



# China Yurun Food Group Limited

## 中國雨潤食品集團有限公司

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

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT 2023**



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# ABOUT THIS REPORT

# 1. ABOUT THIS REPORT

## Basis of Preparation

This is the eighth Environmental, Social and Governance ("ESG") Report (the "Report") issued by China Yurun Food Group Limited ("Yurun Food" or the "Company") and its subsidiaries (collectively referred to as the "Group" or "we"). The purpose of this Report is to report the Group's ESG strategies and management performance and enhance communication with stakeholders. In order to gain a comprehensive view of the Group's ESG performance, this Report should be read in conjunction with the Annual Report 2023 of China Yurun Food Group Limited (in particular the "Corporate Governance Report" contained therein).

This Report was prepared in accordance with the mandatory disclosure requirements and "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("SEHK"). This Report was prepared in adherence to the reporting principles of materiality, quantitative, balance and consistency. Appendix 2 of this Report provides detailed information about the content index of the ESG Reporting Guide for readers' reference.

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

### Materiality

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

### Quantitative

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

### Consistency

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

### Balance

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

## Reporting Scope

During the Reporting Period, there was no significant change in the nature of the Group's principal activities. The reporting scope of this Report is consistent with that of the Annual Report 2023 of China Yurun Food Group Limited, which covers the Company and all its subsidiaries. Unless otherwise specified, this Report covers the Group's businesses that are under the Group's control and have significant environmental and social impacts, including the production and sales of a wide variety of raw pork (chilled pork and frozen pork), low temperature meat products ("LTMP") and high temperature meat products ("HTMP") with a particular focus on pork products.

Unless otherwise specified, this Report covers the period from 1 January 2023 to 31 December 2023 (the "Reporting Period").

## Response to the Report

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

Email: [ir@yurun.com.hk](mailto:ir@yurun.com.hk)





MESSAGE  
FROM THE  
BOARD

## 2. MESSAGE FROM THE BOARD

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

The Group recognises that product quality is the foundation for long-term business development. Therefore, we have established strict internal quality control systems that cover the entire process, including procurement, production, sales and logistics, to ensure the quality and safety of our products. Through these standards and measures, the Group has built a strong reputation for food safety and high-quality products in the minds of customers. We will continue to invest more resources in quality inspection and testing, ensure that our products meet national regulatory requirements and consistently provide consumers with safe, reliable, delicious and healthy meat products. On top of that, the Group is committed to strengthening communication and cooperation with national and local quality supervision agencies. To maintain a leading position in the industry, we are playing an active role in tying in with the requirements and guidelines of relevant regulatory authorities to ensure that product quality meets national standards and regulations.

The Group continues to enhance its ESG governance framework and is committed to improving our ESG performance. We have established an ESG working group, led by the Vice President and comprising senior executives from subsidiary companies, to assist the Board in coordinating and overseeing ESG-related matters, formulating ESG management policies and strategies, identifying and assessing ESG issues (including risks) relevant to the Group, and other related tasks. Additionally, the ESG working group regularly reports to the Board on significant ESG matters. Based on our sustainable development strategy, the Group conducts an ESG issues materiality assessment annually and considers the management and enhancement of the material issues as one of the key ESG focus areas for the year. The Board reviews and confirms the results of the materiality assessment, incorporates the material issues into the overall strategic planning of the Group, and oversees their management and performance.

In terms of ESG goal management, the Board is responsible for approving the Group's ESG-related objectives and reviewing the progress towards achieving those objectives. To ensure timely adjustments to action plans and orderly attainment of goals, thus achieving sustainable development for the business and the environment, during the Reporting Period, the Group reviewed and disclosed the performance of the previous year's set environmental objectives in five areas: atmospheric pollutant emissions, greenhouse gas emissions, waste generation, energy efficiency, and water resource efficiency, specifically targeting certain fresh and processed food factories.

Looking forward, as Yurun Food undergoes brand revitalisation, we will continue to produce high-quality food products with sincere and pragmatic attitude. We aim to provide better consumer experience and create value for society, while continuously enhancing the Group's governance standards for sustainable development.

This Report discloses the progress and achievements of Yurun Food's ESG initiatives in 2023. The disclosed information primarily originates from internal documents and statistical data of the Group. The Board takes full responsibility for the Group's environmental and social strategies and reporting. The Board has reviewed and approved this Report to ensure its reliability, truthfulness, objectivity, and completeness.



# ABOUT YURUN FOOD

### 3. ABOUT YURUN FOOD

#### Business Profile

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

As one of the leading enterprises that pioneered the development of Western-style low temperature meat products in China, Yurun Food processes advanced production equipment and technological expertise. Yurun Food places great emphasis on the research and development of new products in the medium to high-end segment and has established a research and development team consisting of professionals. We are committed to developing new products with market competitiveness, and successfully established a positive corporate image in consumers' minds, associated with food safety and high quality products.

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

#### Corporate Value



## Awards and Honours



"Advanced Technological Innovation Unit"  
awarded by Heilongjiang Province Meat Association



"Advanced Enterprise in China's Meat Industry"  
awarded by China Meat Association

The background of the page is a solid light green color. Overlaid on this are several large, overlapping, semi-transparent geometric shapes in various colors: shades of blue and purple in the upper left, red and pink in the center and lower right, and yellow and orange in the lower right. The shapes are layered, creating a sense of depth and movement. The text 'STAKEHOLDER COMMUNICATION' is centered in the right half of the page, overlaid on the green background and partially overlapping the red and pink shapes.

# STAKEHOLDER COMMUNICATION

## 4. STAKEHOLDER COMMUNICATION

### Communication Channels

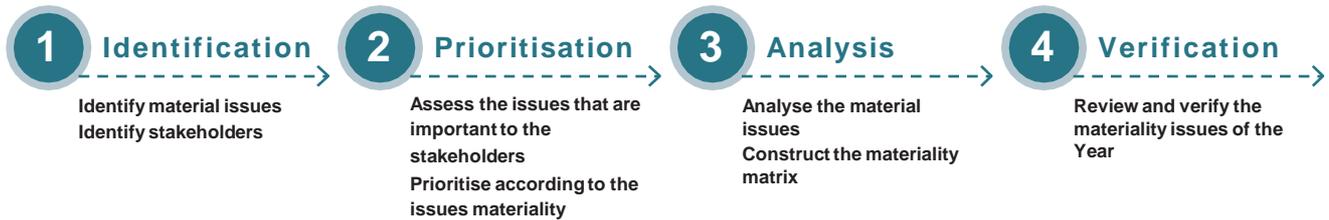
Stakeholders	Issues of Concern	Communication Channels	Communication Frequencies
Shareholders/ Investors	Business performance Compliance	General meeting Public announcement Press release	Annually / as needed Ad hoc Ad hoc
Government Departments	Food safety Environmental compliance	On-site inspection Online monitoring	Ad hoc Real-time
Food Retailers	Food safety Market management	Questionnaire Food retailers trade show On-site audit	Annually / as needed Annually / as needed Annually / as needed
Consumers	Food safety Consumer rights Market management	Trade fair and marketing activity Factory tour Customer service hotline Questionnaire	Annually / as needed Annually / as needed As needed Annually / as needed
Suppliers	Supply chain management Food safety Environmental compliance	On-site visit Supplier inspection	Annually / as needed Annually / as needed
Employees	Employment and labour policy Employee development and training Remuneration and welfare	Employee union Employee representative symposium	As needed Annually / as needed
Communities	Food safety Community Investment Consumer rights	Factory tour Press release Public announcement	Annually / as needed As needed As needed
Media	Food safety Consumer rights Environmental Performance	Media interview Press release Public announcement	As needed As needed As needed

## Materiality Assessment

During the Reporting Period, the Group conducted the materiality assessment in the form of questionnaire survey. The Group invited internal and external stakeholders to participate in the materiality assessment to understand the ESG topics

that concern the stakeholders. The materiality assessment can assist the Group in reviewing the approach for ESG management and formulating and enhancing the relevant policies and measures to effectively address the concerns of stakeholders.

The followings are the four major steps of materiality assessment:



**1 Identification**

The Group referred to national and international sustainability reporting guidelines and standards, issues of peers' concern, food industry development trends, etc. to refine the Group's ESG issue database. During the Reporting Period, we identified 24 ESG issues that were relevant to the Group.

**2 Prioritisation**

The Group invited internal and external stakeholders to complete the online survey to assess the materiality of the 24 ESG issues. Internal stakeholders including the Board, senior management and employees ranked the ESG issues according to their "Importance to Yurun Food". External stakeholders including government departments, suppliers, shareholders or investors, customers, media, industry associations and communities ranked the ESG issues according to their "Importance to Stakeholders". The materiality ranking of the ESG issues is based on the combined survey results by internal and external stakeholders. During the Reporting Period, a total of 242 stakeholders participated in this materiality assessment.

The following are the 24 ESG issues covered in this materiality assessment, they are categorised into six aspects:

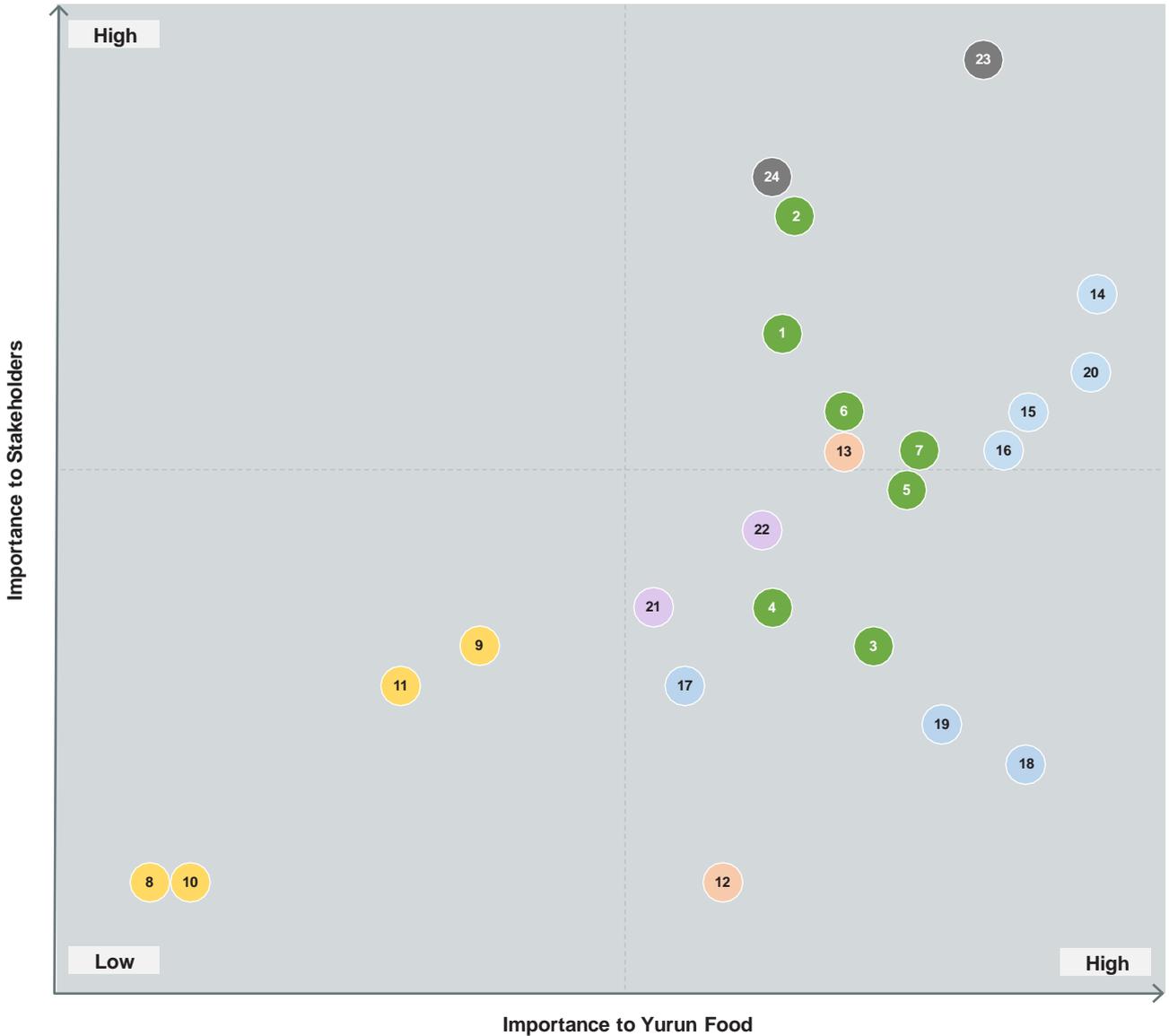
Aspect	ESG Issue	Materiality
Environmental	1 Environment and Natural Resources	High
	2 Greenhouse Gas Emissions	High
	3 Use of Resources	Medium
	4 Climate Change	Medium
	5 Water and Sewage Management	Medium
	6 Waste Generation and Disposal	High
	7 Packaging Materials and Packaging Waste	High
Employment	8 Employment Policy and Employee Benefits	Low
	9 Employee Health and Safety	Low
	10 Labour Standards	Low
	11 Employee Training and Development	Low
Supply Chain	12 Supply Chain Management	Medium
	13 Raw Material Sources	High
Operational	14 Food Safety and Quality	High
	15 Customer Rights	High
	16 Product Responsibility	High
	17 Animal Rights	Medium
	18 Product Nutrition	Medium
	19 Food Research and Development Innovation	Medium
	20 Intellectual Property Rights Protection	High
Social	21 Community Engagement and Contribution	Medium
	22 Contribution to Industry Development	Medium
Corporate Governance	23 Anti-Corruption	High
	24 Corporate Governance and Risk Management	High

### 3 Analysis

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

The following chart illustrates the materiality assessment result for 2023. Compared to the previous Reporting Period, where the assessment of material issues was conducted separately for "environment" and "social" aspects, the current Reporting Period incorporates analysis in the areas of "environment", "social", and "governance" simultaneously, combining the three aspects to evaluate the materiality of the issues. The Group will adjust our ESG efforts accordingly based on the assessment results and proactively respond to stakeholder concerns in a timely manner.

2023 ESG Issues Materiality Matrix



The following are the top five ESG issues identified as the most important to our stakeholders. We will enhance our efforts in these areas in the future.

Aspect		ESG Issue
Corporate Governance	23	Anti-corruption
Operational	14	Food Safety and Quality
Operational	20	Intellectual Property Rights Protection
Operational	15	Customer Rights
Corporate Governance	24	Corporate Governance and Risk Management

#### 4 Verification

The Board reviewed and verified the materiality assessment results and confirmed the material ESG issues for 2023.

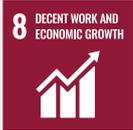




CONTRIBUTIONS  
TO THE  
UNITED NATIONS  
SUSTAINABLE  
DEVELOPMENT  
GOALS

# 5. CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We integrate ESG principles and measures with the United Nations' Sustainable Development Goals ("SDGs") by aligning our business operations with sustainable development issues. This approach enables us to create long-term value for society and actively contribute to the achievement of specific SDGs, thereby making a positive impact on sustainable development.

