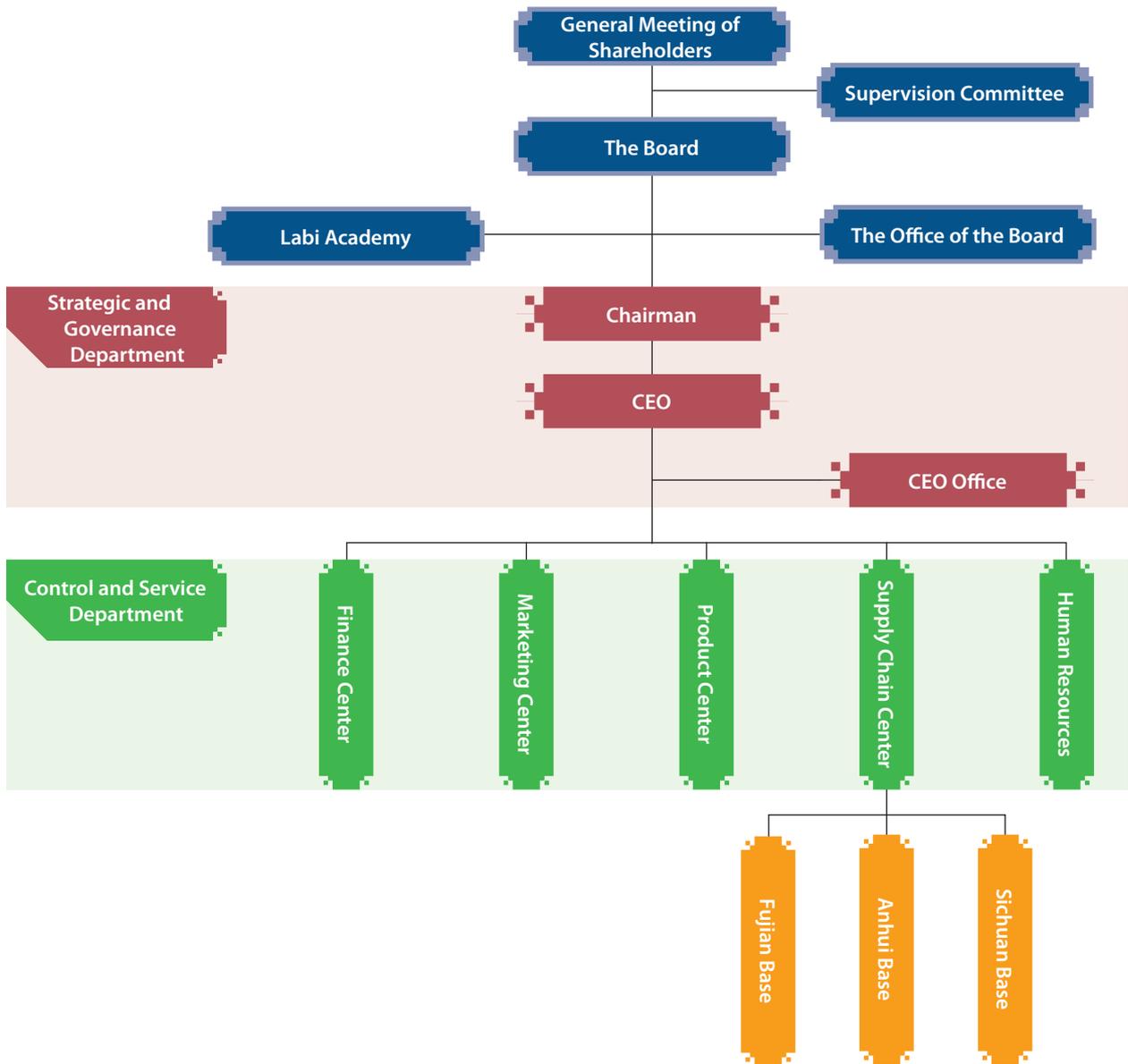


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## 2.4 Corporate Governance

### 2.4.1 Corporate Governance Structure

The Group is committed to maintaining a high-standard corporate governance structure. The Board is the highest authority of the Group, responsible for the Group's strategic planning and the daily operational management, so that the healthy development of the Company and the win-win situation with all stakeholders can be guaranteed. The Board has set up three specific committees, namely the audit committee, the nomination committee and the remuneration committee.



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The Board of the Group currently comprises 7 members, including 3 executive directors, 1 non-executive director and 3 independent non-executive directors.

**Executive Directors:**

Mr. Zheng Yu Huan (*chairman*)

Mr. Zheng Yu Shuang (*chief executive officer*)

Mr. Zheng Yu Long

**Non-executive Director:**

Mr. Li Hung Kong (*vice chairman*)

**Independent Non-executive Directors:**

Mr. Li Biao

Ms. Guo Li

Mr. Chung Yau Tong

### 2.4.2 Integrity Management

Labixiaoxin strictly complies with the Criminal Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, resolutely eradicates bribery, extortion, fraud and money laundering acts, values the integrity culture education and construction and adopts the zero-tolerance attitude toward any act that will violate professional codes and business ethics. During the Reporting Period, there was no lawsuit due to the violation of laws and regulations in relation to anti-corruption, anti-bribery, anti-fraud and anti-money laundering.

To guarantee the realization of operating objectives and sustainable and sound development of the Company, enhance corporate governance and internal control, Labixiaoxin has established a series of effective antifraud mechanisms, with focus on procurement, marketing and other high-risk areas, so as to prevent and discover fraud practices in time. In the meantime, Labixiaoxin further improve employees' integrity awareness through the promotion of integrity culture.

*Improvement of supervision mechanism:*

- The Group establishes the corruption monitoring point, which imposes punishments including warning, removal and termination of labor contract based on the seriousness of relevant cases when it discovers employees' violation of business ethics and labor discipline;
- Supervision and reporting channels are established, including whistleblowing hotline, general manager suggestion boxes, and letters and petitions;
- Confidentiality agreements and integrity agreements are signed with suppliers and distributors to increase the cost of upstream and downstream bribery, and the head of the procurement department and the chairman of the Group directly manage relevant data, so that the fraud risk can be controlled at source;

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- The Group has set up a digitalized intelligent procurement system, which automatically evaluated and rated the evaluation factors such as price, quality and delivery provided by suppliers, effectively reducing human intervention, so as to improve the transparency and fairness of procurement;
- The control over integrity management shall be enhanced. With the exception of the procurement department, gifts received with a value of RMB100 or above shall be reported to the Group, and gifts received by the procurement department shall be submitted as hospitality supplies.

### *Creation of integrity culture:*

- New employees are required to sign the Letter of Integrity and Self-discipline, which regulates the behaviors of employees and clarifies employees' responsibility of conducting honest business practices;
- The Group realized visual management of employees' field affairs, and required all employees to carry out various tasks with fairness, integrity and honesty;
- The Group values the corruption risk education to employees, organizes corruption risk warning education activities, invites experts from the judicial system and the public security system to give lectures on integrity regularly, so as to improve employees' integrity awareness;
- Legal departments are regularly invited to offer training on legal knowledge to the Board and middle and senior management members of the Group, thereby creating a clean and honest corporate environment.

In 2022, the Hong Kong Stock Exchange has revised the Code on Corporate Governance and related Listing Rules. The new guide has added content on formulating clear anti-corruption and whistle-blowing policies and systems. In order to strictly abide by the requirements of the new guide of the Hong Kong Stock Exchange and improve the Group's integrity management system, the Board of Labixiaoxin approved and adopted the Group's anti-corruption and whistle-blowing policy proposed at the meeting in May 2022, which contained the principles that Labixiaoxin intended to adopt in relation to the new guide of the Hong Kong Stock Exchange; and in the whistle-blowing policy, it is clarified that employees of Labixiaoxin and others who have contacts with Labixiaoxin, may raise concerns, report and investigate any possible inappropriate matters concerning Labixiaoxin.

### **2.4.3 Internal Audit Standards**

Labixiaoxin strictly complies with the Company Law of the People's Republic of China, the Corporate Internal Control Audit Guidelines (《企業內部控制審計指引》) and relevant laws and regulations of the State. In accordance with the aforesaid laws and regulations, it has set up the internal control audit standards, and ensures the smooth and effective business operation, the reliability of financial reports and the compliance with relevant laws and regulations through monitoring the operation of internal control system, checking accounting records and relevant assets, monitoring the execution of preliminary and actual budgets and financial income and expenditures, and assessing benefits of major economic activities. Labixiaoxin also carries out special audit projects on a regular basis, gives full play to the supervision function of audit works, and effectively monitors the rectification of relevant issues, so as to ensure that the internal operation of the Group complies with laws and regulations.



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## 3. ESG MANAGEMENT

### 3.1 ESG Management Principle

While focusing on production, Labixiaoxin always makes repaying society as the shared core value for its management and employees. We incorporate the concept of sustainable development into the gene of corporate culture, fulfill social responsibilities actively, stay dedicated to the health of consumers and the win-win cooperation with shareholders and partners, and play a part in the development of the society.



Since the establishment of Labixiaoxin, the Group has always adhered to the principles of “Four Persistences”:

- The Group sticks to the “green food” management principle to guarantee the safety, quality, healthiness, and nutritiousness of the products it offers;
- The Group never stops offering care and support to its employees to enhance their sense of recognition and belongings to the Group. It resolutely safeguards employees’ benefits, and builds a working atmosphere that is harmonious and proactive;
- The Group strictly follows low-carbon and environmental friendliness rules in every aspect. It works hard to achieve energy conservation and emission reduction by increasing efficiency, minimize the impact on the environment, and promote sustainable development;
- The Group makes relentless devotion to charity cause, fulfills corporate social responsibility, delivers care and health to communities and the public and contributes to the healthy development of communities and the public.



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### 3.2 ESG Management Mechanism

To promote the implementation of Labixiaoxin’s ESG management strategies and incorporate ESG management work into Labixiaoxin’s daily operating activities, the Group establishes a three-tier ESG management system, the core of which consists of the Board, the ESG Management Group and the ESG Working Group.



**The Board:** It is the top decision maker of the ESG management system of the Group and is responsible for identifying and assessing ESG related risks, ensuring that the Group has set up appropriate and effective ESG risk management system and internal control system, and reviewing the annual ESG report and work plan.