	Our ESG Principles and Measures	United Nations' SDGs
 <p><b>Business Ethics</b></p>	<ul style="list-style-type: none"> <li>Always adhere to our ethical philosophy "You trust because we care"</li> <li>Highly focus on combating corruption and promoting integrity, operate our business with honesty and integrity</li> <li>Strictly adhere to the relevant laws and regulations regarding privacy data protection</li> </ul>	 
 <p><b>Work Environment</b></p>	<ul style="list-style-type: none"> <li>Employ people based on their talents and strictly avoid any form of discrimination, have a diverse workforce with multicultural backgrounds</li> <li>Provide competitive compensation and benefits packages</li> <li>Respect human rights and provide a fair, healthy, and safe working environment</li> </ul>	  
 <p><b>Food Safety and Quality</b></p>	<ul style="list-style-type: none"> <li>Continuously enhance our product quality and food safety management systems, demonstrate a spirit of craftsmanship to meet the expectations of our consumers</li> <li>Stick to the principle of "Survival by quality. Development by innovation. Quality determines the life of the enterprise. One-vote veto system for quality"</li> <li>Establish long-term cooperative relationships with suppliers and conduct regular quality assessments and risk management to ensure strong partnerships</li> </ul>	  
 <p><b>Protect the Environment</b></p>	<ul style="list-style-type: none"> <li>Integrate green concepts into the selection and construction of factory locations as well as every aspect of our business operations</li> <li>Establish an environmental management system and remain committed to ensuring that our operational activities comply with environmental regulations and minimize our impact on the environment</li> <li>Set up a dedicated department that is responsible for developing and implementing energy planning and energy management systems to oversee the coordinated management of energy usage</li> </ul>	 
 <p><b>Animal Welfare</b></p>	<ul style="list-style-type: none"> <li>Prioritize animal welfare not only out of humanitarian consideration but also to ensure product quality</li> <li>Ensure daily humane care for animals and follow industry standards and best practices accordingly</li> </ul>	 



QUALITY FIRST

## 6. QUALITY FIRST

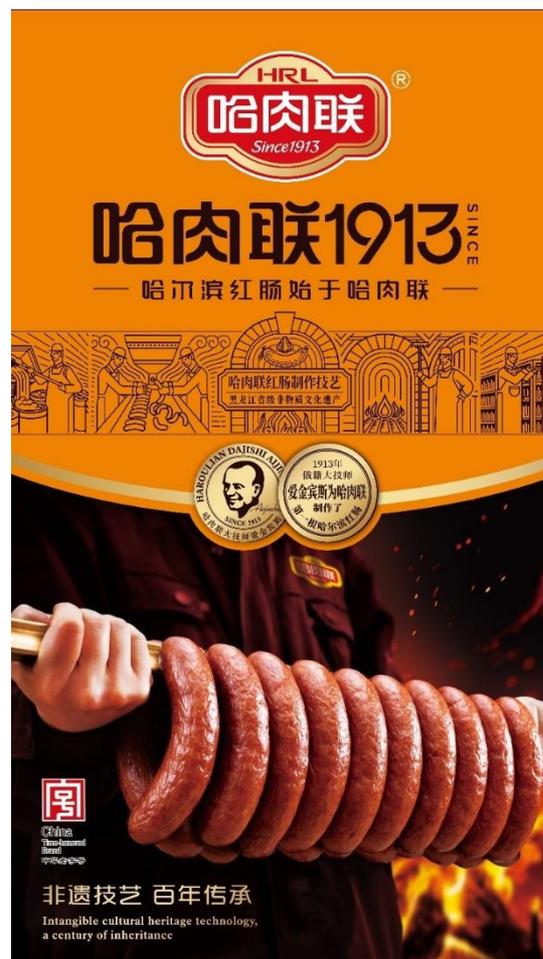
The Group has always placed consumer health as a top priority and attaches great importance to food safety and quality. We adhere to the principles of "Survival by quality. Development by innovation. Quality determines the life of the enterprise. One-vote veto system for quality" and have established a quality strategy of "Nurturing the community with sincerity and good faith; Continuous innovation, surpassing the first-class". We continuously improve product quality and food safety management systems. We conduct at least two food safety self-inspections annually with a time intervals generally not exceeding six months. To ensure food quality, we strictly comply with relevant national and local laws, regulations, and standards, and established sound management systems. We established close cooperative relationships with suppliers to ensure the quality and safety of raw materials. Additionally, we emphasise employee training and education to enhance their awareness and sense of responsibility towards quality and food safety.

We closely cooperate with national and local quality supervision agencies and carry out effective product safety and quality control measures. In various quality inspections and tests, we consistently maintain industry-leading standards, providing consumers with safe, reliable, healthy, and delicious meat products. As a food company with a long history and good reputation, we will continue to adhere to the principles of high quality and food safety, constantly innovate and improve, and provide consumers with quality, safe, and sustainable food products. We will work together with consumers, partners, and society to achieve the goal of sustainable development.

The Group possesses leading production equipment and technological expertise. We focus on the research and development of medium to high-end new products and have established a research and development team composed of professionals who are continuously dedicated to developing new products that are competitive in the market. The "Haroulian" series brand, a "China's Time-honoured Brand" and a well-known Chinese trademark, serves as the flagship brand of the Group.

Haroulian was initially established in 1913 by British businessman Mr. Ma Qian in the Daowai District of Harbin (Fujiadian). Haroulian is a well-known and reputable enterprise with over century of history. Its main business activities include hog slaughtering, fresh product processing, meat product processing, and related industries. It is one of the three earliest and well-known enterprises in the Harbin region and has been ranked among the top ten meat processing plants in China.

Haroulian has its own testing centre and inspection and quarantine team to ensure product quality and safety. In terms of hog slaughtering and processing, we introduced cutting-edge Schouten system production lines from the Netherlands and utilise internationally advanced cooling, cutting, and automated processing equipment. For meat product processing, the company employs low-temperature process and has introduced advanced technology and equipment from Germany, Switzerland, the Netherlands, Denmark, and other countries. The company is equipped with comprehensive research and development, testing, and processing system.



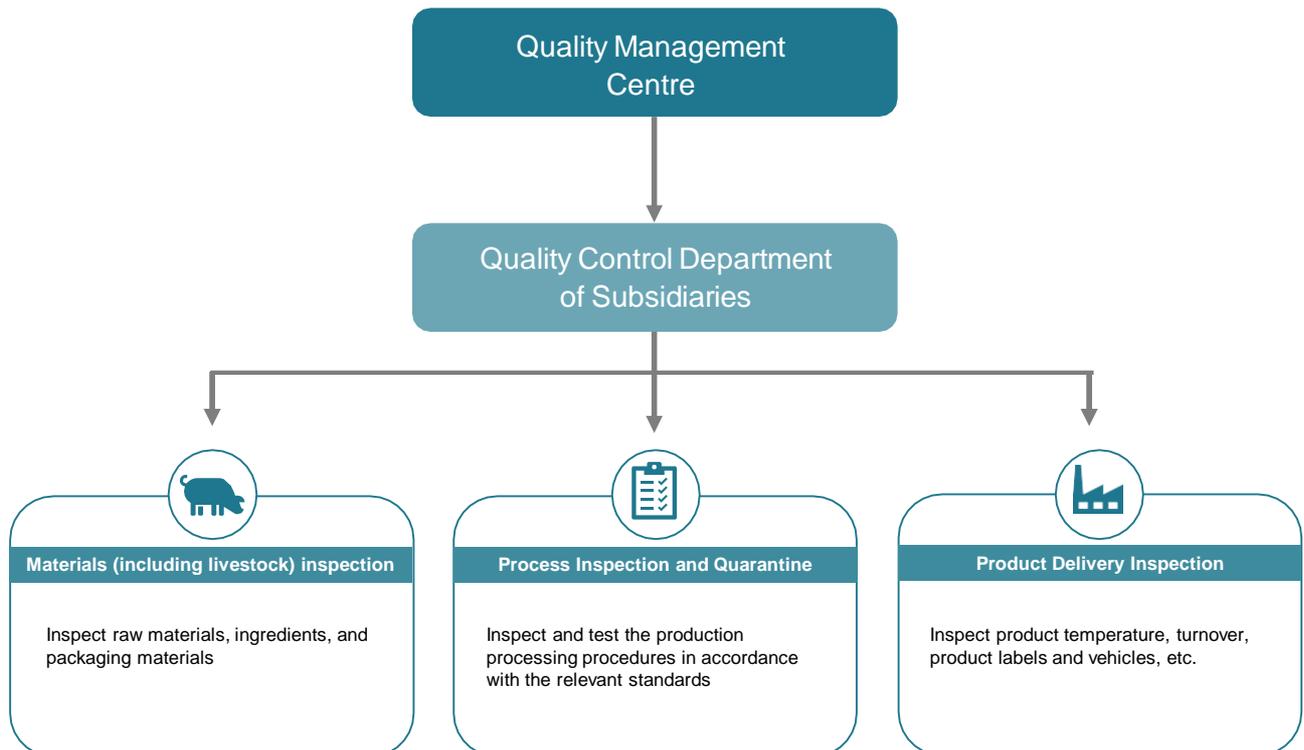
Haroulian is not only recognised by the Ministry of Commerce as one of the first batch of "China's Time-honoured Brands" enterprises but also a leading national agricultural industrialisation enterprise. Its trademark has been designated as a well-known Chinese trademark. As one of the earliest meat processing companies in China to obtain the "Four-in-One" certification of ISO 9001, ISO 14001, OHSAS 18001, and ISO 22000, Haroulian has received the following honours:

- National Quality Evaluation Committee Highest Award (National Silver Quality Award);
- Top Award at the First China Food Expo;
- Traditional Flavor Gold Award by China Meat Association for meat product evaluation;
- China Meat Industry Advanced Enterprise; and
- China Meat Industry's Most Valuable Brand

The production process of Haroulian's red sausages has also been recognised as "Provincial-level Intangible Cultural Heritage" in Heilongjiang Province. This fully demonstrates high recognition of Haroulian brand by the market and the vast number of consumers.

## Management System

Ensuring product safety and quality is the foundation of food enterprise and the commitment of Yurun Food to consumers. We are well aware of consumers' high expectations of food safety and quality, which is why we are dedicated to establishing a comprehensive and rigorous quality management system. During the Reporting Period, the Group has developed and improved multiple food safety management systems, covering the entire process of quality management from raw material procurement, production and processing, and product transportation, to market management. The Group has established a quality management centre which is responsible for overseeing product quality and food safety management. At the subsidiary company level, quality management teams are established to strictly adhere to unified standards set by the headquarters. We have a professional quality control team that conducts rigorous testing and monitoring to ensure that our products comply with all relevant regulations and standards. We insist on strict implementation of quality and technical management systems and standards, continuously enhancing our product quality and food safety management system, and returning value to consumers with the spirit of craftsmanship. Additionally, we closely cooperate with national and local quality supervision agencies to ensure product safety and quality.



GB/T 19001-2016/ISO 9001 : 2015  
*Quality Management Systems - Requirements*

GB/T 27341-2009  
*Hazard Analysis and Critical Control Point (HACCP) System – General Requirement for Food Processing Plant*

6

production plants  
obtained/maintained valid  
certifications during the  
Reporting Period

2

production plants  
obtained/maintained valid  
certifications during the  
Reporting Period

GB/T 22000-2006/ ISO22000:2005  
ISO22000:2018  
*Food Safety Management Systems-  
Requirements for any Organisation in The Food  
Chain*

ISO14000 : 2015  
*Environmental Management Systems*  
ISO18000  
*Occupational Health and  
Safety Management Systems*

6

production plants  
obtained/maintained valid  
certifications during the  
Reporting Period

4

production plants  
obtained/maintained valid  
certifications during the  
Reporting Period

We adhere to the principles of quality, safety, and environmental awareness, utilising a comprehensive closed-loop quality control system that tightly integrates connect the stages of raw material procurement, production and processing, transportation and distribution, and sales. This

enables us to achieve proactive, traceable, and secure safety model. During the Reporting Period, one of our production plants obtained or maintained an effective certification for the BRC Food Safety Global Standard.



Process	Quality Control Measures
Raw Material Procurement	<ul style="list-style-type: none"> <li>Stringently screen suppliers to ensure the quality and safety of raw materials fulfilling standards.</li> <li>Establish long-term cooperative relationships with suppliers and conduct regular quality assessments and risk management.</li> </ul>
Production and Processing	<ul style="list-style-type: none"> <li>Strictly implement standardised operating procedures.</li> <li>Utilise advanced production equipment and processing technologies.</li> <li>Emphasis on employee training to enhance their quality awareness and operational skills.</li> </ul>
Transportation and Distribution	<ul style="list-style-type: none"> <li>Implement appropriate packaging and storage measures to ensure that products are not contaminated or damaged during transportation.</li> </ul>
Sales	<ul style="list-style-type: none"> <li>Establish comprehensive sales channel and after-sales service system.</li> <li>Strictly comply with relevant regulations and standards to ensure product compliance and quality stability.</li> </ul>



### High Quality Raw Materials

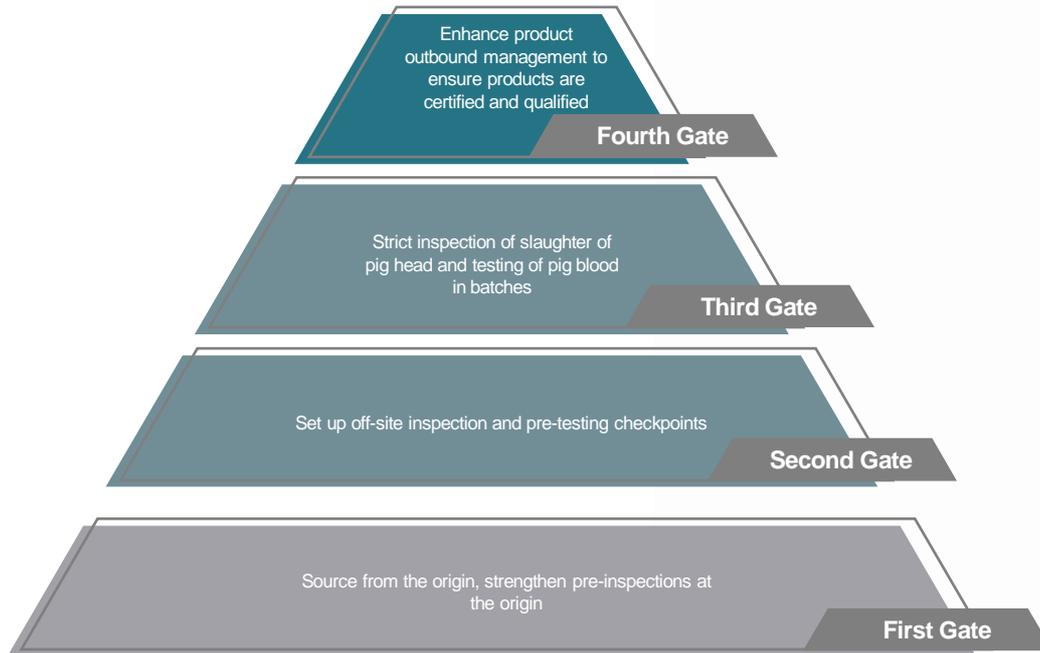
The Group attaches great importance to the quality of food ingredients and strictly implements supplier admission and raw material procurement systems to ensure that we only collaborate with suppliers who meet our quality standards and requirements. We established long-term partnerships with suppliers and conduct regular quality assessments and risk management. We adopted rigorous inspections for all ingredients during the raw material procurement process and used various testing methods and equipment to ensure that the quality and safety of the raw materials fulfilling our standards.

We prioritise the traceability of raw materials and require suppliers to provide detailed information about the ingredients, including their origin, production and processing methods, and storage conditions. By establishing comprehensive traceability system, we can track the source and flow of raw materials,

ensuring their quality and safety are controlled and reliable. Through the implementation of strict supplier admission and raw material procurement systems, as well as rigorous inspection processes for raw materials, we are committed to preventing the entry of substandard ingredients, safeguarding the quality and safety of our food products. We implement these measures are not only to be responsible for our consumers' health but also to safeguard our brand reputation and market competitiveness.

We have revised and improved the Operating Procedures for the *Acceptance and Inspection of Raw Materials* to standardise the acceptance and inspection of raw materials. We have also revised the *Quality Assurance Agreement for the Purchase of Hogs* to ensure quality control at four key "Gates".

## Four Gates of Hog Acquisition Quality Assurance



Given that our Group's main products are pork-related foods, it is crucial to effectively address the highly contagious swine disease called "African Swine Fever" (ASF). This disease can significantly impact the health and production of hogs. Therefore, our Group has developed an *ASF Prevention and Control Plan*. ASF prevention and control task forces, at both the Group's headquarters and subsidiary company levels, have been established to oversee the following tasks:

- i. Collect relevant laws, regulations, and policy requirements related to ASF;
- ii. Arrange and deploy various tasks for ASF prevention and control;
- iii. Establish and implement ASF prevention and control system, along with emergency implementation plan to ensure effective operation;
- iv. Coordinate all aspects of production, supply, transportation, and marketing;
- v. Collaborate with departments related to animal husbandry and epidemic control;
- vi. Handle various issues related to ASF prevention and control appropriately;
- vii. Timely report important matters to the team leader of the leadership group; and
- viii. Organise and host external inspections related to ASF prevention and control and participate in relevant meetings.

The following are the ASF prevention and control regulations established by our Group:

- Properly plan the layout within the premises and equip necessary facilities to reduce the risk of cross-contamination
- Strengthen the management of "people, vehicles, animals and pests" to improve biosecurity measures
- Ensure effective hog herd management to maintain the health of the hogs
- Implement strict waste management practices to ensure compliant and safe disposal
- Implement the assessment of and acceptance for production expansion and monitor daily environment so as to preserve the environment for breeding

## Hygiene Standards

Our Group has established clear regulations for cleaning and disinfection of vehicles, factory premises, hog pens, production lines, warehouses, and personnel to prevent food contamination incidents. We have developed and implemented the following policies:

### Cleaning and Disinfection Management Regulations

- Clearly define the management requirements for cleaning and disinfection, including division of responsibilities, workflow, supervision, and inspections.

### Hygiene Management System

- Specify the standards and requirements for hygiene management, including regular inspections, hygiene training, personal hygiene requirements, etc., to ensure cleanliness and hygiene in the production environment.

### Cleaning and Disinfection Regulations for Hog Slaughterhouses

- Specifically targeted to the hog slaughter industry, these regulations provide clear guidelines on the scope, methods, steps, and frequency of cleaning and disinfection to ensure hygiene and safety during the slaughter process.

### Vehicle Cleaning, Disinfection, and Hygiene Regulations

- Provide detailed requirements for vehicle cleaning and disinfection, including external and internal cleaning, selection and use of disinfectants, etc., to ensure the hygiene status of vehicles.

These policies and regulations provide guidance for cleaning and disinfection work, ensuring consistency and traceability in operations. Furthermore, they can be implemented through regular inspections and evaluations to ensure the effectiveness of cleaning and disinfection work and compliance with regulatory requirements. By establishing and implementing these policies and regulations, we can ensure standardisation and systematisation of cleaning and disinfection work, ensuring hygiene and safety in the production environment. The following are cleaning and disinfection requirements for different work environments and employees:

Cleaning and Disinfection Work	
Production Line	<ul style="list-style-type: none"><li>After the employees finish their shifts, they need to activate ultraviolet lamps and ozone sterilizers</li><li>Thoroughly clean and disinfect the ceilings, walls, floors, production equipment, and tools.</li><li>Conduct regular hygiene inspections of the production line to ensure strict compliance with relevant policies by the personnel involved</li></ul>
Production Personnel	<ul style="list-style-type: none"><li>All production personnel must wash their hands and disinfect before entering the production line, and wear work uniforms, work boots, work caps, and masks.</li></ul>
Vehicles	<ul style="list-style-type: none"><li>Prior to loading, clean the vehicles by removing debris, rinsing, and disinfecting.</li></ul>
Warehouse	<ul style="list-style-type: none"><li>Regularly clean and disinfect the freezer room, refrigerated warehouse, and finished goods storage area.</li></ul>

## Production and Inspection

We place great emphasis on product quality throughout the food production process and have implemented various measures to ensure high-quality products. Firstly, our Group has established strict food production standards that exceed the minimum requirements set by the national regulations. These standards cover various aspects such as production processes and product specifications. We require all factories to strictly adhere to these standards and implement mechanisms for self-inspection at production stations and quality management rechecks to ensure high rate of product compliance. During the Reporting Period, no instances of non-compliant food products were found in any food inspections within our Group.

Secondly, we have installed CCTV surveillance systems within our production facilities to monitor the production process in real-time. This allows us to observe the production process at any time and take corrective and preventive measures promptly when any issues or abnormalities are detected. This contributes to ensuring the quality and safety of our products.

In addition, regarding the food processing aspect, we have introduced internationally advanced equipment for meat product processing. These equipment systems enable closed and automated operations, covering processes such as pre-processing of raw materials, seasoning, filling, maturation, and packaging. The purpose of this implementation is to minimise the potential impact of manual operations on product quality and ensure consistency and stability of the products.

Furthermore, we possess professional testing instruments and a dedicated testing team capable of conducting various analyses and research. This includes testing for nutritional components, microbiological analysis, pesticide and veterinary drug residue detection, elemental analysis, additive testing, etc. Through these testing activities, we can ensure that the quality of our products fulfil the requirements of relevant standards and regulations. Our goal is to provide customers with safe and high-quality food products. Through these measures and practices, we are committed to ensuring excellent product quality and customer satisfaction-oriented services.

The Group has established inspection standards that exceed industry and national requirements. All products must pass the following "three checkpoints" before leaving the factory:



## Cold Chain Management

The Group primarily sells chilled pork, frozen pork, and low-temperature meat products. The quality of these products is susceptible to environmental temperature, making cold chain management crucial in ensuring product quality. Cold chain management involves temperature control and quality assurance throughout the entire supply chain, from production to the hands of consumers. For temperature-sensitive products like chilled pork, frozen pork, and low-temperature meat products, maintaining the appropriate temperature is key to preserving freshness, texture, and safety. To achieve this, we have developed internal policies, including the *Product Transportation Management System*, *Logistics Cold Chain Management System*, *Logistics Dispatch Management Standards* and *Logistics Summer Temperature Control Program*. These policies comprehensively manage factors such as the types of logistics vehicles, in-transit temperatures, hygiene, delivery times, and the occurrence rate of quality incidents. This ensures that the storage and transportation processes comply with relevant standards.

We require our production bases, logistics fleets, supermarkets, and other sales terminals to ensure that products are produced, transported, and stored at appropriate temperatures. We closely monitor the temperature on the production line and regulate the refrigeration configuration of transport vehicles. We require our logistics fleets to be equipped with refrigeration equipment to maintain suitable temperature of products throughout the transportation process. This includes using refrigerated vehicles or frozen containers and determining appropriate temperature range based on the product characteristics and transportation distance. Furthermore, we collaborate with supermarkets and other sales terminals, requesting them to adhere to relevant cold chain management requirements when receiving, storing, and displaying products. This includes ensuring proper storage temperatures, avoiding temperature fluctuations and excessive temperature exposure to maintain product quality and freshness.

In summary, cold chain management integrates the production, transportation, and sales processes to ensure that products are maintained at suitable temperature conditions, guaranteeing high quality, safety, and freshness. Such management measures contribute to consumer confidence and ensure that they receive high-quality chilled pork, frozen pork, and low-temperature meat products.

Production and Storage	<ul style="list-style-type: none"> <li>• Strictly monitor the temperature on the production line to ensure that the temperature of the raw meat, from cutting and marinating to meat product production, meets the standards set by our Group</li> <li>• Establish the <i>Cold Storage Management System</i> to record the entry and exit of products from cold storage, comprehensively managing inventory of products</li> <li>• Conduct regular preventive maintenance on the cold storage equipment to prevent equipment failures that could affect product quality</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• Established clear management clauses regarding vehicle hygiene, vehicle temperature, transportation time, and other related aspects during the transportation process so as to strengthen our logistics requirements and to ensure that products meet cold chain logistics standards during transportation</li> <li>• Adopt full cold chain transportation mode, utilising nationwide network of production facilities to connect the origin with market, ensuring full coverage of cold chain throughout the entire process.</li> <li>• Control the temperature of cargo compartments for each transport vehicle, maintaining temperatures between 0 to 4 degrees Celsius for chilled fresh products and below -15 degrees Celsius for frozen products</li> <li>• During transportation, utilise data from automatic recorders to track GPS positioning and environmental temperatures, which are monitored in real-time by the control centre</li> </ul>
Sales	<ul style="list-style-type: none"> <li>• Set requirements of freezer configuration for distributors, supermarkets, and other sales channels for meat products and conduct regular inspections to ensure that the storage conditions of products at sales locations meet the standards set by our Group.</li> </ul>

Our Group places great emphasis on quality management after our products are launched to the market. To ensure that distributors have clear understanding of product handling methods and related regulations, we provide them with product handling guidelines. We have developed and implemented the *Distributor Excess Inventory Management Standards*. Based on factors such as market maturity and sales channel structure in which the distributors operate, we provide support for expired or excess inventory at fixed ratio and require distributors to handle these products according to specified procedures to ensure food safety.

Additionally, we actively promote market inspection program. Our sales representatives are responsible for conducting inspections of all distributors within their respective territories. The inspection results are reported during weekly business analysis meetings, and continuous improvements are encouraged. The purpose of these efforts is to ensure that consumers can purchase safe and reliable food. We will continue to monitor and enhance the effectiveness of market inspections to ensure that our products are effectively controlled and managed for quality and safety throughout the sales process.



The background features a light green gradient. On the left side, there is a complex arrangement of overlapping, semi-transparent geometric shapes in various colors including shades of blue, purple, red, orange, and yellow. These shapes are layered and partially obscured by each other, creating a sense of depth and movement. The overall composition is modern and artistic.

CUSTOMER-  
CENTRIC

## 7. CUSTOMER-CENTRIC

Yurun Foods adheres to the core value of "customer-centricity", placing customer satisfaction and needs as our top priority. We deeply understand our customers' preferences and requirements, which are the foundation for product innovation and research and development. We provide healthy food to our customers. We value consumers' concerns about nutrition, quality, and food safety, and through continuous research and development, we introduce innovative and healthy food options. These foods are designed to meet customers' demands for nutritional balance, natural ingredients, and no additives, offering them choices of healthier foods.

Through these efforts, we have gained the trust and support from our customers. We will continue to strive for improvement and innovation to meet evolving customer needs. We are committed to providing high-quality food and services to ensure that customers have confidence and satisfaction when choosing Yurun Foods.

### Research and Innovation of Healthy Food

Our Group is dedicated to developing healthy products and focusing on technological breakthroughs in food healthiness, nutrition, and deliciousness to meet consumers' pursuit of wellness lifestyle. We have developed meat products that are free from artificial colours, added sugars, and reduced in fat and salt, providing consumers with more nourishing choices. With excellent research team, we focus on enhancing key technologies in food and are committed to developing new products that are well-received in the market. We have implemented a series of reform measures, including food innovation, packaging innovation, and flavour innovation. We collaborate closely with universities to explore the development direction of food industry and actively engage in innovative food research and development. Product innovation and technology-driven approaches have always been the core driving force for our Group's transformation and upgrading.

To ensure food safety, our group strictly adheres to the *Standards for the Use of Food Additives* (GB 2760-2014), never using food additives prohibited by the country or exceeding permitted amounts of food additives and preservatives. Additionally, we do not add non-edible chemicals or other substances that may harm human health during the food processing. During the Reporting Period, our Group conducted inspections on the production processes of high and low-temperature meat products and did not find any instances of using additives beyond permitted range or in excessive amounts.

### Consumer Rights

We greatly value customer feedback and complaints and strive to uphold consumer rights. To ensure that customer complaints are effectively addressed, we have updated the "Customer Complaint Handling Guidelines", which outline the responsibilities of departments and employees at all levels in complaint handling, including the types of complaints and the corresponding processing procedures.

Customers can file complaints through customer service hotline, supermarkets, or distributors. We adhere to the principles of "timely response, thorough verification, effective communication, and proper resolution" to ensure that complaints are handled appropriately. Our customer service representatives meticulously record complaint details and provide feedback to customers within 24 hours. Complaint handlers are responsible for occasional following up with the individuals in charge of complaint resolution by phone, confirming the progress of complaint handling, and maintaining continuous attention and supervision throughout the process. For resolved complaints, complaint handlers should conduct follow-up calls with customers within 48 hours after resolution to confirm outcome. This may help improving customer satisfaction.

For each complaint case, we conduct thorough investigations, analyse the underlying causes, and implement corrective measures while enhancing preventive measures to avoid recurring of similar issues. During the Reporting Period, we received a total of 41 product-related complaints, and the complaint handling rate reached 100%, meaning that all complaints were properly addressed. We will continue our efforts to continuously improve our complaint handling mechanisms and processes to provide better customer service and satisfaction.

### Privacy Protection

Our Group places great emphasis on the protection of customer privacy and strictly adheres to relevant laws and regulations regarding privacy data protection. We have established the *Customer Information Confidentiality Policy* that requires all departments and employees involved in handling customer information to undergo appropriate training and comply with confidentiality obligations outlined in the confidentiality agreement. According to these confidentiality regulations, we will never disclose consumer data to third-parties without the customer's permission. When receiving customer complaints, we

will conceal personal identification information such as contact details and full names, in addition to limiting access to the complaint information to relevant internal personnel, to ensure that the privacy of the complainant is protected. Furthermore, our Group has implemented access controls for customer data, allowing only authorised employees to access customer information, further ensuring data security and confidentiality.

We will continue to devote efforts to protecting customer privacy, ensuring compliance with relevant laws and regulations, and continuously improving our privacy protection measures to maintain customer trust and satisfaction.

## Product Labelling and Promotion

Our Group is committed to providing consumers with clear and accurate product information. We strictly adhere to the requirements of relevant regulations such as the *Food Labeling Management Regulations*, the *General Rules for Prepackaged Food Labels* (GB 7718-2011), and the *General Rules for Nutrition Labeling of Prepackaged Foods* (GB 28050-2011) on product labels. The information displayed on the labels includes the production date, shelf life, ingredients, food additives, and nutritional composition to ensure that consumers can obtain true and accurate product information.

We place great emphasis on the training of internal personnel involved in product labelling standards, aiming to improve their professional capabilities. We have established the *Packaging Material Review Specification*, which involves multiple individuals in the review process. Each piece of information on the label is carefully examined to ensure the accuracy of product label information. We guarantee that the content indicated on the food label is comprehensive and does not mislead consumers, enabling them to obtain necessary information.