**The ESG Management Group:** It is composed of the management of the Group, and mainly serves as the supervision function in the ESG management system. It is responsible for monitoring and managing the daily operation of ESG risk management and internal control systems, coordinating the daily work of the ESG Working Group and reporting the operation of the systems to the Board on a regular basis.

**The ESG Working Group:** The ESG Reporting Group is formed by core departments including the Sales Department, the Human Resources Department, the Procurement Department, the Quality Inspection Department and production bases of the Group. It is responsible for executing all ESG related work, including collecting data, preparing report, communicating with stakeholders, arranging exchange and training activities, and at the same time, it leads the implementation of ESG work to help the Board and the ESG Management Group to assess whether the Group’s ESG management system is appropriate and effective.

### 3.3 Communication with Stakeholders

Based on its business scope and nature of production and operation, Labixiaoxin identified stakeholders who have decision-making power and influence on the Group, including its employees, customers, suppliers, investors, local communities, government and non-government organisations. Effective engagement of the stakeholders is crucial to Labixiaoxin’s ESG management. Therefore, Labixiaoxin attaches great importance to the communication with stakeholders, and setting up a normalized, open and transparent communication mechanism for stakeholders is a key measure for Labixiaoxin to fulfill and promote social responsibility. By keeping close communication and information sharing with the stakeholders, the Group can further understand stakeholders’ expectations and demands on Labixiaoxin’s assuming social responsibility. While striving to fulfill the basic social responsibility, the Group endeavors to integrate the demands and concerns of stakeholders into the operation and decision-making process, thereby enhancing brand value and reducing operational risks.



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## Communication Mechanism for Stakeholders

Stakeholders	Shared Targets	Communication and Feedback Channels
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>• Assets preservation and appreciation</li> <li>• Steady growth in return on investment</li> <li>• Risk and crisis management</li> <li>• Development of new markets and new opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• General meeting of shareholders</li> <li>• Annual report</li> <li>• Special meetings</li> <li>• News and announcement published on the Company website</li> </ul>
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>• Operation compliance</li> <li>• Tax compliance</li> <li>• Contribution to local economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Supervision and performance evaluation</li> <li>• Correspondence</li> <li>• Voluntary tax payment</li> <li>• Special meetings</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Product safety and quality</li> <li>• Smooth feedback channels</li> <li>• Customer satisfaction</li> <li>• Diverse product choices</li> </ul>	<ul style="list-style-type: none"> <li>• “Green food” management principle</li> <li>• Customer service hotline</li> <li>• WeChat official account/official Weibo</li> <li>• Online mall</li> <li>• Product quality management system</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fair, open and impartial procurement</li> <li>• Supply chain management</li> <li>• Code of business conduct and anti-corruption</li> <li>• Long-term and stable cooperative relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier site visits</li> <li>• Supplier tendering</li> <li>• Supplier meetings</li> <li>• Distributor training</li> <li>• Supplier strategic cooperation negotiation</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Energy conservation and emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Regular environmental assessment</li> <li>• Technology upgrading</li> <li>• Environmental management plan</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Wages, benefits and security</li> <li>• Employees’ rights and interests</li> <li>• Occupational growth platform</li> </ul>	<ul style="list-style-type: none"> <li>• Employee activity</li> <li>• Occupational health and safety management system</li> <li>• Employment and employees’ rights</li> <li>• Employee training and development</li> <li>• Labi academy</li> <li>• Enterprise journal</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Public welfare undertaking</li> <li>• Activities for repaying the community</li> <li>• Contribution to local economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Support development of education industry</li> <li>• Products donation</li> <li>• Be warmhearted to public service</li> <li>• Stimulation of local industrial development</li> </ul>



### 3.4 Analysis of Material Issues

Since its establishment, Labixiaoxin has been keeping sound communication with stakeholders, timely understanding and actively responding to stakeholders' requirements and constantly improving the Group's sustainable development ability. On the basis of requirements of the ESG Guide of the Hong Kong Stock Exchange and with reference to practices of leading enterprises at home and abroad, Labixiaoxin analyzes, classifies, selects and ranks issues that reflect the Group's economy, the significant environmental and social impact and those have material impact on stakeholders' assessment and decision making, which is taken as the important basis of managing and disclosing ESG information.

#### *Identification of Issues*

Labixiaoxin focuses on characteristics of its business and key areas of the industry. The Board is responsible for identifying and assessing the impact and possible risks the Group's businesses may bring to the environment, the society, and the corporate governance, identifying material environmental, social and operational issues after the consolidation in accordance with the ESG Guide, and taking such identification and assessment as the basis to analyze material issues.

#### *Surveys and Research*

The ESG Working Group conducts group discussion and personal interviews with stakeholders for communication and exchange, so as to understand the issues stakeholders prioritize and assess the materiality of various issues.

#### *Questionnaire Surveys*

The ESG Working Group invites stakeholders to evaluate the materiality of all issues by way of questionnaire, so as to collect accurate and specific data, and further measure and analyze stakeholders' judgments on importance to material issues.

#### *Screening and Assessments*

Based on the results of surveys and research, the ESG Working Group assesses different material issues from two perspectives, i.e. the importance of the impact on corporate internal development and the importance of the impact on stakeholders, and prioritizes the importance of respective issue in order to obtain the materiality matrix. The relative importance of various issues is identified through matrix analysis.

#### *Review and Confirmation*

Through the abovementioned assessing process, 15 key ESG issues are identified; by the review of the Board and the ESG Management Group, they become the core part of the Report, which means that Labixiaoxin should focus on the monitoring and management of such issues and disclose relevant information.





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## Labixiaoxin's ESG Material Issues

Environmental issues	Social issues	Operational issues
1 Environmental protection 2 Use of resource 3 Waste treatment	4 Employees' salary and benefits 5 Employees' occupational health and safety 6 Employee development and training	7 Supply chain risk management 8 Promote supply chain to perform social responsibility 9 Food safety and nutritiousness 10 Product quality management 11 Customer service 12 Intellectual property protection 13 Anti-corruption 14 Community activity 15 Public welfare undertaking

## Materiality Matrix of Labixiaoxin's ESG Material Issues





## 4. CONTINUOUSLY EMBRACE INNOVATIONS AND KEEP MOVING FORWARD

### 4.1 Diversified Product Portfolio

Since its establishment in 2000, Labixiaoxin has continued to focus on consumers and has been cultivating the snack food industry for more than 20 years. Nowadays, in the face of increasingly diversified and personalized consumer demands, the Group insists on improving the taste of its products through technological innovation and satisfying various consumer groups with product innovation. The Group has built up a rich and mature product portfolio of leisure snacks, including jelly, puddings, popsicles, candies, cooked food, fast food, yogurt and others. To meet the market demand in 2022, Labixiaoxin has launched the following featured product series:

- Jelly series: konjac jelly, yogurt-flavored jelly, fiber fruit pulp jelly, lactic acid bacteria jelly, fruit-flavored jelly, drinkable jelly;
- Pudding series: cheese pudding, ice cream pudding, lactic acid bacteria pudding, cheese pudding, yoghurt pudding, milk pudding;
- Popsicle series: milkshake ice cream, lactic acid bacteria smoothie popsicle, baking soda popsicle, lactic acid bacteria popsicle, lactic acid bacteria small milk stick;
- Candy series: popping liquid crystal candy, popping cookie balls, Mylikes (麥麗素), chocolate, snowflake flaky pastry, nougat, lollipop, gummy candy;
- Cooked food series: thick roasted kelp knots, shredded crab sticks, boneless duck feet, charcoal-grilled squid, charcoal-grilled meat balls, crispy lotus root slices with marinade;
- Fast food: oden, scallop vermicelli, instant hotpot;
- Yogurt series: Calcium Baobao (鈣飽飽), Zinc Baobao (鋅飽飽).



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## 4.2 Iterative Product Innovation

In 2022, Labixiaoxin continued to dig deeper into the insight of consumer needs, adhered to the concept of leading the market with products and driving development with innovation, and continuously explored and developed products that are in line with current social needs and consumer preferences. On top of ensuring and improving product quality, we focus on the research and development of product health and nutrition to meet new demands of today's consumers for food quality, and insist on bringing leisure food that is both healthy and delicious to every consumer. In the process of product iteration and optimization, Labixiaoxin has been skillfully applying the law of innovation, continuing to develop and design products in terms of nutrition and organic, healthy and delicious, and green packaging, introducing a series of nutritious leisure snacks with good taste, adding differentiation to its products and gaining the love and recognition of consumers.

### Ice Cream Pudding



Based on the "Ice Cream Flavored Pudding", Labixiaoxin launched the "Ice Cream Pudding" after constantly overcoming the difficulties in the integration of ice cream and pudding, which is a tender pudding at room temperature and a dense ice cream after freezing, realizing a multi-eating game and satisfying consumers' double desire for ice cream and pudding. In the production, Labixiaoxin has applied the 86°C preservation and sterilization process to ensure the smooth and soft texture of the products after freezing, and at the same time to protect the nutritional content of the products to a great extent. The innovative development of Labixiaoxin in this product enables consumers to take in the nutrients needed by the human body more efficiently while satisfying the taste buds.

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## Green Plum Konjac Jelly



Under the trend of “zero-sugar, zero-fat, low-calorie” in the consumer market, in order to meet consumer demand for calorie intake control, Labixiaoxin has realized zero-fat in products through new technologies, and launched a series of new konjac jelly with “0 fat”. In particular, “Green Plum Konjac Jelly” is fat-free with 15% fresh green plum juice, which further enhances the taste of the jelly and brings the real fruit aroma to consumers, satisfying their increasing demand for such snacks.

## Xiaoxinlaolao (小新酪酪)



Based on consumers’ dual needs for delicious and healthy snacks, Labixiaoxin has developed and launched the “Xiaoxinlaolao” cheese drink. The product brings consumers an innovative experience of eating cheese by the innovative way of “sucking”, and adds the net-favorite ingredient “Crunchy Boo Boo (脆啵啵)” in the milk tea industry to enrich the taste level of cheese. In terms of health, Labixiaoxin insisted on a high quality nutritional formula with  $\geq 5\%$  imported cheese added to each pack of drinks, about 50mg of calcium and about 2.4g of protein per 100g. At the same time, in order to improve the experience of children’s consumer groups, Labixiaoxin even designed a “bottle cap building block toy (瓶盖积木玩具)” on the packaging, so that this product has the function of children’s educational toys on the basis of deliciousness and health.