In addition, our Group strictly adheres to laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Interim Measures for the Administration of Internet Advertising*. When disseminating advertising information, product packaging labels, and corporate image promotions, we submit to government departments for review of advertising content to ensure the legality and compliance of brand promotion and commercial activities. We are committed to protecting the legitimate rights and interests of consumers, ensuring truthfulness and accuracy of external communications, avoiding infringement of intellectual property rights, and refraining from engaging in false advertising or misleading consumers.

We will continue to comply with relevant laws and regulations, continuously enhance the compliance of product labelling and promotional activities, to ensure the consumer rights are protected and product information is truthful, accurate, and reliable.

## Product Traceability and Recall

To ensure consumers are comfortable with consuming our Group's products, we utilise information technology to achieve end-to-end control, ensuring "traceable sources, verifiable destinations, and accountable responsibility". Our Group has established food traceability system and introduced electronic scanning and tracking technology to ensure that products can be traced throughout the entire process, from production to sale and after-sales. In the event of product recall, we can quickly identify affected product batches and scope of recall through the food traceability system.

To protect consumer rights, our Group has established comprehensive product recall mechanism. We have developed *Product Recall Management Procedure* that outlines the responsibilities of our product recall team and the product recall procedures. The product recall team consists of senior executives, technical personnel, sales staff, and production personnel, who are responsible for handling product recalls. Our Group classifies food recalls into three levels based on the severity of food safety hazard. Corresponding measures are formulated and implemented for product recalls of different levels. We utilise various media channels such as newspapers, radio stations, television, and the internet to promptly communicate product recall information to consumers.

Our Group has also developed *Food Safety Incident Management System* and *Emergency Response Plan for Food Safety* to address emergency food quality incidents. Emergency management teams are established at both the Group's headquarters and subsidiary company levels to minimise the impact of food quality safety incidents. We require regular drills on product traceability and recalls to verify the effectiveness of the traceability system and recall process. During the Reporting Period, our production base in Harbin successfully conducted product recall drill.

During the Reporting Period, our Group did not recall any products due to health or safety reasons.



# RESPONSIBLE OPERATION

## 8. RESPONSIBLE OPERATION

As a responsible company, Yurun Food is dedicated to earning the trust of our customers through reliable branding. We deeply understand the importance of responsible sourcing, market management, anti-corruption efforts, intellectual property rights, and animal welfare in the food industry. To address these aspects, we have established corresponding policies and measures within our company and strictly adhere to them. We firmly believe that only by operating with a responsible attitude can we build a brand that customers can trust.

### Responsible Procurement

We manage our supply chain with caution and responsibility, firmly believing that selecting high-quality and safe raw materials is crucial for ensuring the quality of our products. Therefore, we have implemented a series of measures in responsible procurement, both internally within the Group and with external suppliers, to establish a sustainable, transparent, and compliant supply chain system.

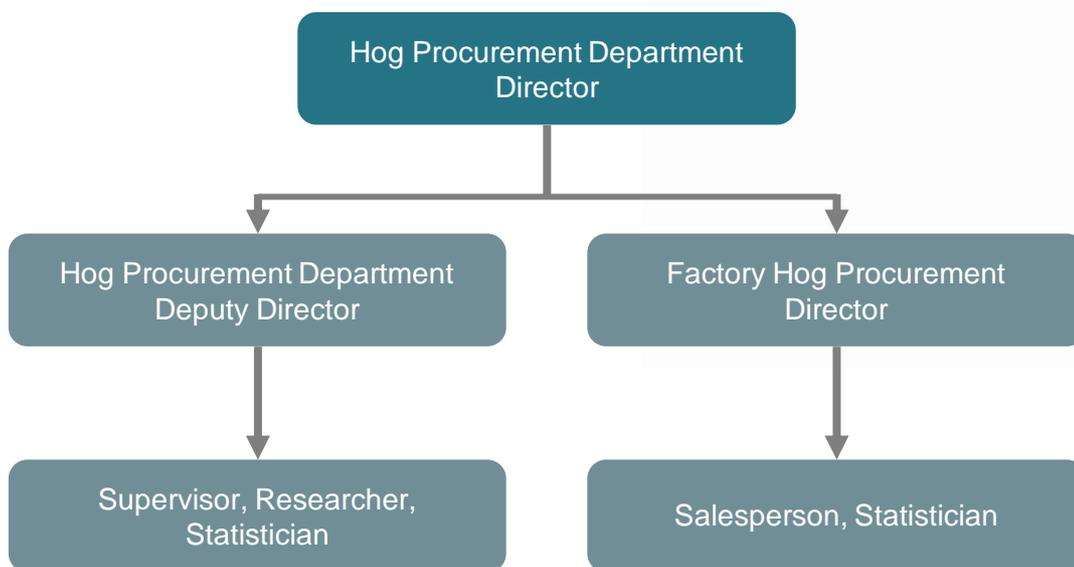
The Group continuously improves its supplier management system by rigorously screening suppliers to ensure they possess sound business ethics and meet our quality standards. We have established and strictly adhere to relevant systems such as the *Procurement Contract Management System*, the *Raw Material Acceptance and Inspection Operating Procedure*, and the *Material Supplier Management System*. We implemented supplier admission, review, evaluation, and elimination mechanisms to manage supplier resources effectively and comprehensively in compliance with laws and regulations, thus enhancing our supply assurance capabilities. Additionally, we maintain close cooperation and open communication with existing suppliers and require them to adhere to our Supplier Code of Conduct. We also conduct regular supplier assessments and audits to ensure their production processes and quality controls meet our expectations.

### The primary process of supplier management at Yurun Food



For our procurement personnel, we have established the *Code of Conduct for Procurement Personnel* to regulate their behaviour during general procurement activities. Food safety is of utmost importance to our group, and we have also developed specific management regulations for the procurement of live hogs, clearly defining department structures and duties. We strive to achieve standardised management across all units,

ensuring that the procurement process is legal, compliant, free from corruption, and guarantees food safety. By establishing clear department structures and responsibilities, fostering cooperation and mutual supervision, and implementing reporting mechanisms from bottom to top and top-down supervision, we effectively manage the work of the supply chain.



Ensuring the safety and environmental sustainability of Yurun Food's supply chain is an important part of our commitment to sustainable development. Therefore, we place significant emphasis on managing environmental and social risks associated with our suppliers. We incorporate the environmental and social performance of suppliers into our supplier management process, working together with them to build a responsible supply chain. We require suppliers to comply with the *Environmental Protection Law of the People's Republic of China*, possess the necessary qualifications for relevant products, provide pollution treatment certificates or other documents related to pollution management, and sign integrity commitments, quality and safety commitments, and data security commitments when entering into procurement contracts.

We are committed to reducing environmental impacts and promoting sustainable development throughout our supply chain. Environmental considerations are incorporated into all

three major procurement aspects. When introducing new suppliers, we conduct rigorous assessments to ensure they meet the quality and operational systems that align with environmental principles. During the procurement process, we prioritise sustainable materials and prefer reusable packaging materials to minimise waste generation. In equipment procurement, we focus on energy efficiency and emission reduction, selecting environmentally-friendly equipment to reduce energy consumption and environmental pollution. We conduct periodic public opinion surveillance on our existing or new suppliers. In the event of non-compliance reported by government inspections, we immediately terminate the cooperation.

As of the end of the Reporting Period, we had a total of 612 suppliers, with 6 of them being overseas suppliers and the rest being domestic suppliers. We follow the aforementioned practices for engaging suppliers across the entire group.

## Integrity Operation

Our Group attaches great importance to combating corruption and promoting integrity within the organisation. We firmly believe that conducting business and maintaining operations with integrity are prerequisites for the sustainable development of the Group. We are also aware that corruption seriously damages the interests and reputation of the Company. Therefore, we adopt zero-tolerance attitude towards bribery and corruption, strictly complying with relevant local and international laws and regulations, such as the *United Nations Convention against Corruption*. Through the establishment of sound systems, strengthened supervision, and the cultivation of integrity culture, we actively prevent and combat corrupt practices such as bribery, extortion, fraud, and money laundering. We advocate for atmosphere of honesty and integrity within the Company.

We adopt three strategic approaches to ensure that the interests and reputation of the Company are not compromised by corrupt practices. Firstly, we improve existing systems to establish robust framework of rules and regulations, clearly defining roles, responsibilities, and codes of conduct, providing employees with clear guidance and standards. Secondly, we enhance supervision by establishing dedicated oversight bodies and internal control mechanisms to ensure compliance and transparency in business activities. Simultaneously, we actively foster integrity culture, based on ethical norms and values, guiding employees to embrace the importance of honesty and integrity.

During the Reporting Period, we identified one case of corruption and fraud involving an employee of our Group. Upon discovering this through internal review, immediate action was taken to halt further losses and ensure the preservation of relevant evidence. Internal investigation procedures were initiated, and full cooperation was extended to law enforcement agencies, providing necessary information and assistance to ensure proper handling of the case. We will continue to strengthen internal control and oversight mechanisms to prevent recurring of similar incidents. This includes reinforcing audit procedures, financial supervision, and implementing more rigorous review processes. Additionally, we will strengthen employee training and education to raise moral and compliance awareness, ensuring that all business activities comply with legal and ethical requirements.

## Improving System

The Group has developed and improved relevant policies to combat corrupt practices. We strictly adhere to the *Anti-Corruption Management System* and the *Whistleblower Management System* with the purpose of combating bribery and corruption. We encourage employees to actively report any instances of corruption they encounter and pledge to strictly protect the confidentiality of whistleblowers' personal information. We provide various reporting methods, including dedicated hotlines, email, and the official WeChat account of the Group. The Group handles all corruption reports seriously and, once verified, takes disciplinary action against the individuals or departments involved, based on the severity of the case. Disciplinary actions may include warnings, penalties, demotions, or dismissals, etc. In cases of serious offenses, we will refer the matter to the judicial authorities for further investigation and legal proceedings.

### Proactively Combat Corruption

We encourage employees to report any acts of corruption or bribery, and we ensure the confidentiality and provide rewards to whistleblowers. We promptly handle such incidents internally or refer them to judicial authorities for appropriate actions.



Email



Report Hotline



WeChat Public Account



Internal Reporting Channel For Employees – Dingtalk



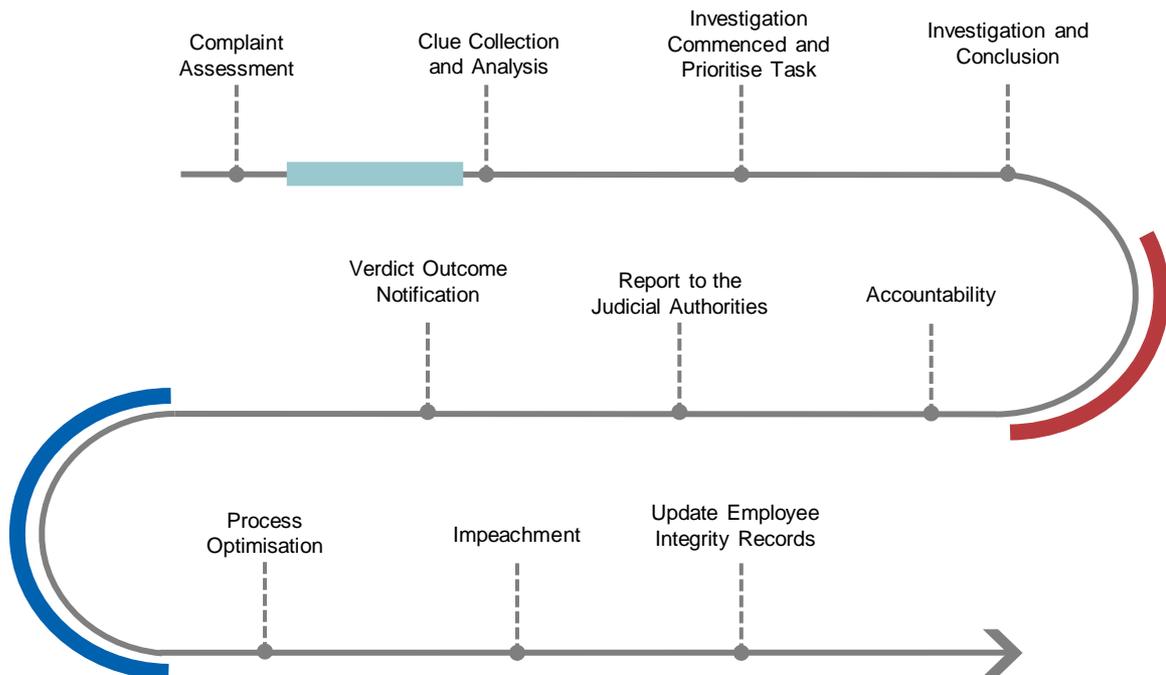
Letters and Visit the Office

We emphasise effective operation of the reporting system and have established mechanisms to safeguard the rights of whistleblowers, providing employees with secure, convenient, and confidential channel for reporting. We will continue to strengthen anti-corruption measures to ensure that the Group's operations comply with laws, regulations, and ethical standards and strive to create corporate environment with integrity and transparency. We have published the *Guidelines for Accountability of Business Violations* and *Guidelines for Accountability of Economic Violations* which define the violations, accountability principles, measures, and procedures for handling violations, to strengthen the regulation and management of non-compliant behaviour. Additionally, we have formulated the *Voluntary Reporting Policy for Economic Violations* to encourage individuals involved in suspected economic violations to abandon any notion of luck and voluntarily report the issues truthfully and completely. This proactive approach aims to secure lenient treatment or exemption from administrative penalties.

To safeguard the Company's interests and proactively combat corrupt practices, we have established four permanent committees: the Disciplinary Supervision and Charges Review Committee, the Supervision Centre, the Financial Research Office, and the Financial Management Centre. We have comprehensively publicised the reporting channels, including telephone, email, instant messaging tools (such as DingTalk and WeChat), letters, and in-person visits.

Furthermore, we are committed to the construction of anti-corruption systems and mechanisms. To ensure the effectiveness of complaint channels, we ensure the proper allocation of investigative work and have formulated processes for the acceptance, supervision, and handling of anti-corruption clues.

### Anti-Corruption Clue and Complaint Acceptance, Supervision, and Handling Process Flowchart



## Strengthening Supervision

We enhance supervision and regulate anti-corruption efforts within the supply chain. To ensure that suppliers have clear understanding on our code of conduct and responsibilities and to prevent corrupt practices, we require suppliers to sign an *Integrity Commitment* before our cooperation commences. This measure aims to ensure that suppliers have clear understanding on our code of conduct and assume corresponding responsibilities. In addition, we regularly conduct on-site visits to the sales and raw material markets of our partners, strengthening communication with them to reduce the risk of corruption. Through close interaction with our partners, we enhance compliance awareness and risk prevention, ensuring the integrity and transparency of the supply chain. Furthermore, we implement rigorous management of our procurement personnel within the Group to prevent any instances of corruption. Following the principle of hierarchical supervision, we effectively manage internal staff and proactively prevent any occurrences of corruption.

## Building Integrity Culture

Our Group is firmly committed to combating misconduct such as corruption, bribery, gangs, and fraud in order to maintain integrity culture and fairness within the Group. To achieve this, we have implemented a series of measures. Firstly, during employee onboarding training, we promote anti-corruption principles and conduct preventive work to raise employee awareness of misconduct. Additionally, when signing labour contracts, we require employees to sign the *Employee Code of Conduct* and *Integrity Commitment*, clearly outlining the behavioural standards and integrity commitments that they should adhere to. Within our Group (including subsidiary companies), we conduct campaigns focused on the "4-Anti", which include combating corruption, gangs, fraud, and bureaucratic inertia, and we are strictly against corrupt practices, setting clear boundaries for the Company.

## Yurun Food's "4-Anti"

### Anti-Corruption | Anti-Gangs | Anti-Fraud | Anti-Bureaucratic Inertia

We regularly issue the Group's anti-corruption newsletters through internal platforms and email to disclose cases of corruption and misconduct that have been investigated within the Company, serving as a warning. During the Reporting Period, we conducted integrity training for employees and organised board members to study *Director's Guide to Ethical Practices* published by the Hong Kong Independent Commission Against Corruption. Through these training initiatives and enforcement actions, we have reduced the frequency and number of violations and strengthened anti-corruption awareness. Our anti-corruption requirements cover all employees, with coverage rate of 100%, ensuring that each employee has clear understanding on anti-corruption policies and measures and is aware of their responsibilities.

## Intellectual Property Protection

We recognise the importance of effectively safeguarding intellectual property ("IP"), as it encourages continuous innovation and protects the outcomes of our innovative efforts. To regulate related work, our Group has established an IP department and follows internal regulations such as the *Trademark Management System* and *Patent Management System*.

Regarding trademarks, we obtain trademark registration certificates through official registration and certification processes. For major product packaging designs, we apply for design patent protection. Additionally, for new inventions and utility inventions, we file patent protection applications. When the rights of IP are close to their expiration, we promptly renew them to safeguard the Company's IP interests. Furthermore, we sign confidentiality agreements with employees involved in IP matters to ensure they are aware of their responsibilities in protecting the Group's IP. When signing contracts with clients involving IP, we include relevant clauses such as confidentiality agreements to mitigate infringement risks.

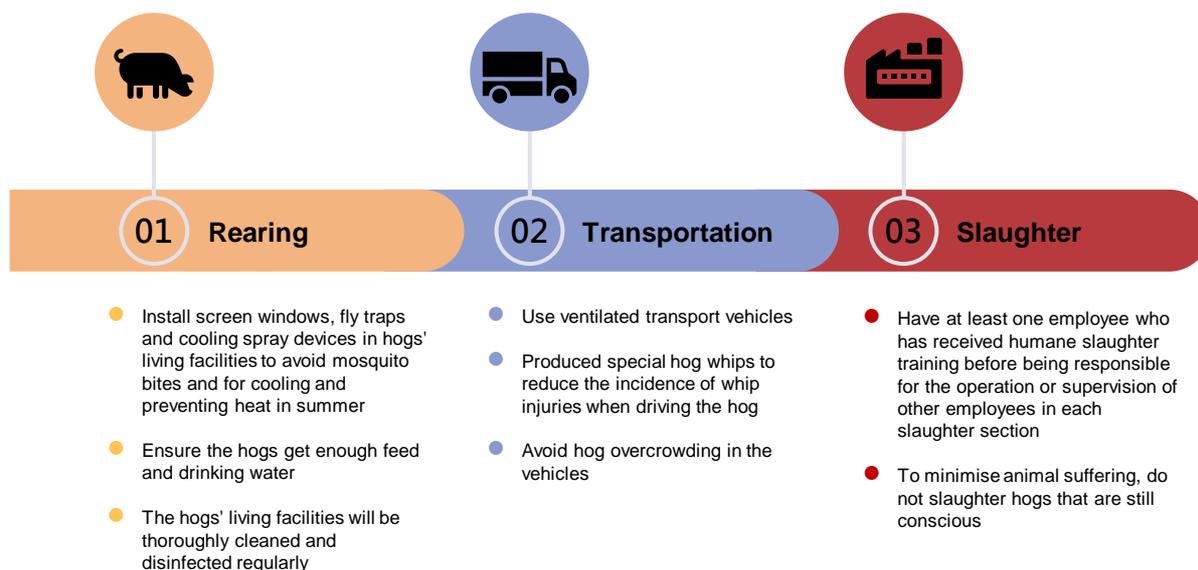
If we identify external infringement behaviours, measures such as collecting evidence, reporting to law enforcement, and filing appeals are taken to stop the infringement and protect our IP rights from violations. We also ensure that while protecting our

own IP, we do not infringe upon the rights of others. Protecting IP is our responsibility, and we will continue to strengthen relevant measures to effectively protect the legitimate interests of intellectual property.

## Animal Welfare

Our Group has established management provisions related to animal welfare to ensure effective measures are taken to care for animals throughout their rearing and slaughtering processes. We prioritise animal welfare not only out of humanitarian considerations but also to ensure product quality. To protect animal welfare, we have developed specific guidelines for key stages such as rearing, transportation, and slaughter. These guidelines aim to ensure that we provide appropriate care for animals, maintain humane treatment in daily practices, and adhere to industry standards and best practices.

In addition, our subsidiary companies regularly organise humane slaughter training to ensure that personnel involved in the slaughtering process possess necessary knowledge and skills to minimise potential suffering of animals. We will continue to prioritise animal welfare and continually strive to improve and strengthen our measures, ensuring that animals receive proper care and respect in our business activities.





# EMPLOYEE WELL-BEING

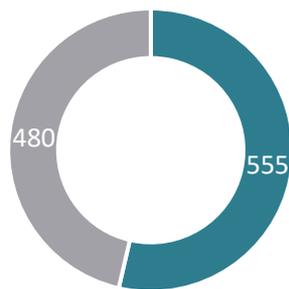
## 9. EMPLOYEE WELL-BEING

Yurun Food adheres to the employment philosophy of "Respect, Develop, and Utilise People", firmly believing that talents are the key drivers of corporate development. We understand the value and importance of each employee and are committed to treating them sincerely, providing supportive and respectful work environment, and encouraging them to unleash their potential and talents. We emphasise building positive work atmosphere and fostering teamwork, encouraging innovative thinking and proactivity among employees, and striking balance between work and life.

We continuously strive to enhance our human resources management level. Through effective communication channels, we listen to employees' opinions and feedback and make improvements and adjustments as needed. We value the contributions of each employee and ensure fair and equitable opportunities and treatment. Guided by the employment philosophy of "Respect, Develop, and Utilise People", we are dedicated to creating positive and vibrant work environment, working hand with employees together to achieve both individual and corporate goals.

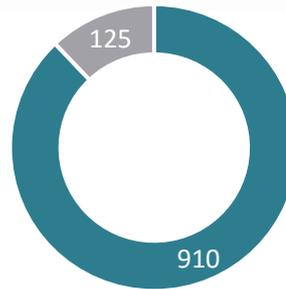
As of the end of the Reporting Period, the total number of employees in our Group is 1,035. The employee profile of our Group is as follows:

Number of Employees by Gender



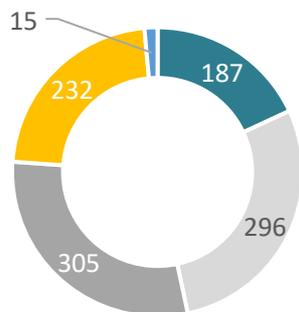
■ Male ■ Female

Number of Employees by Employment Type



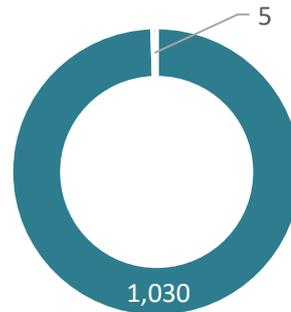
■ Full-time ■ Part-time

Number of Employees by Age Group



■ ≤ 30 ■ 31-40 ■ 41-50 ■ 51-60 ■ ≥ 61

Number of Employees by Geographical Region



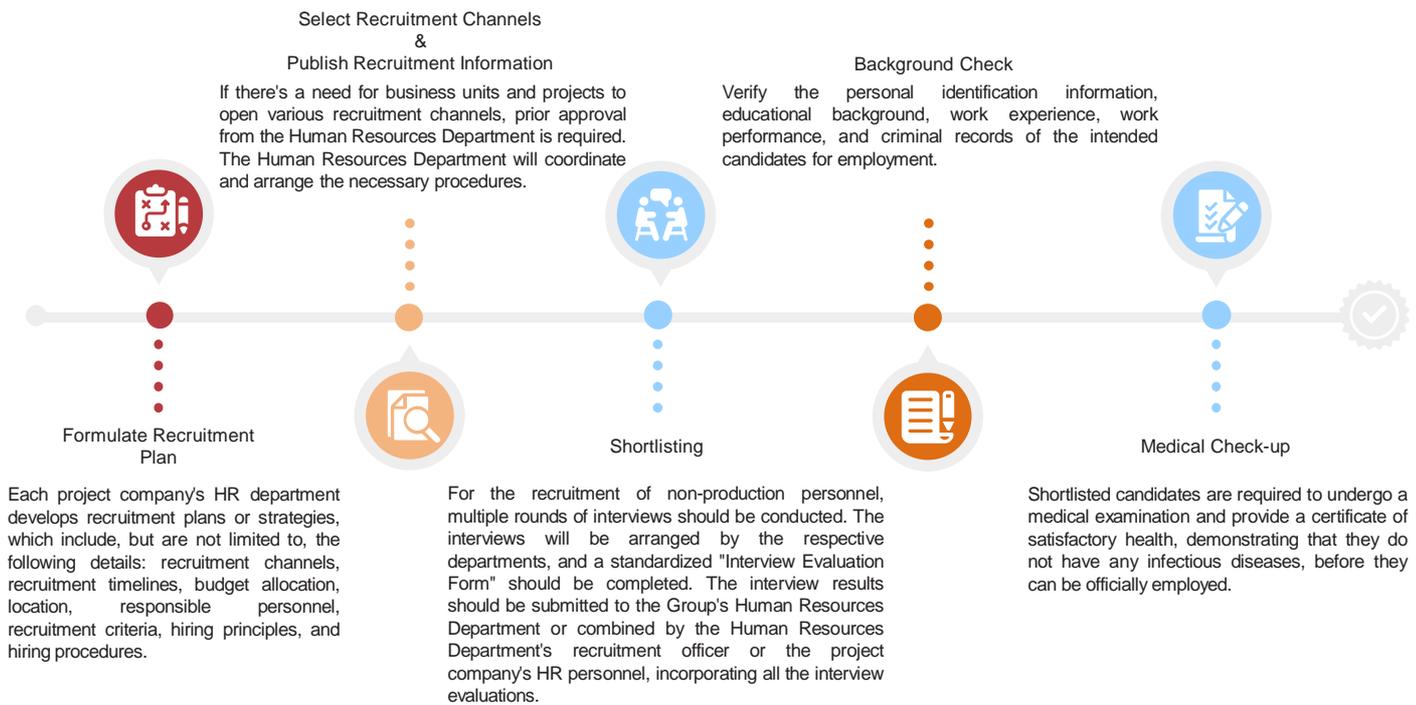
■ Mainland China ■ Hong Kong SAR, China

## Employment Policies and Management

To attract outstanding talents, we offer competitive compensation packages, excellent welfare systems, career development opportunities, and training programs that allow employees to unlock their value and growth potential. Our Group also has comprehensive human resources management system in place and has formulated the *Compilation of Human Resources Systems* and *Welfare Management System*. These systems provide clear provisions on salary and dismissal, recruitment and promotion, working hours, leave, equal opportunities, diversity, non-discrimination, other benefits and welfare, prevention of child

labour and forced labour, and etc., fully protecting the rights and interests of employees. The establishment of these systems aims to ensure fair, just, and transparent human resources management, providing clear guidance and protection to ensure that each employee enjoys fair compensation and treatment and has equal opportunities. We have also established corresponding recruitment processes for different recruitment channels, including internal recruitment, external recruitment, and campus recruitment, ensuring that the recruitment process standards are effective in recruiting suitable talents for the Group.

### Recruitment process of our Group



## Diversity and Fairness

We value the fairness of our recruitment and promotion processes and adhere to the principle of selecting candidates based on their abilities to ensure avoidance of any form of discrimination during the recruitment process. Our Group comprises employees from diverse cultural backgrounds, representing 23 provinces and 11 different ethnicities, including 2 individuals with disabilities, and educational qualifications spanning across 7 different levels. This diversity not only enriches our human resources but also reflects our commitment to equal opportunities and diversity. Our Group ensures that employees are not discriminated against based on factors such as gender, age, educational background, region, ethnicity, religion, and other factors. We uphold the principle of equal pay for equal work, ensuring that employees receive fair compensation for equivalent work.

Furthermore, we strive to create diverse and inclusive corporate culture that encourages employees with different backgrounds and characteristics to fully showcase their talents and capabilities. We value the opinions and contributions of every employee and provide equal development opportunities to foster individual and team growth. We will continue to maintain fair, just, and inclusive employment standards and corporate culture, continuously improving our measures to ensure that all employees can work and develop in fair, equal, and respectful environment.

## Child Labour or Forced Labour

Our Group strictly adheres to relevant labour laws and regulations and has formulated and implemented the *Recruitment Management System*. According to this system, we explicitly state that individuals under the age of 16 cannot be employed, and have set instructions in personnel system to restrict the entry of information for individuals under the age of 16. This ensures that recruitment and hiring of child labour are prevented. Furthermore, we strongly oppose the practice of forcing employees to work under involuntary conditions. Our *Employee Handbook* clearly defines the working hours for employees in different employment categories and strictly monitors overtime requirements to prevent forced labour. If employees need to work overtime, they must submit an

application to their supervisors. Additionally, we pay attention to scheduling of working hours and holidays to ensure reasonable working hours and sufficient resting time.

Additionally, when cases of employing child labour or forced labour are discovered, our Group will immediately cease related violations and hold responsible individuals accountable for their management responsibilities. Those directly involved in the violations will be subject to administrative penalties for "job negligence". Furthermore, our Group provides training for recruitment personnel on recruitment policies to ensure their understanding and compliance with relevant laws and regulations, and to ensure that similar incidents do not occur again.

## Compensation

In order to attract and retain talent, our Group is committed to providing competitive compensation and benefits. We adjust employee salaries based on factors such as job nature, work performance, business performance, business operations, consumer price index, labour market conditions, and other relevant factors. We recognise the contributions and efforts of our employees and have established reward system accordingly. In addition to adjusting salaries based on these factors and providing annual bonuses, our group has established monthly, quarterly, and annual mechanisms for recognising outstanding employees. These evaluations are conducted openly, and employees who demonstrate outstanding performance are offered with tangible rewards materially to acknowledge their contributions.

We value the efforts and contributions of each employee and aim to encourage and recognise their achievements through these reward and recognition mechanisms. This is not only to motivate employees to continue their efforts but also to foster positive work environment, promote teamwork, and foster individual growth. We firmly believe that these measures will help attract talents to join our Group and provide employees with competitive and fulfilling work environment.

## Termination of Employment

The *Employee Handbook* of our Group outlines the handling methods for various types of resignation situations. The labor contracts we sign with employees also clearly specify the provisions related to resignations, including the notice period and compensation, in order to protect the rights and interests of both employees and the Company. Prior to an employee's formal resignation, we require them to properly complete job handover and go through the resignation procedures to ensure smooth continuation of business operations. We prioritize smooth transition and aim to ensure that all transition matters are appropriately addressed to maintain team functioning and business continuity. These measures ensure transparency and fairness in the resignation process, while also facilitating smooth departure between employees and the Company. We are committed to creating a work environment based on mutual respect and responsibility, and ensuring successful completion of resignation process to protect the interests of both parties.