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### 4.3 Omni-channel Product Operation

In terms of product operation, Labixiaoxin has made use of digital innovation and marketing innovation to promote the upgrading of the “online + offline” omni-channel layout. During the Reporting Period, Labixiaoxin had a large sales network of more than 1,000 distributors and tens of thousands of retail terminals, covering 31 provinces and cities across China.

#### *Offline channels:*

In 2022, due to the impact of the epidemic, the offline channel had limited customer traffic and greater resistance to sales growth. In addition to maintaining close partnerships with many large domestic and international retailers such as Wal-Mart, RT-Mart and Carrefour, Labixiaoxin has grasped the fast-growing leisure snack sales channel and reached in-depth cooperation with many leisure snack chain customers to drive sales growth and continuously enhance the brand influence of Labixiaoxin among young consumers. At the same time, Labixiaoxin has focused on cultivating the quantitative packaging market, placing quantitative packaging display cabinets (Labixiaoxin Dessert House) on terminal materials, displaying key items, and carrying out thematic terminal activities to improve and solidify the terminal system.

#### Labixiaoxin Dessert House



In terms of communication and cooperation with offline distributors, Labixiaoxin successfully held a number of distributor business consensus meetings in Anhui, Chongqing, Hunan and other provinces across China in 2022, where it communicated with distributors on the theme of “Reconstructing Growth, Leading the Future”, conducted an in-depth communication on the marketing strategy of “new products, new channels and new models” and reached a broad consensus on win-win cooperation with distributor partners.



2022 Distributor Business Consensus Meeting of Labixiaoxin Group



## Environmental, Social and Governance Report

### Online channels:

In 2022, Labixiaoxin continued to cooperate with major e-commerce platforms to conduct online publicity and marketing in various forms, thus accurately reached target customers in a wider range and at a lower cost to promote product sales, and further expanded brand influence. In addition to maintaining good cooperative relations with platforms such as Tmall and JD.com, Labixiaoxin continued to deploy on social media platforms such as Xiaohongshu, Tik Tok, Weibo, etc., forming a brand promotion matrix and creating a good brand image of snacks, which has effectively contributed to sales growth and brand promotion. At present, Labixiaoxin has been stationed on the Tik Tok e-commerce platform, laying out three major sections: brand live-streaming, live-streaming by influencers and short-video sales promotion.

### Live-streaming Sales Promotion by Tik Tok Influencers



Under the strategy of re-upgrading “online + offline” omni-channel layout, Labixiaoxin achieved a new high in sales in 2022, which maintained its leading market position in jelly products in the fiercely competitive race, with the market share of jelly ranking second, and achieved a new breakthrough in market share and brand influence.

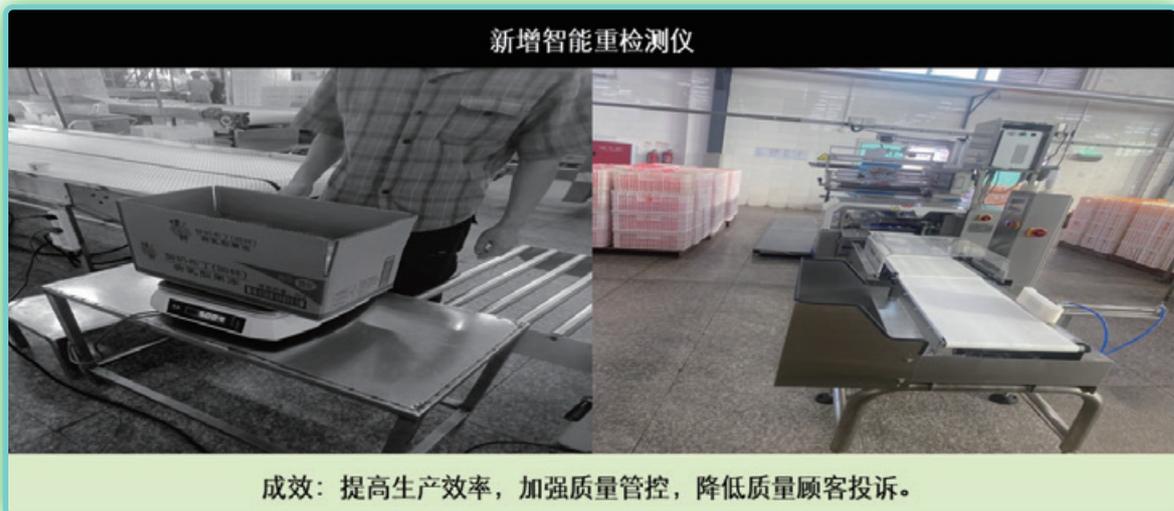


## 5. FULL NUTRITION AND ASSURED QUALITY

Labixiaoxin consistently adheres to the “green food” management principle, stays consumer-centric, aims to provide consumers with high-quality, safe and nutritious foods and strives to make contribution to people’s healthy lifestyle. Labixiaoxin strictly complies with a series of laws and regulations on food production and operation, food package, food safety and utilization of food additives, including the Food Safety Law of the People’s Republic of China, GB14881-2013 National Standard of Food Safety – General Hygienic Regulation for Food Production (《GB14881-2013食品安全國家標準食品生產通用衛生規範》), Food Hygiene Supervision Procedures (《食品衛生監督程序》), GB12695-2016 National Standard of Food Safety– Hygienic Regulation for Beverages Production (《GB12695-2016食品安全國家標準飲料生產衛生規範》) and GB7100-2015 National Standard of Food Safety – Cookies (《GB7100-2015食品安全國家標準餅乾》), so as to ensure strict compliance with relevant laws and regulation during the process of production and processing, product packaging, product storage and transportation and to effectively guarantee the product quality and safety.

In recent years, the potential of China’s consumer market has been continuously released, and the increasing awareness of consumers’ healthy diet requires the snack food industry to continue to innovate and develop in the direction of health and quality. In order to better control product quality, Labixiaoxin invested a total of more than RMB3 million in 2022 to upgrade production equipment and procedures with new processes and technologies to fully ensure product quality.

### Examples of Quality Upgrading



# Environmental, Social and Governance Report

包装风淋室改造



成效：提高风淋室通过率，增加近一倍的通过率

新设洗衣房



成效：确保工作服洁净度，提升生产过程中的卫生管理

自动上袋果爽机新增辅助设备3台



成效：提升产能25%，提升产品质量

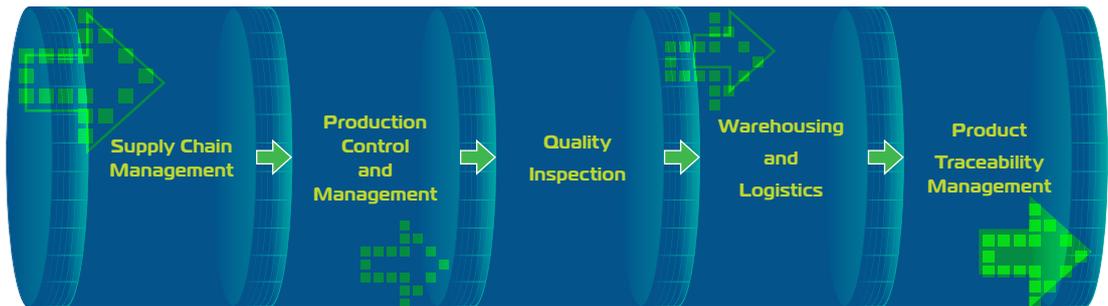


# Environmental, Social and Governance Report

## 5.1 Product Quality Management System

Labixiaoxin regards quality as the lifeline of brand, executes strict quality control from the source of supply chain to the marketing terminal, and makes every product with “craftsmanship spirit” that relentlessly seeks for ever greater perfection. Labixiaoxin actively promotes the certification of quality and safety systems, which is subject to review of experienced experts designated by third-party professional certification institutions. During the Reporting Period, Labixiaoxin continuously passed GB/T19001/ISO9001 Quality Management System Certification, HACCP Management System Certification, BRC Food Safety Global Standard Certification and Halal Certification. Labixiaoxin set up a series of quality management regulations and operation manuals that fit for its own products in accordance with the said standardized management systems. Labixiaoxin conducts regular internal review and self-inspection in respect of relevant systems every year, organizes system training, legal and regulatory training, quality inspection training and other trainings for the management and all staff and convenes quality risk meeting every week, so as to ensure that Labixiaoxin has fully guaranteed the quality of our products throughout their life cycle. With years of development and experience accumulation, Labixiaoxin has established a set of mature and effective product quality control system.

### Product Quality Management System



## Environmental, Social and Governance Report

### 5.2 Supply Chain Management

Labixiaoxin has been adhering to the faithfulness and win-win philosophy in operation and continuously improving the supply chain management. Through the establishment of a scientific and strict supplier selection and assessment system and the implementation of complete supplier assessment management methods, Labixiaoxin creates a favorable competition environment for suppliers and guarantees the quality of products from source.

In accordance with the Procurement Management Regulations and the Supplier Management System, Labixiaoxin made procurement by the way of Group's centralized procurement based on the principle of the "80/20 Rule" and selected high-quality suppliers through tendering. Through the form of separation of power and responsibility management, procurement costs and risks were effectively reduced and the stability of procurement quality was guaranteed.

In order to ensure the quality of procurement, the Group implements a comprehensive supplier site visit policy to conduct a thorough and comprehensive multi-dimensional investigation into the suppliers' technical standards, quality inspection standards, equipment status, brand awareness and quality assurance methods. Meanwhile, the Group also includes suppliers' production environment, packaging materials, staff management and other social benefit factors into the scope of inspection to ensure that the qualifications of our approved suppliers meet Labixiaoxin's requirements while urging them to make continuous progress in fulfilling their social responsibility.

In 2022, due to the continuous impact of the epidemic, suppliers ceased or reduced production, resulting in a reduction in the supply of raw materials, significant price increases, and transportation difficulties, which put greater pressure on Labixiaoxin's purchasing department. In order to actively meet this challenge, Labixiaoxin actively tried to find substitutes for raw materials that had a more significant rate of price rise, in order to reduce the costs of the relevant raw materials, while meeting the relevant requirements of quality, taste, health and nutrition. In addition, Labixiaoxin controlled raw material costs and alleviated procurement needs and capital pressure by price locking, formula adjustment, stocking up in advance and purchasing raw material futures.