### Monthly Work Recognition



## Employee Benefits and Compensation

We highly emphasise the rights and interests of our employees and are committed to providing favourable work environment and comprehensive benefits to ensure they are being protected and respected in workplace. We have established effective channels for employee communication and feedback, encouraging employees to actively address various issues. We regularly organise surveys, such as executive opinion polls, performance appeals, and satisfaction surveys related to benefits, to gain genuine understanding of employee feedback and promptly address any concerns. The Group's Human Resources Centre is responsible for centralised management of employee matters and has developed internal documents such as the *Employee Handbook* and *Compilation of Human Resources Systems*. These documents provide detailed provisions on working hours, leave policies, employee benefits, and require compliance from all departments. In accordance with legal regulations, we ensure that employees enjoy paid annual leave and statutory holidays. We also provide various types of leave rights, including sick leave, personal leave, marriage leave, maternity leave, compassionate leave, and family visitation leave, in humane manner. If an employee is unable to return to work promptly after the end of maternity leave, they may continue their leave with the approval of their department head and human resources department. Employees have access to internal platforms where they can comprehensively understand and inquire about their overtime hours, compensatory time off, and other leave-related information.

We strictly comply with laws and regulations to pay social insurance and housing provident fund on behalf of our employees. Additionally, we provide additional coverage through commercial insurance, ensuring comprehensive protection for our employees' lives. In addition to these measures, we also distribute holiday gifts to employees during traditional festivals and offer benefits such as free accommodation, meal subsidies, complimentary health check-ups, and birthday gifts. To assist employees and their family members who encounter major illnesses, accidents, or face significant financial difficulties, we have established mutual aid fund that provides financial assistance.

## Occupational Health and Safety

Our Group is committed to creating safe and secure working environment for employees. We actively establish various policies to enhance employees' awareness of occupational safety and ensure that the workplace meets safety standards. We have implemented a series of safety management regulations to ensure safe production operations and provide employees with secure working environment, following the principles of "safety first, prevention-oriented, and integrated governance".

We strictly comply with relevant laws and regulations related to occupational health and safety and regularly improve our management system in this regard. We have established regulations for safe production, provide education and training on safety knowledge, conduct regular inspections of safety hazards, and provide technical guidance and support. Additionally, we have established safety production leadership team and emergency command centre responsible for implementing relevant regulations, managing daily production safety, providing safety knowledge training, organising emergency drills, and handling unforeseen incidents. We continuously improve our production safety management system and emergency response plans, as well as encouraged factories to obtain the certification of OHSAS18001 Occupational Health and Safety Management System.

## Safe Production

Safe production is of great importance to our Group. We employed various technical measures at multiple levels to ensure safety of employee. Based on potential production safety risks, we established a range of safety production measures to rigorously prevent safety accidents. In terms of employee safety protection, we have developed the *Code of Conduct for the Distribution of Protective Equipment* and the *Specifications for Wearing Labour Protection Supplies*. We regularly provide employees with work clothes, safety boots, cut-resistant gloves, and other labour protection materials. We also have safety cabinets equipped with portable alarms, gas masks, safety ropes, bandages, and other emergency supplies. We issued relevant safety operating procedures for production equipment to enhance employees' awareness of safety and implement appropriate safeguards. We also conduct training for the employees on the use of various equipment and safety measures, covering aspects such as hazard analysis, safety assessment, control measures, operating procedures, and protective measures. The equipment and environmental management department issues numerous notifications, reports, and corrective instructions related to equipment safety. In cases where compliance is lacking or corrective actions are not completed on time, appropriate notifications are given.

In terms of the work environment, we display safety signs within the production plants to remind employees of constant safety awareness and following safe work procedures when operating machinery. Additionally, to ensure safe environment within the factories, we have established usage regulations for different

equipment to eliminate potential risks. Among them, we have developed the *Usage Regulations for Heating Equipment in the Processed Meat Department*, which provides guidelines for regular inspections of heating equipment and monthly maintenance by repair personnel. The General Manager (or Deputy General Manager) of each factory is responsible for ensuring the proper use, inspection, maintenance, and upkeep of the heating equipment.

We have established fire safety working group responsible for the management and implementation of fire safety measures, signed *Fire Safety Management Goal Responsibility Agreement*, conducted inspections for fire safety hazards and create improvement lists, held monthly meetings on fire safety, and systematically promoted the organisation, management, inspection, supervision, and accountability functions related to fire safety. In order to ensure effective implementation of safety measures across all factories, we regularly organise self-inspections and routine safety patrols. Factory managers are held accountable and subjected to appropriate penalties if issues are found in the factory during inspections, while relevant personnel are urged to promptly address any safety hazards. Safety inspection activities include, but are not limited to:

- Inspecting, maintaining, and repairing safety prevention facilities
- Checking the usage of various protective tools and equipment
- Verifying employees' compliance with safety responsibilities.

### National "Safe Production Month"

The 22nd National "Safe Production Month" was held in June 2023. Yurun Food and its various factories were actively promoting various activities during the "Safe Production Month". With the theme of "Safety Awareness for Everyone, Emergency Response for All", we continuously strengthen the awareness of the safety red line, further implement the main responsibility for safe production, enhance emergency response capabilities, and create a favourable environment and atmosphere for safe development.



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

In accordance with the *Regulation on Work-Related Injury Insurances*, our Group keeps proper records of work-related injuries and their frequency. During the Reporting Period, we had one employee who died in a traffic accident while commuting to work, nine employees injured due to work-related incidents, and a total of 100 days of work lost due to work injuries. We provide immediate medical assistance to injured employees and provide them with financial compensation in accordance with the *Regulation on Work-Related Injury Insurances*. We conduct detailed investigations for each safety accident and continually improve our preventive measures to prevent recurrence of such accidents.

## Safety Training and Drills

We place great emphasis on employee safety awareness and continuously improve our safety and emergency systems. We implement safety training measures tailored to different work environments, constantly updating and adjusting the content of safety training to enhance employees' safety awareness and skills, thus preventing safety accidents. To ensure the safety of our employees in the workplace, we regularly organise safety training and drills. We also publish relevant safety operating procedures for production equipment and provide training to new employees in each production chain to ensure they have clear understanding on the production processes and safe operations.



Fire Safety Training

We provide training on hazard identification, safety assessments, control procedures, operating procedures, and protective measures for various equipment to enhance employees' awareness of equipment usage and safety precautions. We require specialised workers in high-risk occupations such as furnace operators, electricians, pressure vessel operators, forklift drivers, and fire safety personnel to undergo professional training and obtain relevant professional qualifications before they can start working.

To enhance our ability to respond to emergencies and unexpected situations, we have developed annual emergency response drill plan. We require a minimum of two fire drills and drills involving ammonia gas each year, while other types of emergency drills are conducted based on actual circumstances. We evaluate effectiveness of the drills and refine the emergency response plans based on the results to ensure their effectiveness and appropriateness. In the event of emergency, we immediately activate the emergency response plan and take prompt and effective measures for rescue operations, minimising the loss of life and property. We also provide production safety training on production operations and quality safety to employees to ensure that they can work with sufficient safety awareness.

In order to enhance the fire safety awareness of our employees and their skills in firefighting and emergency evacuation during fire, as well as to improve their ability to respond and handle sudden and emergency situations, the Group requires all subsidiaries to organise full-scale employee drill at least once every six months. Additionally, we have signed the *Fire Safety Management Responsibility Agreement* to ensure that fire safety is implemented in every management detail.



Fire Safety Drill

## Physical and Mental Health

We are also highly concerned about the well-being of our employees. We believe that employees are vital to our business, and their well-being contributes to harmonious work environment, reducing work-related stress and increasing the overall productivity of our Company. Therefore, we regularly invite external experts to provide training for our employees, strengthening their awareness of health. Additionally, we have established dedicated psychological counselling room where we regularly invite counselling experts to provide psychological support and counselling to employees in need.

The Group has established resting areas, cafe, gymnasium, basketball court, indoor tennis court, badminton court, and etc, providing employees with spaces for relaxation and physical activity to alleviate work-related stress. Additionally, we organised periodic sports competitions such as basketball, badminton, and table tennis, as well as group movie outings, departmental gatherings, and camping activities, enriching employees' recreational lives and relieving work pressure. We take comprehensive approach to ensure physical and mental well-being of our employees.



Employee Team Building



Employee Activity Room

On 26 May 2023, we invited community hospital to our office. They set up departments such as internal medicine, surgery, ophthalmology, massage therapy, pain management, acupuncture, and other specialised services in the conference room. The event venue resembled miniature hospital, offering a range of professional and comprehensive services, including free medical screenings, consultations, and technical services to the employees, addressing various psychological and physical concerns they may have.



Employee Gymnasium

## Employee Training and Development

We place strong emphasis on the growth and development of our employees. Therefore, we have established clear and fair promotion system that provides employees with equal and diverse opportunities for growth, nurturing high-quality talent to ensure stable and positive company development. In our *Compilation of Human Resources Systems*, we have clearly defined organisational and talent management systems, allowing employees to have clear understanding on the promotion criteria for different positions and job levels. We employ various methods such as open competition, self-recommendation, public recommendation, and organisational assessment to select talent. Employee job performance serves as primary reference, while ethical qualities serve as the minimum qualification. We adhere to the principles of openness, fairness, and impartiality in selecting outstanding executives and publicly disclose the results of selection process to all employees.

In addition, we have established clear talent development system and established dedicated training institution, the Yurun Training Centre, responsible for cultivating and selecting talent. We combine internal and external training methods, covering various stages of employee career development, including orientation training, pre-job training, on-the-job training, development training, and senior management training. Our training courses cover multiple areas such as finance, administration, marketing, safety management, product development, workplace etiquette, and human resources management. The aim is to comprehensively enhance employees' professional knowledge and skills. This includes conducting sales training twice a month and financial training once a month. On average, each employee received 39.0 hours of training during the Reporting Period.

We require each business unit to develop and submit training plans based on their specific needs. The human resources department conducts random checks to ensure effective implementation of these training plans, aiming to genuinely enhance employees' professional knowledge and skills. We are committed to providing conducive platform for employee development, assisting them in achieving their personal career goals and growing together with the Company.



2023 Training

Below are the different types of training programs organised by the Group:





# ENVIRONMENTAL PROTECTION

## 10. ENVIRONMENTAL PROTECTION

Our Group is committed to reducing negative impact of our production and operational activities on the environment. We place great importance on environmental management compliance and strictly adhere to environmental laws and regulations. Simultaneously, we actively implement various environmental protection measures. These measures include conducting environmental awareness training, enhancing the environmental consciousness of management executives and employees through case studies and other methods, to ensure that everyone fulfils their environmental responsibilities. We require employees to sign relevant commitments, implementing a system of shared responsibility. We control pollutants at the source and have established regulations for handling environmental and safety incidents to ensure timely and effective response to any potential accidents. To reduce energy and resource consumption as well as improve resource utilisation, we optimise our production processes and promote measures for energy and water conservation. We encourage employees to reduce energy and water waste in their daily lives and work. We also actively promote waste and wastewater treatment to ensure compliance with environmental emission standards. Furthermore, we strictly implement environmental impact assessments and the "Three Simultaneities" system. This includes efforts to eliminate outdated production capacities, improve technological processes to reduce pollutant emissions, ensure compliant treatment and emission of pollutants, and continuously improve our environmental management system to achieve or exceed best practices in environmental protection.

We are committed to integrating green concepts into various aspects of factory site selection, construction, and business operations. Firstly, the establishment and selection of each factory undergo strict environmental assessments. All factories are allowed to operate only after detailed evaluations and

investigations by environmental departments and land planning departments, ensuring compliance with national standards. Additionally, we implement clean production practices and utilise clean energy. Through advanced equipment and technologies, we strive to improve the level of clean production. During the Reporting Period, four of our subsidiary companies have obtained ISO14001 certification for environmental management systems. We will gradually apply for relevant certifications for other subsidiary companies to enhance our overall environmental management standards.

To explore carbon reduction potential in food industry and promote ecological environmental protection in an orderly manner, we reviewed and evaluated the performance of environmental objectives in five areas during the Reporting Period: atmospheric pollutant emissions, greenhouse gas emissions, waste generation, energy efficiency, and water resource efficiency. We continue to monitor the actual actions taken to address these indicators and have documented records and final review reports. The Board receives regular progress reports on established environmental objectives to confirm and review the results of ESG goal progress. In the future, we will continuously summarise experiences from the progress of environmental objectives, make timely adjustments to goals, improve implementation mechanisms, and use them as basis for formulating next steps in response strategies and action plans.

## Emission

The main emissions of our Group include wastewater, exhaust gases, greenhouse gases, and harmful and non-hazardous waste. Our Group strictly complies with the following:

### ■ Law and regulations

- *Environmental Protection Law of the People's Republic of China* ;
- *Law on the Prevention and Control of Air Pollution in the People's Republic of China* ;
- *Law on the Prevention and Control of Water Pollution in the People's Republic of China* ; and
- *Law on the Prevention and Control of Solid Waste Pollution in the People's Republic of China*

### ■ Emission Standards

- *Comprehensive Emission Standards for Air Pollutants* ;
- *Emission Standards for Odorous Pollutants* ; and
- *Emission Standards for Boiler Air Pollutants*

To identify and manage environmental risks in our operational processes, our Group has established environmental management system and closely monitors the updates and changes in environmental laws, regulations, and emission standards to implement corresponding environmental measures. For example, we construct waste treatment facilities as required, where we handle wastewater, exhaust gases, and waste residues through self-treatment before centralised disposal, ensuring environmental compliance across all production plants. Additionally, we engage third-party companies to conduct self-monitoring of environmental pollutants in our factories, and no instances of pollutant exceedances have been detected. We comply with the emission permit standards and strictly control the total amount of emissions. We enhance emergency response management by developing and implementing contingency plans for pollution incidents, conducting regular emergency drills. We committed to taking responsibility and voluntarily accepting penalties in the event of major pollution accidents, actively cooperating with relevant authorities in post-incident management to minimise environmental impacts. We prioritise environmental protection and will continue to ensure that our operational activities comply with environmental regulations, continually improve our environmental management system, monitor emissions, and take necessary measures to minimise our impact on environment.

## Waste Generation and Disposal

We are committed to effectively managing waste and reducing our impact on environment. We will continue to improve methods of waste disposal and promote recycling of resources to achieve environmental protection and sustainable development goals. We strictly adhere to environmental pollution-related laws and regulations, including the *Law on the Prevention and Control of Solid Waste Pollution in the People's Republic of China* and the *Control Standards for Volatile Organic Compound Emissions*. Our Group has established comprehensive waste disposal procedures, strictly complying with national regulations for handling various types of waste and ensuring proper management of responsible personnel in accordance with the Hazardous Waste Management System. We optimise our production processes, enhance production efficiency, and minimize the generation of both hazardous and non-hazardous waste.

The main hazardous waste generated by our Group is the sludge produced by wastewater treatment plant. We have designated specific areas for storage of hazardous waste and have engaged qualified service providers for collection and disposal. The primary non-hazardous waste includes office waste, domestic waste, kitchen waste, sludge from the sewage treatment plant, and waste grease from grease traps. For office waste, we have placed collection bins for discarded items in engineering system maintenance area and carry out segregated collection, such as aluminium, scrap iron, power cables, and other recyclable materials, to ensure resource re-use. The remaining non-hazardous waste is handled by environmental sanitation department.

Some of our production plants utilise fully automatic harmless treatment equipment to process by-products generated during the production process, such as waste grease, fur, skin with stamps, pale soft exudative meat into organic fertilisers. This helps reduce the burden on landfills and subsequently decreases greenhouse gas emissions resulting from waste disposal.

During the Reporting Period, our Group has largely achieved the goals set in previous year to reduce generation of hazardous and non-hazardous waste. The indicators, action plans, and progress made are summarised in the following table:



Indicator	Action Plan	Progress
Sludge (sludge generated from wastewater treatment plants) Dewatering and Solid-liquid Separation Equipment Coverage Rate	<ul style="list-style-type: none"> <li>• Install additional solid-liquid separation equipment to reduce sludge generation</li> <li>• Conduct regular inspections to ensure proper operation of pollution control equipment</li> </ul>	✓
Legitimate Disposal of Hazardous Waste	<ul style="list-style-type: none"> <li>• Maintain communication with Hazardous Waste Division under the Environmental Protection Bureau and promptly transfer waste for treatment once minimum disposal standards are met</li> </ul>	✓
Non-hazardous Waste Recycling Rate	<ul style="list-style-type: none"> <li>• Utilise harmless treatment equipment to process by-products into organic fertilisers</li> </ul>	✓
Sludge (sludge generated from wastewater treatment plants) Harmless Disposal Rate	<ul style="list-style-type: none"> <li>• Sign disposal contracts with qualified third parties to ensure legal and compliant treatment of sludge</li> </ul>	✓
Garbage Sorting and Centralised Processing	<ul style="list-style-type: none"> <li>• Sign contracts with solid waste disposal companies in the production area to ensure timely cleanup and recycling</li> <li>• Set up trash bins for recycling within the plant area for separate collection</li> </ul>	✓
Reducing the Use of Disposable Items	<ul style="list-style-type: none"> <li>• Provide microwaves in the cafeteria to encourage employees to bring their own lunch</li> <li>• Provide disposable utensils for fee to reduce usage of disposable utensils in the cafeteria</li> <li>• Production line disposable items are requested and controlled by team leaders to minimise the use of disposable materials and promote the use of reusable materials</li> </ul>	✓
Paperless Office	<ul style="list-style-type: none"> <li>• Set up multiple office software such as OA, SAP, BPM, and DingTalk to achieve online paperless office, minimising the use of paper as much as possible</li> </ul>	✓
Reduce Paper Usage	<ul style="list-style-type: none"> <li>• Implement 6S management in the office, which include recording paper usage and practicing double-sided printing</li> </ul>	✓

Note: ✓ indicates completion within the Reporting Period and will continue to be pursued

## Sewage Discharge

Our Group strictly adheres to the requirements of the *Water Pollutant Discharge Standards for the Meat Processing Industry* and the *Technical Specifications for Slaughter and Meat Processing Wastewater Treatment Engineering* in handling wastewater. Our wastewater mainly originates from the food production process. Therefore, we have established the *Wastewater Inspection Management System* to conduct wastewater testing and ensure discharge achieving standards, making every effort to protect the environment. The system regulates the process, sampling methods, frequency, testing methods, and discharge concentration standards for wastewater inspection. The test reports must be issued within two hours after the completion of the inspection. If the test results are non-compliant, relevant personnel are required to provide feedback to the department and department heads within seven minutes using mobile phone text messages, enabling them to take immediate remedial measures.

In addition, we have established the *Wastewater Operation Guidelines* to regulate the management of wastewater treatment plants. We regularly update aging equipment to ensure that wastewater discharge meets the standards. We require relevant personnel to control the use of water for cleaning purposes to minimise the generation of wastewater. Furthermore, we encourage certain factories to utilise treated wastewater from the wastewater treatment system for recycling purposes, aiming to reduce the volume of wastewater discharge and achieve sustainable production.

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

- **Install efficient odour control equipment:** We have installed high-efficiency odour control equipment, such as odour screening programs or odour absorbers, around the wastewater treatment plant to capture and purify the generated odours.
- **Optimise the wastewater treatment process:** We continuously optimise the wastewater treatment process to minimise the generation of odours. We employ advanced treatment technologies and processes to ensure effective removal of odour-causing substances from the wastewater.
- **Regular inspection and maintenance of equipment:** We conduct regular inspections and maintenance of the wastewater treatment equipment to ensure its proper functioning and effective odour control. Damaged equipment is promptly replaced or repaired to maintain the system's optimal operation.
- **Enhance ventilation systems:** We improve the ventilation systems of the wastewater treatment plant to ensure good airflow, aiding the effective discharge of generated odours outdoors and preventing them from lingering in the surrounding environment.

## Air Pollutants and Greenhouse Gas Emissions

Our Group actively responds to the national strategy of *peak carbon dioxide emissions and carbon neutrality*. We strictly adhere to the *Comprehensive Emission Standards for Air Pollutants* and emission standards set by local environmental protection agencies to impose strict limitations on release of air pollutants. During periods of severe pollution, we implement production reduction, production limitation, or production suspension measures as required to reduce atmospheric pollution. Additionally, we engage qualified institutions to conduct regular monitoring of air pollutants and perform routine maintenance of waste emission equipment to ensure they are properly function.

The main source of air pollution in our Group is from boiler exhaust emissions. To reduce emissions, we have fully adopted electric transport equipment for material transportation within the factory premises during the Reporting Period. Furthermore, all our factories have switched to biomass boilers or gas boilers, completely phasing out coal-fired boilers. In addition, our Group has implemented diverse measures to significantly reduce air pollutants and greenhouse gas emissions throughout our operations. We are well aware of the impact of air pollution on environment and human health. Therefore, we will continue to make efforts to continuously improve our environmental performance and minimise our impact on the atmosphere. In the Reporting Period, we have set targets to reduce air pollutants and greenhouse gas emissions, and have established clear management directions for low-carbon emissions. The specific indicators, action plans, and progress achieved are shown in the table below:

Indicator	Action Plan	Progress
Environmental Boiler Coverage Rate	<ul style="list-style-type: none"> <li>All factories use biomass boilers or gas boilers</li> </ul>	✓
Reduction on Nitrogen Oxide Emissions	<ul style="list-style-type: none"> <li>Gradually promote the use of low-nitrogen combustion equipment in all factories</li> <li>Fully adopt electric transport equipment such as electric forklifts for material transportation within the factory premises</li> </ul>	During the Reporting Period, only one factory did not implement low-nitrogen combustion equipment due to production suspension. We plan to replace the combustion equipment with low-nitrogen burners upon resuming production.
Reduction of Odorous Gas Emissions	<ul style="list-style-type: none"> <li>Completed repairs of damaged windows in operation areas such as solid-liquid separation machine at sewage station and sludge storage area, and installed door curtains to prevent odor dispersion</li> </ul>	✓
Solar Energy Utilisation	<ul style="list-style-type: none"> <li>Gradually install solar panels for powering streetlights of factory area</li> <li>Gradually install solar panels on rooftops for power generation</li> </ul>	Some factories have already installed solar panels, while the remaining factories have developed long-term plans to complete installation of solar panels and will also record the energy-saving performance before and after installation

Note: ✓ indicates completion within the Reporting Period and will continue to be pursued

Indicator	Action Plan	Progress
Refrigerant Consumption	<ul style="list-style-type: none"> <li>Replacement of environmental friendly refrigerant by phase</li> </ul>	Some factories have already replaced the refrigerants, while the remaining factories have developed mid-term plans to complete the replacement and strengthen daily management of refrigerant consumption. Regular inspections by refrigeration technicians to identify and repair any leaks timely
Factory Greening Rate	<ul style="list-style-type: none"> <li>Organise tree planting activities and encourage employees to participate in cleaning factory area and greening the sewage station</li> </ul>	Tree planting and greening activities have been carried out in some factories, while the remaining factories have developed long-term plans to complete greening transformation of sewage stations
Accident Prevention and Handling	<ul style="list-style-type: none"> <li>Weekly equipment safety and environmental review meetings, as well as daily project team meetings, have been organised for training, drills, inspections, and corrective measures to avoid accidents</li> </ul>	✓
Reduction on Natural Gas Consumption	<ul style="list-style-type: none"> <li>Strengthen control over natural gas consumption during the production process. Shut down the burners, flame guns, and pig head burners during employee's resting time</li> <li>Ensure that the products entering the furnace meet the loading requirements, reducing natural gas consumption</li> </ul>	✓

Note: ✓ indicates completion within the Reporting Period and will continue to be pursued

## Resource Utilisation

### Energy Consumption

The primary energy consumption in our Group is natural gas and purchased electricity. To strengthen process control, enhance energy-saving awareness among all staff, control factory energy consumption, reduce production costs, and improve operational efficiency, our Group has established an *Energy Management System* and *Control Program for Energy Consumption*, which provide regulations for water, electricity, and gas usage. A dedicated department is responsible for coordinated management of energy usage within the Group. They are responsible for developing and implementing energy planning and energy management systems, as well as overseeing and inspecting energy management of subsidiary companies.

#### Reducing Electricity Consumption Measures

- 1 Optimise production scheduling to enable the use of equipment with low power as much as possible, particularly for electric heating wax pots in slaughterhouse and knife sterilisation barrels. These devices should be activated in advance based on their performance specifications, avoiding idle running or premature activation of equipment.
- 2 Enhancing the management of refrigeration systems to improve cooling efficiency. Each factory should strengthen the management of cold storage, fresh product pre-cooling rooms, and white strip pre-cooling rooms in terms of inbound and outbound operations. Minimise the frequency of door openings and ensure that doors are closed immediately after entering or leaving, reducing energy consumption.
- 3 Strictly control electricity usage for lighting and, under the premise of meeting production requirements, choose energy-efficient lighting fixtures with lower power consumption. Remember to turn off lights when they are not needed and eliminate instances of leaving lights on unnecessarily, preventing the occurrence of lights being switched on continuously.
- 4 Maximise the utilisation of peak and off-peak electricity pricing differentials by scheduling production accordingly. This mainly involves staggering the activation of refrigeration equipment and high-power machinery in the production line. While ensuring product quality, consider increasing production speed appropriately to shorten production time. After production is completed, promptly turn off power sources to reduce electricity consumption.
- 5 The equipment engineering department compiles daily summary of the overall electricity consumption for each section of factory. They investigate the causes of any abnormal usage and make timely corrections. They also closely monitor daily progress and performance.
- 6 Procure daily statistics of production volume and energy consumption data from each subsidiary company. Compare them with planned energy consumption and previous data to identify any anomalies. Conduct follow-up investigations on abnormal data, urge production companies to identify the causes of issues, develop solutions, and ensure their implementation.

During the Reporting Period, we have supervised the work related to energy usage and reviewed and managed the progress of target achievement. This is aimed at strengthening our management capabilities in energy usage. The specific indicators, action plans, and progress of completion are shown in the table below.

Indicator	Action Plan	Progress
Promotion of Heat Recovery Technology	<ul style="list-style-type: none"> <li>Completed the upgrade and retrofit of the biomass boiler economisers to fully utilise the waste heat from the boiler exhaust, saving biomass fuel and improving boiler thermal efficiency</li> </ul>	✓
Improvement of Production Plans and Processes	<ul style="list-style-type: none"> <li>Reasonably control the start-up time of refrigeration compressors to avoid peak electricity usage</li> <li>Adopt centralised production and scheduling of warehouse operations to improve energy utilisation efficiency</li> </ul>	✓
Replacement of Energy-saving Equipment	<ul style="list-style-type: none"> <li>Completed replacement of courtyard lights in factory area with LED lighting</li> <li>Completed retrofit of fresh air refrigeration system in finished goods warehouse</li> </ul>	✓
Electricity Consumption Management	<ul style="list-style-type: none"> <li>Developed annual energy consumption plans based on actual conditions of different factories and carried out energy consumption statistics for each operational factory. Generated energy consumption reports and conducted follow-up investigations on abnormal data. Urged subsidiary companies to identify the causes of issues and develop solutions for implementation</li> <li>Signed contracts with electricity suppliers and applied for direct purchasing of electricity to reduce electricity expenses</li> </ul>	Some factories have already implemented direct electricity purchasing, while the remaining factories are developing medium to long-term plans. They are conducting energy consumption statistics and actively implementing energy-saving goals
Utilisation of Renewable Energy	<ul style="list-style-type: none"> <li>Actively research renewable energy-related policies and application methods to increase the proportion of renewable energy in total purchased electricity</li> </ul>	During the Reporting Period, due to limitations in infrastructure and consumption volume, no green power agreements were signed. However, long-term plan has been developed to actively explore the utilisation of renewable energy sources
Strengthening Promotion and Education of Energy Conservation	<ul style="list-style-type: none"> <li>Continuously carry out promotion and training of energy conservation through ways such as bulletin boards and posting energy-saving slogans to enhance employees' awareness of energy conservation</li> </ul>	✓

Note: ✓ indicates completion within the Reporting Period and will continue to be pursued

## Use of Water Resources

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

### Water Usage Reduction Initiatives

- 1 Strictly adhere to water usage plans. The Equipment Engineering Department and Production Department will investigate and supervise the consumption of water in the factory based on the issued unit consumption targets.
- 2 Strictly control the use of water for cleaning and hygiene purposes. When conducting cleaning and sanitation, the procedure of first sweeping and then rinsing should be followed. While ensuring environmental requirements, efforts should be made to minimise water usage and avoid wastage.
- 3 The Equipment Engineering Department designates personnel to conduct regular inspections and maintenance of pipelines, valves, faucets, and other water-related equipment within the factory to prevent occurrences of leaks, bursts, dripping, or other malfunctions. In case of any abnormalities detected during the production process in the water supply equipment, immediate notifications are sent to the Equipment Engineering Department for timely repairs.
- 4 Enhance water management in production areas and raise employees' awareness of water conservation. Install "Water Conservation" signs at key water usage points to encourage staff to save water.
- 5 Improve certain water facilities by replacing manual controls with automatic controls to avoid continuous water flow, thereby preventing energy waste.
- 6 The Equipment Engineering Department compiles a daily summary of the total water consumption throughout the factory, investigating the reasons for any abnormal water usage and implementing timely corrective measures. Daily monitoring is conducted to ensure continuous improvement.
- 7 The Production Department and Equipment Engineering Department intensify their supervision and inspections, ensuring that each switch, water pipe, and related equipment is clearly assigned responsibility. This approach ensures that every individual takes responsibility for energy conservation, and there is supervision and accountability at every level.
- 8 Install water metering devices in different areas to establish a foundation for assessing energy consumption based on regional divisions.

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

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

Note: ✓ indicates completion within the Reporting Period and will continue to be pursued

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

## Use of raw materials and packaging materials

Through the *Cost Indicator Incentive Scheme for Processed Meat Production Division*, the Group has set standards for the utilisation of raw materials and packaging materials, and urged its subsidiaries to implement various measures to enhance the efficiency of the use of raw materials and packaging materials and reduce costs. The scheme incorporates a cash reward and penalty system to incentivise employees in the production department to reduce waste by monitoring the usage rates of raw materials and packaging materials on a monthly basis.