In terms of supplier selection, Labixiaoxin adopts a multi-supplier joint supply model. The Group assesses suppliers based on the four dimensions of quality, price, delivery and service, and manage suppliers in a hierarchical manner based on assessment results. Labixiaoxin will continue to establish stable partnerships with excellent and responsible A-grade suppliers and provide coaching and support to potential B-grade suppliers. We ensure the high quality of raw materials for products by eliminating unqualified suppliers. For each product, Labixiaoxin requires two to three suppliers as much as possible, and purchases are made according to the supplier's rating in accordance with the "3-7" or "5-3-2" purchasing ratio, which not only establishes a long-term strategic partnership with each supplier, but also ensures that the Group is in control of the purchasing initiative and reduces purchasing risks.

During the Reporting Period, Labixiaoxin established sound cooperative relationships with 295 suppliers of raw materials, auxiliary materials and packaging materials, including 142 suppliers from local production bases (in Fujian province, Anhui province, and Sichuan province) and 153 non-local suppliers, with local suppliers accounting for 48.14%.

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## Regional Distribution of Suppliers

Province	2022	Percentage (%)
Beijing	4	1.36%
Tianjin	4	1.36%
Hebei	4	1.36%
Liaoning	2	0.68%
Shanghai	19	6.44%
Jiangsu	14	4.75%
Zhejiang	19	6.44%
Anhui	21	7.12%
Fujian	107	36.27%
Jiangxi	6	2.03%
Shandong	15	5.08%
Henan	6	2.03%
Hubei	8	2.71%
Hunan	0	0.00%
Guangdong	41	13.90%
Guangxi	2	0.68%
Hainan	6	2.03%
Sichuan	14	4.75%
Yunnan	1	0.34%
Shaanxi	1	0.34%
Import	1	0.34%
Total	295	100.00%

In 2022, Labixiaoxin adopted a new strategy in supplier development, choosing more suppliers within 300 kilometers around the production base to improve the overall supply assurance capability, so as to prevent suppliers from failing to provide raw materials in a timely manner due to epidemics or distance issues.



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### 5.3 Production Control and Management

To maintain better quality control in each production process, Labixiaoxin strictly implements a series of system and regulations for the production control and management, including the HACCP Program and the Hygiene Standard Operation Procedures (《衛生標準操作程序》), in accordance with relevant laws, regulations and the requirements of respective quality management systems and by taking into consideration the actual development, so that it can ensure the standardization and professionalism of production procedures, production process and operation.

#### 1) *HACCP Program (Hazard Analysis and Critical Control Point)*

The HACCP Program stipulates the organizational structure of the food safety team of Labixiaoxin, product description, production process flow chart, production process description, hazard analysis worksheet, HACCP plan table, corrective procedures and verification procedures. It defines the process composition, the process sequence, and the interaction between processes necessary for the HACCP Program, and the guidelines and methods for effective control of critical control points. Through monitoring, measurement and analysis, it takes necessary improvement measures to ensure the implementation of Labixiaoxin's food safety policies and objectives.

#### 2) *Hygiene Standard Operation Procedures*

Hygiene Standard Operation Procedures set out the standards of performing cleaning, disinfection and hygiene procedures in the course of food processing, and clarifies the monitoring of eight key production elements, i.e. water quality monitoring, food contact surface monitoring, cross contamination monitoring, disinfection and hygiene monitoring, pollutant monitoring, toxic chemical monitoring, employee health and hygiene monitoring, and insect pest monitoring, therefore further ensuring the healthiness and hygiene of products.



Through high, medium and low risk grading, the risk of product quality is controlled in an informatized way from four dimensions, namely raw material inspection, production process, product delivery and SOP testing, with each functional department controlling different risk levels. Through the display of quantitative indicators of the system, Labixiaoxin is possible to get real and fast feedback and focus on catching the key points, and implements 8D quality improvement projects in the implementation process. In response to the problems found, Labixiaoxin will make inter-departmental information sharing and set up a quality improvement team as soon as possible according to the procedures, and the task force will work together to analyze and investigate the causes of the problems found, and then develop countermeasures to solve the problems.

#### Special Training on the Food Safety Law of the People's Republic of China



## Environmental, Social and Governance Report

In order to improve employees' awareness of business management and food quality and safety risks, Labixiaoxin launched a "Special Training on the Food Safety Law of the People's Republic of China" in October 2022, which was attended by more than 70 people, including general managers of business divisions, directors and above of manufacturing systems at each base, all employees of the supply chain center and product planning department, and managers and above of the innovation and research department. Through the interpretation of the Food Safety Implementation Regulations, the analysis of food safety management risk cases and key control points, and the examination of food safety-related contents after the training, Labixiaoxin helped the participants fully understand the food safety law, clarify the legal obligations and responsibilities of food production and operators, and promote the safe operation of Labixiaoxin and its continued stability and improvement.

### 5.4 Quality Inspection

Labixiaoxin continuously improves the product quality inspection system and strictly complies with the Regulations on Management of Annual Quality Objectives (《年度質量目標管理規定》) to ensure the high quality of products. After years of development, Labixiaoxin has established a stable product quality inspection system:

#### 1) *Inspection on raw materials*

Materials must be delivered to the Company together with a delivery inspection report provided by relevant vendor. Labixiaoxin collects samples in accordance with relevant requirements and conducts inspections, and substandard materials shall be returned. The quality inspection department shall arrange a third-party professional inspection institution to carry out inspection on key materials such as milk powder in accordance with relevant requirements.

#### 2) *Inspection in the production process*

QC staff carry out a series of inspections before production in accordance with relevant requirements, including the inspections on billboards, equipment, machine hygiene, water, electricity and gas, as well as ingredient mixing, parameter, main materials, auxiliary materials and filtering devices, so as to ensure that ingredients are prepared according to standard recipes.

In the production process, QC staff are in charge of providing respective positions with inspection guidelines. According to relevant requirements, in the building and filling positions, operators perform self-inspections, while team leaders, workshop directors and QC staff conduct tour inspections and the sterilization workers are responsible for real-time supervision of the fully automated sterilization process, so as to ensure all products are produced and sterilized in accordance with process standards.



### 3) *Final product inspection*

Labixiaoxin formulated the Product Outgoing Inspection Management System. The process team or finished product inspector is responsible for taking samples according to the specified requirements and filling in the sampling registration form. The testing lab performs random sampling inspections on each batch of finished products, which generally include microorganism inspection, the appearance of raw materials, special physical and chemical inspection, and issues relevant inspection reports as required. In addition, the soluble solid, PH value, the degree of coagulation, the color, aroma and taste, water quality (sent for external inspection every year), appearance and labeling of packaging materials, etc. of finished products produced in the workshop are also within the scope of Labixiaoxin's quality inspections.

In 2022, in order to ensure the continuous and stable output of high-quality and safe products, Labixiaoxin's quality inspection department promoted QACP (Quality Assurance System) point inspection, and implemented the inspection of ingredients, equipment, filling and other production processes. At the same time, the quality control department has also established the Food Safety Self-inspection System, implementing daily self-inspection, weekly verification, and monthly review, and changing from the original inspection by departmental quality control personnel to full departmental participation, including shift supervisors, directors, and managers. In addition to the regular quality inspection, the quality inspection department has set up a new weekly quality meeting to discuss and propose improvement plans for the current week's market complaints and demands.

## 5.5 Warehousing and Logistics

Labixiaoxin adopts strict management for the warehousing and logistics of products to ensure product protection, so as to ensure that the quality of products is effectively guaranteed:

- When finished products are rated as qualified, they are sorted and stored by product category and production date in strict compliance with warehousing management requirements. The principles "keeping away from the ground and the wall" and "avoiding mouse and guarding against damp" must be strictly implemented, and products must be stored in an environment with appropriate temperature. In addition, external professional teams are engaged every month to identify potential hygiene and safety risks in the warehouse and offer relevant solutions;
- The logistics department is responsible for checking the hygiene conditions of vehicles delivering products and the qualification of drivers to ensure that the goods are transported by qualified vehicles and drivers. Meanwhile, Labixiaoxin checks the qualifications of logistics companies every year and launches receivers' satisfaction survey to collect feedbacks. If there is any issue in the logistics process, the Group will coordinate with relevant logistics company to deal with such issues;
- By adjusting the radius of delivery region and reducing the turnaround times of goods, the logistics department effectively reduced freight costs, transport time and the risk of loss of goods;
- Labixiaoxin regularly issued logistics satisfaction questionnaires to distributors, scoring points on logistics speed, logistics freight and logistics breakage feedback to promote logistics departments to improve service quality and efficiency.



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### 5.6 Product Traceability Management

Labixiaoxin establishes the digitalized traceability system and renders all products "ID card". Relying on the "one product, one code" information traceability system, the Company realizes the informatization, visualization and precision of product traceability management and further improves the quality management system. With the relating code, information about the whole product lifecycle from production, processing, logistics and consumption can be traced. In addition, the function of "point inspection through code scanning" can enable customers to check the quality inspection Labixiaoxin has performed in each key production process, meet the basic requirement that "the source can be traced back, the production can be visualized, the circulation can be tracked, the risk can be controlled, and the public can get involved", and achieve the end-to-end and informatized trace of the whole chain.

Labixiaoxin also formulates the Quality Issues Management Standards (《質量事故管理標準》) and Recall and Withdrawal Control Procedures (《召回和撤回控制程序》) internally, which provides details of the definition of quality issues, the classification standards, the countermeasures for each category of quality issues and the product recall and withdrawal procedures. Once the product recall is necessary, Labixiaoxin will implement hierarchical recall management in accordance with relevant requirements, and disclose information such as the batch of products recalled, the time when the recall commences and the work procedures.

In 2022, Labixiaoxin launched the "5G+Smart Factory" project, which relies on the wide connectivity, large bandwidth, low latency and high security features of China Unicom's 5G network, enabling managers to understand the operation status of each production line or equipment in the workshop, key parameters and various fault alarm information in real time through intuitive and dynamic images and data, and realize two-way traceability from raw materials to finished products. At present, Labixiaoxin is promoting the first phase of automation and MES management system, and plans to realize the interconnection and interoperability of all production elements and processes within five years, i.e. interconnections of equipment, personnel, materials and products, realizing real-time data tracking of the whole lifecycle of all production elements in the factory, creating a transparent and intelligent chemical factory, and improving production management efficiency.



### 5.7 Product Quality

The comprehensive product quality management system is the fundamental guarantee of the high quality of Labixiaoxin's products. During the Reporting Period, Labixiaoxin's products maintained consistently high quality and realized 100% food safety qualification, and the number of products sold or shipped subject to recalls for safety and health reasons was zero.

**Product Quality Data for 2020-2022**

Year	Product qualification ratio	Food safety compliance ratio	Percentage of products sold or shipped subject to recalls for safety and health reasons
2020	99.79%	100%	0%
2021	99.77%	100%	0%
2022	99.85%	100%	0%

In 2022, relevant agencies conducted market spot checks on Labixiaoxin's products and found three cases of food safety/quality abnormalities: the test results of Labixiaoxin's Mylikes cocoa butter chocolate products were inconsistent with the content of the product labels, and the total number of bacterial colonies in milk pudding and ice cream pudding exceeded the standard. After receiving the notification letter from the supervision department, Labixiaoxin attached great importance to the problems pointed out in the letter. In order to protect the rights of consumers and safeguard its brand reputation, Labixiaoxin actively cooperated with all levels of government supervision and inspection, and activated the emergency plan at the first time, set up a special rectification team, and conducted a comprehensive investigation of related products from production to distribution. At the same time, in order to eliminate consumers' concerns and protect their rights, Labixiaoxin immediately took the initiative to recall the same batch of Mylikes cocoa butter chocolate products. During the Reporting Period, Labixiaoxin has identified the reasons for the above problems and completed rectification.

In order to prevent the recurrence of related problems and continue to provide consumers with safe and healthy products, Labixiaoxin has formed a special team to reorganize the relevant processes and improve the process standards, focusing on the following aspects.

In terms of product label design and changes, Labixiaoxin has imposed more stringent requirements on the content of product labels. For the nutritional ingredients and the declared value that needs to be labeled, it is clearly required that the value must be labeled based on the actual data in the third-party test report. At the same time, Labixiaoxin has added a review section in the process of product label change, where relevant professionals from the R&D and quality departments confirm and review all label information, assigning responsibility to individuals to ensure the accuracy of product label markings.



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In terms of product transportation and storage, Labixiaoxin has put forward more refined standards for the quality control of transportation and storage segments of the channel, including but not limited to: (1) customer warehouses of distributors and terminal stores should be equipped with appropriate temperature and humidity meters to monitor the product storage environment in real time to ensure that the temperature and humidity of the warehouse meet the storage requirements of the product. (2) send specialists to conduct unannounced inspections on the specific storage and transportation conditions of customer warehouses, and supervise and rectify customers who do not meet the standards. (3) carried out surprise inspections on each customer warehouse according to the product risk level. If it is found that the customer warehouse obviously fails to meet the storage conditions, the local business personnel will be held accountable.

In terms of production quality control, Labixiaoxin has organized a special team to investigate the production environment and, based on the investigation results, optimized the equipment cleaning process to improve the production environment and enhance the control of production quality. For equipment cleaning, Labixiaoxin has improved the CIP program from manual cleaning to automatic cleaning, reducing manual errors and ensuring the smooth operation of equipment cleaning. At the same time, Labixiaoxin has sorted out and optimized the cleaning steps of CIP by upgrading the original "Five Steps of CIP Cleaning" to "Seven Steps of CIP Cleaning", increasing equipment cleaning sections and replacing the original cleaning agents with high-efficiency cleaning agents to improve work efficiency while ensuring the cleanliness of production equipment.

### 5.8 Customer Service System

Labixiaoxin has always adhered to the operation philosophy of "being close to our customers and understanding their needs as the origin of our management", and is committed to creating superior and complete consumption experience for consumers by implementing a customer-focused service attitude. Labixiaoxin has formulated the Customer Complaint Management System (《顧客投訴管理制度》) in accordance with the Consumer Protection Law of the People's Republic of China and other laws and regulations to specify responsibility scope of customer service management, relevant work procedures and accountability and rectification measures, thus ensuring proper response to customer complaints.

Currently, Labixiaoxin has established multiple channels for consumers to express their opinions and feedbacks. Consumers can express their opinions and feedbacks by the national customer service hotline, the WeChat official account or the official Weibo, or adopt the offline channel and directly communicate with local business teams. Labixiaoxin is equipped with professionally trained customer complaints specialists who are responsible for communicating with customers in the first instance to ensure that consumer complaints and feedbacks are handled appropriately.

Labixiaoxin fully protects customers' rights and interests, properly deals with customers' private information received through shopping channels, and requires all employees to keep customer information strictly confidential. The Group currently adopts the decentralized and authorized management, under which, relevant personnel can only get access to information and data within their authority scope. In the meantime, Labixiaoxin requires all personnel who have access to key information to sign confidentiality agreements, and encourages employees to transmit data via the Group's internal information platform as far as possible, thereby preventing the unauthorized disclosure of customer information to the greatest extent.



From 2020 to 2022, the number and rate of complaints about Labixiaoxin's products continued to decline. The number of product complaints decreased from 76 in 2020 to 51 in 2022, and the complaint rate decreased from 2.05 times/kiloton in 2020 to 1.24 times/kiloton in 2022.

Year	Number of product complaints	Complaint rate (times/kiloton)
2020	76	2.05
2021	64	1.85
2022	51	1.24

During the Reporting Period, the complaints were mainly about minor damage to the external packaging of the products during transportation, such as broken packages and liquid leakage caused by crushing of jelly and frozen products. There were no complaints about the health of the food of the products, nor any complaints about the infringement of customers' privacy and loss of customer information, and all complaints were handled properly during the Reporting Period.

## 5.9 Intellectual Property Management System

### 5.9.1 Intellectual Property Protection

Labixiaoxin attaches great importance to the protection and management of intellectual property, strictly abides by relevant laws and regulations including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China, and has developed and implemented strategies for new product research and development and patent application by taking account of its own conditions. Labixiaoxin believes that the protection of intellectual property rights is to protect innovation, which in turn can better support innovation-driven development. In order to strengthen the management of intellectual property rights, Labixiaoxin has established an intellectual property management system in accordance with the requirements of the Standards for the Management of Corporate Intellectual Property Rights 《(企業知識產權管理規範)》 GB/T29490: 2013 for the purpose of improving the Group's overall intellectual property management. During the Reporting Period, Labixiaoxin did not record any lawsuit caused by intellectual property infringement.

### 5.9.2 Eradication of False Publicity

Labixiaoxin strictly complies with the Advertising Law of the People's Republic of China and other relevant laws and regulations. Holding the attitude of being responsible to consumers, Labixiaoxin follows the internal review procedures strictly and obtains the approval before releasing advertisement and other information through official channels.



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### 6. LOW CARBON AND ENVIRONMENTAL PROTECTION FOR GREEN DEVELOPMENT

Labixiaoxin actively responds to the national goal of "Achieving Carbon Neutrality before 2060" by promoting the development concept of "green production, green consumption, and green development", and it is committed to building a healthy food company being in harmony with the environment. The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and other relevant laws, regulations and standards for emission management requirements, strictly implements the environmental management plan. It has also strictly implemented the Environmental Management Plan and continuously strengthened the control and management of waste gas, waste water and wastes, therefore making contribution to the development of national green ecological construction. During the Reporting Period, Labixiaoxin did not record any violation of laws and regulations related to environmental protection.

#### 6.1 Emissions

In 2022, Labixiaoxin continued to optimize process technology, updated high-performance environment-friendly production facilities, and upgraded and maintained facilities for disposing of emissions including waste water and waste gas, thereby effectively ensuring that wastes were disposed in a way that complied with laws and regulations and controlling the environmental impact from production and operation.

##### *Waste Gas*

- In strict compliance with requirements of the local environmental protection bureau, the Group designates professionals every year to measure the emission of waste gas, and therefore ensures that the emission of waste gas meets national emission standards.

##### *Waste Water*

- Wastes and waste water produced during the production are mixed and grinded first, and then automatically gathered in the waste water treatment system through the pipeline, and discharged after reaching the emission standard;
- The rain and sewage diversion pipe network are regularly maintained to meet the relevant requirements.



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### Solid Wastes

- Solid wastes are disposed in strict compliance with local requirements;
- Domestic wastes are collected and handled by city sanitation departments in compliance with local requirements;
- Recyclable wastes are collected by specialized plants in compliance with relevant requirements;
- Other solid wastes including used batteries and luminous tubes are sorted and stored as required and then collectively collected and treated by third parties.

During the Reporting Period, emissions of Labixiaoxin mainly included greenhouse gas generated by energy consumption and waste gas, waste water and solid wastes produced in the course of production and operation. As the total number of Labixiaoxin's products increased from the level of prior reporting period, the overall data of waste gas emissions, cartons, packing scrap wastes and waste water recorded certain increase. In addition, in 2022, due to insufficient steam generated by centralized heating in some bases, Labixiaoxin used natural gas to produce steam for production and processing. Therefore, during the Reporting Period, the emission data of carbon dioxide from the combustion of natural gas increased year-on-year. Details of which are indicated as the table below:

### Emission of Greenhouse Gas and Waste Gas

Emission type	Emission in 2021	Emission in 2022 <sup>1</sup>
Nitrogen oxides(NO <sub>x</sub> )	3,940.15 kg	4,388.08 kg
Scope 1 <sup>2</sup> Carbon dioxide (CO <sub>2</sub> )	69,533.51 tons	74,470.44 tons
Scope 2 <sup>3</sup> Carbon dioxide (CO <sub>2</sub> )	29,022.45 tons	25,375.13 tons
Density of carbon dioxide (CO <sub>2</sub> )	1.32 tons (CO <sub>2</sub> e) /ton product	1.24 tons (CO <sub>2</sub> e) /ton product

### Discharge of Waste Water and Solid Wastes

Name of waste	2021 Total discharge (ton)	2022 Total discharge (ton)	2022 Density of discharge
Cartons	123.5	128.83	0.002 ton/ton product
Packing scrap wastes	146.44	148.94	0.002 ton/ton product
Cans	120.36	119.14	0.001 ton/ton product
Waste Water	351,605	398,330	4.962 tons/ton product



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### 6.2 Use of Resources

Labixiaoxin has been strictly abiding by the Energy Conservation Law of the People's Republic of China, actively adjusting its own energy structure, constantly considering the factors relating to environment, society and government in its core operation practices, and put efforts in achieving social sustainability. Labixiaoxin vigorously promote the measures for energy conservation and emission reduction, continuously improve the resource management regulations and system, develop employees' awareness of resource conservation, and improve energy utilization.

In 2022, affected by factors such as national promotion of environmentally-friendly production, Labixiaoxin had adopted a series of measures regarding energy-saving and consumption-reducing. In terms of electricity saving, Labixiaoxin vigorously responded to the call of the state and local governments, fully mobilized its production functions, implemented off-peak production to ease the pressure on regional power supply and reduce production costs. It also strictly implemented the indoor temperature control regulations of air conditioning, and set the power saving mode for various office equipment. In terms of water saving, more labels for saving water are added in the factory by Labixiaoxin to strengthen the promotion and education of water saving. In terms of energy use, on the one hand, production units are subject to monthly energy use assessment, which strictly assesses each workshop's use of energy and identifies exceptional use of energy in a timely manner by analyzing energy consumption, so as to prevent wasting energy; on the other hand, We regularly inspect and repair steam pipelines and drain valves to improve overall efficiency, effectively prevent steam leakage and reduce steam loss. At the same time, Labixiaoxin carried out a number of equipment upgrades and production process optimization in 2022 to improve the use efficiency of energy resource and reduce energy waste.

In addition, through increasing the knowledge training regarding energy-saving and emission reduction as well as environmental protection, Labixiaoxin continually improved its regulations and systems for energy-saving and consumption-reduction management, constantly promoted the energy-saving awareness of all staff, and developed good habits of energy conservation.



## Examples of Energy Conservation Upgrading

枕式机卷膜在线刻码



成效：在线刻码，提高生产效率，降了人工成本，减少浪费

煮料降温水循环利用



成效：两条生产线单班节约用水60吨

果冻机出口滑料槽改造



成效：单班节约水耗20吨，四条生产线节约气耗1吨

多支装枕式包装机台双光电跟踪改造



成效：降低漏码次品率和包材报废率，提高产品利率、降低成本。



## Environmental, Social and Governance Report

During the Reporting Period, Labixiaoxin promoted measures to improve energy and resource efficiency in all aspects, but due to the total number of products increased, the primary resources (other than steam<sup>1</sup>) recorded increase slightly from the level of prior reporting period. Details are set out below:

**Table of Resource Consumption and Density**

Resource category	Total resource consumption in 2021	Total resource consumption in 2022	Density
Electricity	12,097,112.21 kWh	14,068,262.74 kWh	175.26 kWh/ton product
Natural gas	21,656.00 m <sup>3</sup>	272,246.02 m <sup>3</sup>	25.33 m <sup>3</sup> /ton product
Steam	64,107.59 tons	57,757.41 tons	0.72 ton steam/ton product
Water	630,306.85 tons	726,784.72 tons	9.05 tons of water/ton product
Gasoline	21,213.61 tons	22,551.80 tons	0.28 ton gasoline/ton product
Packaging materials	12,662.01 tons	12,395.05 tons	0.15 ton packaging material/ton product

### 6.3 Environmental Impact Management

Labixiaoxin consistently sticks to the sustainable development concept that highlights the green development and environmental friendliness. We attach great importance to environmental protection and resource conservation, incorporate the concept of energy conservation and emission reduction into production, operation and management, make every effort to minimize the impact of our businesses bring on the environment, and strive to solve practical or potential environmental problems. In view of its business nature, Labixiaoxin had not brought significant impact on the environment and natural resources because of the emission of slight nitrogen oxides and carbon dioxide generated from the combustion of natural gas for production and the discharge of waste water and solid wastes produced in production. For emissions generated, Labixiaoxin has adopted appropriate treatment procedures, to ensure that the emission meets the requirements of national laws, regulations and policies on environmental protection. At the same time, Labixiaoxin has developed the Environmental Protection Management System, the Environmental and Occupational Health and Safety Management Operation Control Procedures, the Emergency Plans for Environmental Pollution and Damage Incidents, the Environmental and Occupational Health and Safety Emergency Response and Control Procedures and other system documents, so as to prevent the occurrence of risk events that may have a significant impact on the environment and natural resources, and clarify the emergency plans and procedures in case of such incidents.

<sup>1</sup> The sharp increase in natural gas use and the decrease in steam consumption were mainly due to insufficient steam supply in the Sichuan Production Base



#### 6.4 Tackling Climate Change

Labixiaoxin is profoundly aware that climate change will have a great impact on the natural environment and corporate development. Although there is no formulated management regulations that are directly related to climate change yet, Labixiaoxin strictly implements regulations and arrangements on extreme weather stipulated by local government and has formulated the Flood Control and Typhoon Prevention Emergency Plan 《防汛防颱風應急預案》 according to possible unexpected weather conditions. According to the Plan, an emergency team leader for flood control and fire prevention has been set up by Labixiaoxin. When faced with a flood and fire situation, the team leader will promptly organize the team members to take safety measures for important locations such as warehouses, workshops, dormitories and boiler rooms. In addition, Labixiaoxin regularly organizes relevant drills and rectifies any possible problems in order to ensure the life and health of employees and the safety of corporate assets. Labixiaoxin will also constantly pay attention to the risks and opportunities brought by climate change and formulate effective and feasible management guidelines and mechanisms in the future.

## 7. CARING FOR EMPLOYEES AND PROMOTING THEIR GROWTH

### 7.1 Our Values

Labixiaoxin firmly believes that employees are our most valuable asset and that “people” are the primary resources of enterprises. We place people first and strive to achieve mutual respect, candid communication, fair evaluation and common development. Labixiaoxin endeavors to create a more suitable working environment for our employees, continually improves the living conditions for them, provides them with a broader platform to give full play, and strives together with our employees to achieve the long-term goals of the Company.

### 7.2 Employment and Interests of Employees

#### 7.2.1 Employment

While strictly following the requirements stipulated in the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, Law of the People’s Republic of China on the Protection of Disabled Persons, Regulation on the Employment of the Disabled and relevant laws and regulations, Labixiaoxin standardizes recruitment procedures and criteria based on the actual development of the Group, establishes a comprehensive remuneration and benefit system, improves the employee promotion mechanism, prohibits the recruitment of child labor and forced labor, actively explores the new methods for supporting the works of disabled employees, respects the culture and religious belief of different ethnic groups, ensures employees of different genders, ages, skills, educational background enjoy equal rights, and protects employees’ rights and interests in recruitment, promotion, dismissal, working hours, holidays and other aspects. Labixiaoxin also establishes feedback channels in respect of labor relationship, remuneration and benefits, and performance appraisal results to further safeguard employees’ rights and interests. During the Reporting Period, Labixiaoxin did not record any violation of relevant labor laws and regulations.



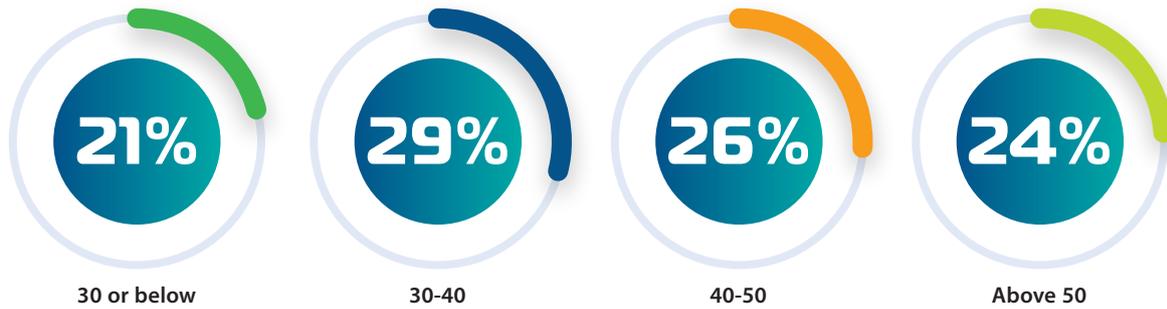
## Environmental, Social and Governance Report

As at the end of 2022, the total number of employees of Labixiaoxin reached 1,296, mainly based in Fujian, Sichuan and Anhui, among which:

In terms of gender, there is a relative balance between male and female employees, with a total of 622 male employees and 674 female employees;



In terms of age, most employees fall in the age group of 30-40, accounting for 29% of the total number of employees;



In terms of employment type, production personnel of the Group account for the largest proportion, being 63%;

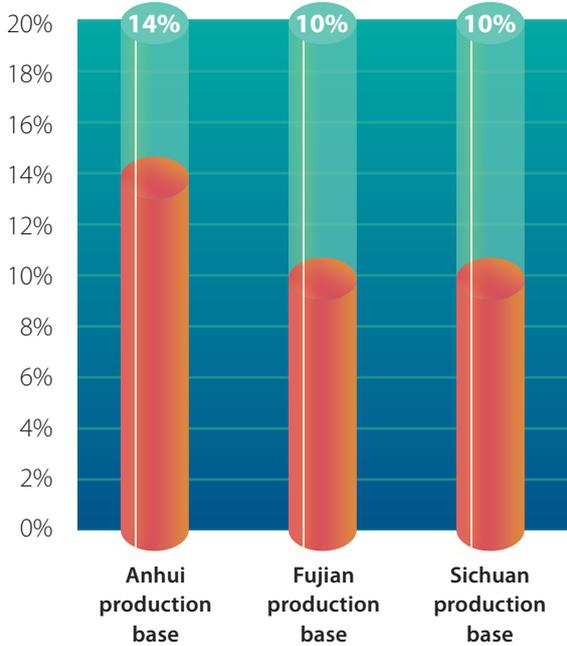




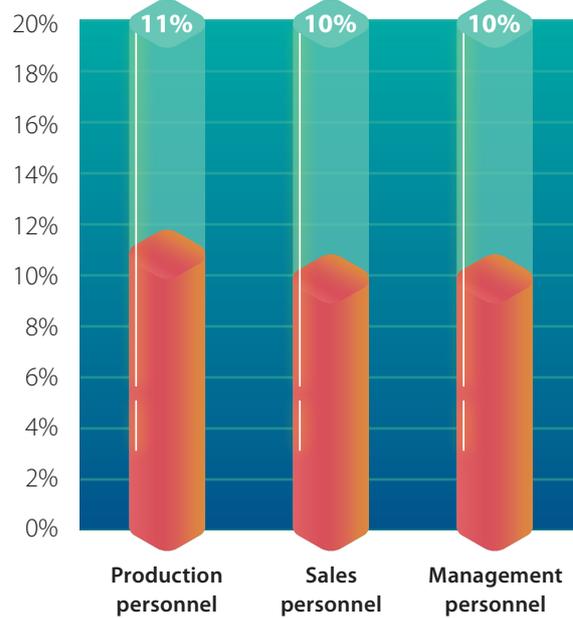
# Environmental, Social and Governance Report

Compared with 2021, the overall turnover rate of Labixiaoxin in 2022 showed an upward trend. According to the region where the employees belong, among the three production bases, the staff turnover rate of the Anhui base was relatively higher. According to the employment type, the turnover rate of management personnel, sales personnel and production personnel is all about 10%.

**Turnover rate (by production base)**



**Turnover rate (by employment type)**



### 7.2.2 Employees' Rights and Interests

Labixiaoxin attaches great importance to improving the employees' sense of happiness, cares about their work and life and ensures that employees enjoy the benefits they are entitled to. Labixiaoxin values the establishment of its talent echelon and divides its employees into those with outstanding business volume, those at middle level and those in need of improvement based on their performance. Leveraging on a remuneration system that is based on employees' ability and performance, the Group effectively motivates employees' initiative.



## Environmental, Social and Governance Report

Labixiaoxin strictly follows national regulations and ensures that employees enjoy statutory holidays, annual leave, marriage leave and other holidays and benefits. At the same time, as the industry Labixiaoxin operates in is a labor-intensive industry, a large number of manpower are needed to maintain the stable operation of the production line every day. The Group are committed to providing our employees with a safe and comfortable working environment. In 2022, in terms of meals, Labixiaoxin continued to provide employees with free meals and improve the dining standards; in terms of employee birthday benefits, Labixiaoxin had made corresponding improvements to the welfare standards of employees of different ranks; In terms of employee accommodation, Labixiaoxin continued to repair the employee's accommodation environment, such as replacement of doors and windows, rectification of water leakage, etc., aiming to continuously improve the employee happiness index and create a comfortable and harmonious working and living atmosphere for employees.

The headquarters and subsidiaries of Labixiaoxin organize various activities every year to promote communication and exchange among employees, which include basketball matches, outdoor activities, employee birthday party and other sports and cultural activities. With these multi-level and multi-dimensional collective activities, we greatly enrich employees' life and strengthen the cohesion within the Company. When traditional festivals come in each year, such as the Spring Festival, the Lantern Festival and the Mid-Autumn Festival, Labixiaoxin organizes relevant activities, distributes gift voucher and provides financial support for such activities to send holiday gifts and blessings to employees.

### New Year's Eve Banquet



### "Celebrate New Year of Tiger, Happy Lantern Festival" Activity



## Environmental, Social and Governance Report



### Birthday Party



In 2022, in order to enhance team cohesion, collaboration, and execution, the Dessert Division of Labixiaoxin held a team-building activity with the theme of "Struggle, Create and Share". In various games, competitions and talent shows, employees worked together and helped each other to complete the breakthrough, gathered strength in joy and cooperation. The team-building activity enhanced the communication among team members, improved team cohesion and cooperation spirit, and made employees feel the harmony and warmth of the Company as a big family.



## Environmental, Social and Governance Report

### 7.3 Health and Safety

Labixiaoxin strictly observes the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Measures for the Administration of Contingency Plans for Work Safety Accidents and other relevant national laws and regulations, and ensures that works related to work safety and prevention and control of occupational diseases are effectively carried out. Labixiaoxin has adopted GB/T 28000 Occupational Health and Safety Management System (GB/T 28000 《職業健康安全管理體系》) to effectively control occupational health and safety risks, eliminate or reduce occupational health and safety risks that employees of Labixiaoxin and other parties may be exposed to because of production activities organized by the Group, and implement its people-oriented management concept, striving to provide a safe and healthy working environment.

In terms of cultivating safety awareness, Labixiaoxin is committed to providing all employees with training on occupational safety. Through the training on occupational safety, Labixiaoxin helps employees to learn and grasp the work safety knowledge that is necessary to their work, improve their operational skills, and enhance their capabilities of accident prevention and emergency response. The team of production system organizes safety training at the morning meeting of workshops at least once a week, and constantly strengthens employees' safety awareness, so that employees will keep in mind the ideology of "Safety Responsibility is of Great Importance (安全無小事，責任大於天)". In addition, the team of production system also carries out secondary hazard identification at the production sites, and summarizes it into a Summary Table on Identification of Hazards, and publicizes the training in the production workshops to keep all employees informed of where the hazards are and thereby, reduce the occurrence of safety incidents. During the period of production shutdown and counting, the team of production system will organize all employees to publicize the safety theories, the actual hazards in the workshops, and the actual safety incidents, so as to strengthen and consolidate the safety awareness of employees. Meanwhile, Labixiaoxin insists on organizing fire-fighting exercises every year, for the purpose of improving employees' safety awareness and relevant fire-fighting skills. In 2022, Labixiaoxin invited the fire service squadron of the development zone to conduct a total of two fire drills for the production bases.

In terms of production environment, Labixiaoxin continually improves the environment and safety of the production workshops, upgrades and renovates production lines, to further improve the level of automation of our facilities with an aim to reduce the health and safety risk of employees brought by operating environment from the source. In 2022, Labixiaoxin ensured the safety of employees through a series of measures such as improving equipment introduction standards, adding equipment safety doors, and setting up filling valves for safety and fool-proofing. At the same time, in order to prevent employees from getting heatstroke in summer, Labixiaoxin had made major changes to the cooling and ventilation facilities of the production workshops, and provided heat-relieving materials, such as mung bean soup and lemon juice.



In terms of safety inspection, Labixiaoxin also conducts regular safety inspections and facilities inspection and maintenance monthly to completely and thoroughly check the conditions of production facilities, the working environment in workshops and safety/health protecting facilities, and asks employees to rectify any unqualified areas in the first instance. It regularly inspects various safety hazards in the production areas, records the problems identified, and prepares the Standing Book on Inspection and Removal of Potential Safety Risks (《安全隱患排查治理工作台账》) to ensure that safety hazards can be removed in time. Meanwhile, for every year, Labixiaoxin accepts regular inspections of the safety management office of local government on fire-fighting, labor protection and hygiene and other aspects in our offices, and regular inspections of the environmental protection bureau in respect of organic gas, noise, waste gas and waste water of our workshops. In our daily work life, we implement “5S” inspection and advocate our employees to consciously organize, tidy, sweep and clean their work and living areas and help them develop good hygiene habits.

From 2019 to 2022 (including the Reporting Period), Labixiaoxin had no work-related injury or death, nor did it record violation of laws and regulations in relation to occupational health and safety.

#### 7.4 Development and Training

Labixiaoxin upholds the concept of staying people oriented and making everyone fully display their talent. We regard employee as one of the most important factors in achieving sustainable development and closely integrate training and education with employees’ career development, and strive to offer employees diversified and multi-channel training resources. In 2022, Labixiaoxin further improved the promotion management system, conducted multi-dimensional evaluations of employees by constructing a scientific and systematic promotion evaluation system, and established a “dual-channel” rank system for management positions and professional positions to open up the channels for talent development. At the same time, Labixiaoxin realized the performance appraisal management of all employees for the first time this year, strengthened the value linkage between salary management and positions, and effectively combined annual salary adjustment, closing bonus and talent review results to distinguish contributions and activate the organization.

##### 7.4.1 Talent Development

Mr. Zheng Yu Shuang, the Chief Executive Officer of Labixiaoxin Group, believes that “Talent cultivating is the source of corporate longevity, the core of echelon construction, and an important means of talent competition.” In order to accelerate the ability upgrade of internal talents and improve the competence of middle management personnel, in 2022, Labixiaoxin organized a “Special Training Camp of Talent Echelon Training”, and selected 31 staff from core positions to carry out targeted training of talents through the approaches of “combining training and practices”, “temporary assignments/rotation + training” and other ways.



## Environmental, Social and Governance Report

### *Kick-off Meeting*

In June 2022, Labixiaoxin's special training camp of talent echelon training was officially launched. The Chief Executive Officer and 13 department leaders of the Group were invited as special guests for the kick-off meeting. More than 50 core echelon personnel and their mentors participated in the meeting. In the way of "establishing mentorship", the special training camp arranged mentors to help the trainees to set development goals for their shortcomings, and provide business guidance and share experience to the trainees during the working process, aiming to help the trainees to be competent for the work faster, complete the challenges and improve the ability. In order to form a strong mentoring bond, each mentor and his/her trainees signed a mentoring agreement at the site of the kick-off meeting.



## Environmental, Social and Governance Report



### *Phase 1 | Behavioral Codes for Improving Management Performance*

Through the study of theoretical knowledge and the training of situation simulation, trainees help middle management to clearly understand the role of management and self-positioning, learn to manage the team with goals, master effective methods of guiding and motivating employees. Such systematical training on the managing concept provided a clearer idea and understanding for the future team management.



## Environmental, Social and Governance Report

### *Phase 2 | Influential Code for Enhancing Departmental Collaboration*

In the courses, the trainees were divided into groups to simulate the typical cases frequently encountered in the work to restore the scenarios of “one-to-one communication and collaboration” and “one-to-many cross-departmental collaboration”. Brainstorms and opinions exchanges were also carried out to conduct in-depth discussions and accordingly, formulate the influential strategies to promote work, and finally found an efficient solution to cross-departmental collaboration, to help middle management to enhance their own influence more effectively, continuously enhance their work skills, and improve their performance.



*Closing Meeting*

In November 2022, Labixiaoxin's annual special training camp of talent echelon training ended perfectly. After a period of 5 months of studying and training, the echelon personnel have basically completed various training and temporary assignment tasks. The closing meeting made a summary on the talent echelon project of this year through the combination of online and offline mode, and at the same time, carried out the debriefing work for temporary assignments of the echelon personnel, to witness the achievements of the echelon personnel training.



The successful launch of the special training camp of talent echelon training is the first step for the talent development of Labixiaoxin Group. Through the proper implementation of the temporary assignment project of talent echelon and the smooth development of management training courses, the Group's talent training framework has formed a preliminary scale. In order to cultivate more talents with more open vision and concept, and more comprehensive ability and quality, Labixiaoxin will increase investment in talent training in 2023, focus on improving the quality of talent training, and support and safeguard the rapid development of the Group.

**7.4.2 Talent Cultivation**

Labixiaoxin established the "Labi Academy" and established a training system of "Five Forces (being New Manpower, General Skills, Professional Competence, Leadership and Commercial Power) and Three Trainings (being Training for New Staffs, Vocational Training and Cadre Training)", created a talent supply chain for Labixiaoxin through the approaches such as online and offline empowerment, combination of internal and external training, cultivation of excellent lecturers and opening of course resources, and thereby, provided a steady stream of impetus for implementating the strategy of Labixiaoxin. According to statistics, in 2022, Labixiaoxin conducted 2 to 3 internal training open sessions per month on average, with a total of 29 sessions. The cumulative training time for the whole year was 2,981.75 hours, of which the cumulative online training time was 2,687.25 hours, and the cumulative offline training time was 294.5 hours.



## Environmental, Social and Governance Report

### Examples of Training Courses



- Through the “Improvement Management Conference of Quality Awareness and Service Awareness”, Labixiaoxin had deepened the Group’s middle and senior management’s understanding of food-related laws and regulations, and facilitated their awareness of the importance of providing better product quality and services.



- Through the “Emerging Talent Programme”, Labixiaoxin helped new employees to better understand the Company’s culture, built a communication platform between new employees and old employees, enabling new employees to adapt to the Company’s environment better and faster.



- Through the “Six Thinking Hats” book sharing sessions, Labixiaoxin promoted the communication among employees in various departments of the Company, broadened their horizons, and enhanced their thinking ability.

Labixiaoxin advocates the on-the-job training and performance coaching that emphasizes “growth in the practice”, adopts “training and practice integration” to help employees enhance professional knowledge, techniques and skills and their adaptability to corporate culture, thereby improving employees’ performance and career development potential.

### 7.5 Labor Standards

Labixiaoxin strictly complies with the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations, and implements the relevant requirements of the BRC certification on labor guidelines. On the basis of improving employment management for years, we continually optimize the recruitment process, improve the process of recruitment information collection and the recruitment, require candidates to present identity documents in the course of recruitment, and review the information they provide to prevent employment of child labor and forced labor. Labixiaoxin signs labor contracts with all employees in accordance with laws, and makes contributions to social insurance schemes for employees according to relevant regulations. For those who do not want to pay social insurance, the Company will not sign contracts with them.

During the Reporting Period, Labixiaoxin did not record any violation of laws, regulations and international standards on child labor and forced labor.



## Environmental, Social and Governance Report

### 8. SERVING THE SOCIETY AND CONTRIBUTING TO THE WORLD

In its 20-year history, Labixiaoxin has been taking “social responsibility” as an important part of its corporate development strategy, actively participating in social construction, engaging in charity, and building an image of responsible enterprise that is ready to shoulder duties. Labixiaoxin strictly complies with the Charity Law of the People’s Republic of China and other relevant laws and regulations, focuses on the community construction, environment protection, caring for the underprivileged, education supports and other aspects through social services and charitable donations, actively participates in charity activities, to achieve the synergetic development between the enterprise and the community.

#### 8.1 Social Services

Labixiaoxin adheres to the philosophy of rooted in local community and giving back to the community, concerns about the needs of the community and actively participates in community building, commits to achieving synergistic development between the Company and the community as well as the environment and the society. The employees of Labixiaoxin are full of passion and do their best to cooperate closely with local volunteer service organizations after analyzing the current needs of the community, sponsor and organize various community services and activities, so as to actively contribute to the sustainable development of the community as well as the health and living environment of the citizens in the community.

In 2022, Omicron’s super transmission power caused a nationwide rebound of the epidemic, and the severity and complexity of Quanzhou’s epidemic prevention and control work continued to increase. In order to help Quanzhou City cope with various challenges in the new stage of epidemic prevention and control, from March to November 2022, Labixiaoxin participated in the volunteer activities of Party member at the nucleic acid testing point in Development Zone of Quanzhou every month, with a total of more than 240 participants and about 1,920 volunteering hours.



## 8.2 Charitable Donations

Labixiaoxin donated RMB2,000,000 to establish Labixiaoxin Charity Fund in 2007, and increased donations in succession in subsequent years. Currently, Labixiaoxin Charity Fund is managed by Jinjiang Charity Federation, which is responsible for donations of the fund. Mr. Zheng Yu Long, a director of the Group, was named the “honorary president” of Jinjiang Charity Federation, which reflected the appreciation and recognition of the society to Labixiaoxin’s contribution to charitable cause.



In March 2022, in the face of the sudden local COVID-19 epidemic in Quanzhou, Labixiaoxin actively fulfilled its social responsibilities, fully supported the epidemic prevention and control, and donated a batch of self-serving rice products of Labixiaoxin to Xunmei Community and mobile agricultural trade markets in Chengdong Street, and donated materials of nearly RMB20,000 to the Eighth Experimental Primary School of Jinjiang. Upon learning that the Prevention and Control Headquarter Office of Development Zone of Jinjiang was in short supply of prevention and control materials, Labixiaoxin immediately donated materials of RMB100,000 together with a cash donation of RMB100,000 to it, and at the same time, made a cash donation of RMB100,000 to the nucleic acid testing site in Quetang Community on Luoshan Street of Jinjiang, to contribute to Quanzhou’s epidemic fighting.





# Environmental, Social and Governance Report

## HKEX ESG INDICATOR INDEX

Disclosure Index	Relevant Section
<b>Aspect: Environment</b>	
<b>A1: Emissions</b>	
General Disclosure	
Information on:	6. Low Carbon and Environmental Protection for Green Development
a) the 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.	
Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations.	
Greenhouse gases include CO <sub>2</sub> , methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.	
Hazardous wastes are those defined by national regulations.	
A1.1 The types of emissions and respective emissions data.	6.1 Emissions
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1 Emissions
A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1 Emissions
A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1 Emissions
A1.5 Description of emission target(s) set and steps taken to achieve them.	6.1 Emissions
A1.6 Description of how hazardous and non-hazardous wastes are handled, a description of reduction target(s) set and steps taken to achieve them.	6.1 Emissions





# Environmental, Social and Governance Report

Disclosure Index		Relevant Section
<b>A2: Use of Resources</b>		
General Disclosure		
Policies on the efficient use of resources, including energy, water and other raw materials.		
Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		6.2 Use of Resources
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).	6.2 Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6.2 Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2 Use of Resources
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.	6.2 Use of Resources
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	6.2 Use of Resources
<b>A3: The Environment and Natural Resources</b>		
General Disclosure		
Policies on minimizing the issuer's significant impacts on the environment and natural resources.		6.3 Environmental Impact Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.3 Environmental Impact Management
<b>A4: Climate Change</b>		
General Disclosure		
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		6.4 Tackling Climate Change
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.	6.4 Tackling Climate Change





# Environmental, Social and Governance Report

Disclosure Index	Relevant Section
<b>Aspect: Social</b>	
<b>B1: Employment</b>	
General Disclosure	
Information on:	7. Caring for Employees and Promoting Their Growth
a) the 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.	
B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	7.2 Employment and Interests of Employees
B1.2 Employee turnover rate by gender, age group and geographical region.	7.2 Employment and Interests of Employees
<b>B2: Health and Safety</b>	
General Disclosure	
Information on:	7.3 Health and Safety
a) the 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.	
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	7.3 Health and Safety
B2.2 Lost days due to work injury.	7.3 Health and Safety
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.3 Health and Safety





# Environmental, Social and Governance Report

Disclosure Index	Relevant Section
<b>B3: Development and Training</b>	
General Disclosure	
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.4 Development and Training
Note: Training refers to vocational training and may include internal and external courses paid by the employer.	
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.4 Development and Training
B3.2 The average training hours completed per employee by gender and employee category.	7.4 Development and Training
<b>B4: Labor Standards</b>	
General Disclosure	
Information on:	7.5 Labor Standards
a) the policies; and	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
B4.1 Description of measures to review employment practices to avoid child and forced labor.	7.5 Labor Standards
B4.2 Description of steps taken to eliminate such practices when discovered.	7.5 Labor Standards
<b>B5: Supply Chain Management</b>	
General Disclosure	
Policies on managing environmental and social risks of the supply chain.	5.2 Supply Chain Management
B5.1 Number of suppliers by geographical region.	5.2 Supply Chain Management
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.2 Supply Chain Management
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.2 Supply Chain Management
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.2 Supply Chain Management





# Environmental, Social and Governance Report

Disclosure Index	Relevant Section
<b>B6: Product Responsibility</b>	
General Disclosure	
Information on:	5.9 Intellectual Property Management System
a) the 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.	
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.7 Product Quality
B6.2 Number of products and service related complaints received and how they are dealt with.	5.8 Customer Service System
B6.3 Description of practices relating to observing and protecting intellectual property rights.	5.9 Intellectual Property Management System
B6.4 Description of quality assurance process and recall procedures.	5.6 Product Traceability Management
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.8 Customer Service System
<b>B7: Anti-corruption</b>	
General Disclosure	
Information on:	2.4.2 Integrity management
a) the 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.	
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.	2.4.2 Integrity management
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.4.2 Integrity management
B7.3 Description of anti-corruption training provided to directors and staff.	2.4.2 Integrity management





# Environmental, Social and Governance Report

Disclosure Index	Relevant Section
<b>B8: Community Investment</b>	
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.	8. Serving the Society and Contributing to the World
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	8. Serving the Society and Contributing to the World
B8.2 Resources contributed (e.g. money or time) to the focus area.	8. Serving the Society and Contributing to the World