- The measures to enhance the efficiency of raw material use:
  - Promote chilled raw materials across the Group and reduce losses in the defrosting cycle
  - Use high humidity and low temperature thawing machines to reduce overall raw material water loss and reduce the cost and increase the efficiency
  - Establish a dissecting centre to coordinate the needs of raw materials in each factory, reduce the need for dissecting manually during the trimming process and improve raw materials' utilisation
- The measures to enhance the efficiency of the use of packaging materials:
  - Recycle plastic baskets for delivery of products through e-commerce channels and special channels to reduce the use of cartons
  - Re-use insulation boxes for short-distance transportation such as e-commerce channel products and frozen products to reduce the use of cartons
  - Re-use the external packaging boxes of gift boxes to reduce consumption during transportation
  - Change the form of packaging, increase the capacity of general boxes, and reduce the use of packaging materials
  - Standardise packaging layouts to enhance packaging and reduce defective stock generation
  - Replace colour film with white film and labels for certain products
  - Provide training to employees on packaging technology and the quality control procedures of suppliers' packaging materials to reduce the number of defective products and damage during production

## Environmental and Natural Resources

The Group recognises that as a food processing company, there may be various environmental risks in the production and operation process. The use of food-grade and industrial-grade oils, lubricants, ink solvents, as well as the waste liquids generated from laboratories and equipment, can potentially lead to soil contamination if leakage occurs. Improper handling of generated sludge and pig manure can result in land compaction. If they are not collected and treated properly, slaughter by-products such as pig blood and pig hair can cause water pollution. Odorous gases from wastewater treatment plants and leaks during refrigerant usage can also impact the atmosphere. During the Reporting Period, the Group revised the *Production Safety and Environmental Accident Handling Regulations* to ensure personnel accountability and mitigate environmental accidents. Several subsidiary companies have completed filing emergency response plans for unexpected environmental incidents and conducted environmental accident drills.

## Addressing Climate Change

We understand that climate change is a global issue that requires collective action, and as one of the players in the PRC food industry, we recognise our responsibility to tackle climate change. We are advancing the identification and assessment of climate change-related risks and opportunities, while closely monitoring potential policy changes and market dynamics. During the Reporting Period, we have identified physical risks related to climate change, such as droughts, floods, heavy rainfall and other extreme weather conditions that could impact our production and operations. To enhance our risk management capabilities, we have developed *Specialised Emergency Response Plans for Severe Weather Conditions* and *Specialised Emergency Response Plans for Heavy Pollution Days* to address unforeseen circumstances during adverse weather conditions and to mitigate losses.

During the Reporting Period, we have taken the following measures to respond to unforeseen extreme weather conditions:

- Production centres have established safety inventory standards for raw materials based on production cycles to address unforeseen extreme weather situations and ensure normal operations
- Due to the possibility of price increases for certain raw materials during extreme weather events, the Group has strategically increased inventory levels for bulk materials to mitigate the impact of extreme weather on raw material prices and reduce production costs.
- The transportation department conducts advanced weather research before shipment, determining the appropriate shipping time, safe transportation routes, and methods. Emergency plans have been developed to address any unforeseen issues.
- Each factory pays attention to weather changes on both supply and sales ends. Proactively prepare raw material reserves, coordinate with the market, and inform customers about delivery times and availability of goods.

To address the adverse impacts of long-term global climate change, we have also implemented the following measures:

- Climate warming has certain effects on cold chain transportation. To ensure the safety of product transportation, each subsidiary company within the Group uses insulated vehicles to transport products based on different weather conditions. Electronic temperature control is employed to monitor and maintain temperatures throughout the transportation process.
- To mitigate the impact of climate warming on breeding hogs, each subsidiary company within the Group employs methods such as exhaust fans and sprinklers to cool down pig pens during hot weather, providing the optimal environmental temperature.
- To address the impact of climate change on raw material supply, the Group actively monitors industry dynamics and collaborates with universities to explore diversified sources of raw materials.



# COMMUNITY CONTRIBUTION

# 11. COMMUNITY CONTRIBUTION

Yurun Food is committed to establishing strong community relationships and actively participating in and supporting the development of local communities. We firmly believe that a prosperous, healthy, and supportive community is the cornerstone of sustainable development. We make positive contributions to the communities we operate in by engaging in various community activities, providing volunteer support, donating resources, and collaborating with educational institutions. We strive to contribute to the community and provide support, and we are committed to delivering safe and healthy food to households. We aim to contribute to the community in a broader and more profound way, by promoting sustainable social development through the practice of corporate social responsibility.

### Disaster Relief: Donation to Wanlongxiang In Shuangcheng District by the Group

On 15 August 2023, employee representatives from Harbin Dazhong Roulian Food Co., Ltd. visited the People's Government of Wanlongxiang in Shuangcheng District. They represented the Yurun Food in donating supplies worth over RMB 200,000 to the severely affected Wanlongxiang, offering their heartfelt support to the people in the affected area.



## Social Welfare

We actively participate in various charity events and donation programs to support the vulnerable groups and provide disaster relief. We regularly collaborate with community organisations, non-governmental organisations, and government departments to carry out various projects aimed at improving social welfare and assisting those in need. Additionally, we are committed to poverty alleviation efforts to help improve the quality of life for individuals living in poverty. During the Reporting Period, we continued to collaborate with various stakeholders and participated in activities organised by the Municipal Bureau of Commerce, aligning with government efforts in targeted poverty alleviation. We deepened our understanding of the needs of various groups and jointly developed and implemented social responsibility projects. Moreover, our Group actively responds to unforeseen public events. We proactively donate supplies to affected people once we become aware of the occurrence of a disaster.

### Offering Our Support: Addressing Local Transportation Challenges

On 6 September 2023, Harbin Dazhong Roulian Food Co., Ltd. participated in an assistance activity organised by the Municipal Bureau of Commerce. The company contributed its corporate strength to address the local residents' transportation difficulties. Through practical actions, the company fulfilled its social responsibility, demonstrated a spirit of compassion, and promoted the values of helping the needy and supporting those in distress. In the future, the Group will continue to remember its original intention and mission, fully leverage the social influence of the Yurun Food and Haroulian brands, actively cooperate with the government in targeted poverty alleviation efforts.



## Enterprise-School Collaboration

The Group has always been actively involved in enterprise-academia collaboration and has built a series of charitable initiatives on this foundation. We are committed to creating better educational opportunities for the younger generation and providing practical experiences and support through the alliance of schools and educational institutions to cultivate capable and responsible future leaders. In today's highly competitive business environment, nurturing high-quality young talent is crucial for a company's success. Enterprise-academia collaboration provides us with a platform to partner with educational institutions, establishes close connections, jointly cultivates future talents, and facilitates the exchange and transfer of knowledge and innovation. Through cooperations with higher education institutions, vocational training organisations, and research institutions, we are able to provide internship and employment opportunities for students, enable them to gain practical experience and skills relevant to the actual working environment during their academic years. Additionally, these partnership help us attract outstanding talent to join our team, as well as inject innovation ideas and creativity into our business.

During the Reporting Period, Yurun Food has continued its commitment to providing employment opportunities for the younger generation and nurturing talents. We have conducted campus recruitment activities for the 2023 graduating class of numerous universities and offer multiple management trainee positions. The recruited positions include production management trainees, engineering equipment management trainees, technical research and development management trainees, and marketing management trainees. The training programme lasts for two years and aims to promote talented individuals. We aim to provide upward mobility opportunities for 70% of our employee-level management trainees, allowing them to progress vertically into various management positions. We also offer students various opportunities to gain practical corporate experience and cultivate managerial talent.

## Contributions to Industry Development

As an important industry participant, we recognise that our responsibility extends beyond pursuing our own commercial interests, it also includes contributing to the prosperity and sustainable development of the entire industry. In this regard, we actively seek collaborations with other companies, organisations, and institutions to jointly drive the industry's development. We have established extensive partnerships with various stakeholders within the industry, including supply chain partners, research institutions, industry associations, and government agencies. By sharing knowledge, resources, and experiences with these collaborative partners, we can better address the challenges faced by the industry and explore new opportunities. We actively participate in industry events and forums, as well as engage in exchanges and cooperation with peer companies and professionals. These activities provide a platform for us to share best practices, discuss new innovations and trends, and collectively seek solutions to propel the industry's development.

### Collaboration in the Industry: 2023 China International Meat Industry Week

The "2023 China International Meat Industry Week", jointly organised by the China Meat Association and the World Meat Organisation, was grandly held in Qingdao, Shandong Province. This edition of industry week encompassed six main activities, including conferences, exhibitions, trade matchmaking, competitive events, commendations, and technology promotion, with the aim of delving into the policies and development strategies of meat industry. Harbin Dazhong Roulian Food Co., Ltd., as one of the first batch of "China's Time-honored Brands" enterprises, appeared at the venue, participating in various activities associated with the China International Meat Industry Week 2023, such as the Meat Industry Development Conference, the 20th China International Meat Industry Exhibition, culinary food shows, and national connections for the production and distribution of outstanding new agricultural products. During the industry week, the company engaged in exchanges with peer enterprises and received multiple awards, including the 2022 China Meat Food Industry Award for Innovative Team and Innovative Individual, etc.



# PERFORMANCE INDICATORS

# 10. ENVIRONMENTAL PROTECTION

## Annual Product Output

	Unit	2023	2022
Annual Product Output <sup>1</sup>	Tonnes	70,692	84,550

## Emissions and Wastes

	Unit	2023	2022
Air Pollutant <sup>2</sup>			
Nitrogen Oxides	Tonnes	5.93	6.99
	Tonnes / tonnes annual output	8.39×10 <sup>-5</sup>	8.26×10 <sup>-5</sup>
Sulphur Oxides	Tonnes	0.25	0.26
	Tonnes / tonnes annual output	3.10×10 <sup>-6</sup>	3.05×10 <sup>-6</sup>
Greenhouse Gas ("GHG")			
GHG (Scope 1 and Scope 2)	Tonnes CO <sub>2</sub> e	21,900	31,148
	Tonnes CO <sub>2</sub> e / tonnes annual output	0.31	0.37
Scope 1: Direct Emissions <sup>3</sup>	Tonnes CO <sub>2</sub> e	14,980	21,301
Scope 2 Indirect Emissions <sup>4</sup>	Tonnes CO <sub>2</sub>	6,920	9,847

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

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

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

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

Unit		2023	2022
Wastewater			
Wastewater	Tonnes	355,005	449,469
	Tonnes / tonnes annual output	5.02	5.32
Hazardous Waste			
Sludge (Sludge generated from wastewater treatment plants)	Tonnes	0	0
	Tonnes / tonnes annual output	0	0
Waste Liquid generated from Chemical Room	Tonnes	0.96	1.68
	Tonnes / tonnes annual output	1.36×10 <sup>-5</sup>	1.99×10 <sup>-5</sup>
Non-hazardous Waste			
Total Non-hazardous Waste	Tonnes	233	281
	Tonnes / tonnes annual output	0.003	0.003
Domestic Waste	Tonnes	49	137
Food Waste	Tonnes	23.3	28
Sludge (Sludge generated from sewage treatment plants)	Tonnes	160	114
Waste Grease from Grease Trap	Tonnes	1.1	1.9

## Use of Resources

Unit		2023	2022
Energy			
Indirect Energy <sup>5</sup>	MWh	15,586	17,267
	MWh/tonnes annual output	0.22	0.20

<sup>5</sup> During the Reporting Period, the only indirect energy consumption of the Group was the purchased electricity.

Unit		2023	2022
Energy			
Purchase Electricity	MWh	15,586	17,267
Purchase Steam	MWh	0	0
Direct Energy (Natural Gas, Gasoline, Diesel and Biomass Fuel)	MWh	36,603	44,071
	MWh / tonnes annual output	0.52	0.52
Natural Gas	m <sup>3</sup>	3,377,269	4,070,000
	m <sup>3</sup> / tonnes annual output	47.77	48.14
Gasoline	Litres	7,795	5,620
	Litres / tonnes annual output	0.11	0.07
Diesel	Litres	235	313
	Litres / tonnes annual output	3.32×10 <sup>-3</sup>	3.70×10 <sup>-3</sup>
Biomass Fuel	Tonnes	393	506
	Tonnes / tonnes annual output	0.01	0.01
Water			
Total Water Consumption	Tonnes	591,234	742,935
	Tonnes / tonnes annual output	8.36	8.79
Municipal Water	Tonnes	343,022	349,892
Underground Water	Tonnes	248,212	393,043
Packaging Material <sup>6</sup>			
Total Consumption of Packaging Materials	Tonnes	2,244	2,331
	Tonnes / tonnes annual output	0.03	0.03
Paper (including carton, paper label)	Tonnes	1,732	1,663
Plastic (including plastic bag, food bag)	Tonnes	512	668

<sup>6</sup> To remain consistent, the packaging material data for the year 2022 was restated to align with the calculation method used in the Reporting Period.

## Employees

Number of Employees	Unit	2023	2022
Number of Employees	Person	1,035	1,410
By Gender			
Male	Person	555	763
Female	Person	480	647
By Employment Type			
Full-time	Person	910	1,172
Part-time	Person	125	238
By Age Group			
≤ 30	Person	187	253
31-40	Person	296	425
41-50	Person	305	459
51-60	Person	232	259
≥ 61	Person	15	14
By Geographical Region			
Mainland China	Person	1,030	1,406
Hong Kong SAR, China	Person	5	4

Employee Turnover Rate <sup>7</sup>		Unit	2023	2022
Employee Turnover Rate	Percentage		26.60%	27.02%
By Gender				
Male	Percentage		27.26%	26.07%
Female	Percentage		25.81%	28.34%
By Age Group				
≤ 30	Percentage		26.09%	27.51%
31-40	Percentage		30.35%	28.57%
41-50	Percentage		33.55%	29.60%
51-60	Percentage		10.42%	15.91%
≥ 61	Percentage		6.67%	50.00%
By Geographical Region				
Mainland China	Percentage		26.74%	27.04%
Hong Kong SAR, China	Percentage		25.00%	20.00%

<sup>7</sup> The formula for calculating employee turnover rate: the number of employees leaving employment in 2023/ (the number of employees as of the beginning of 2023 + the number of new hires in 2023) × 100%.

## Training

Percentage of Employees Trained by Category <sup>8</sup>		Unit	2023	2022
By Gender				
Male	Percentage		55.95%	54.11%
Female	Percentage		44.05%	45.89%
By Employee Category				
Production	Percentage		64.81%	68.87%
Non-production	Percentage		20.23%	20.57%
Sales	Percentage		14.96%	10.57%

Average Training Hours Completed per Employee <sup>9</sup>		Unit	2023	2022
Average Training Hours Completed per Employee	Hours		39.01	49.65
By Gender				
Male	Hours		39.70	50.42
Female	Hours		38.28	48.74
By Employee Category				
Production	Hours		43.73	50.20
Non-production	Hours		27.33	49.25
Sales	Hours		39.17	46.85

<sup>8</sup> The formula for calculating the percentage of employees trained by category: the number of employees trained in the specified category/ the total number of employees trained ×100%.

<sup>9</sup> The formula for calculating the average training hours completed per employee: the total number of training hours for employees/ the total number of employees as of the end of the Reporting Period.

## Safety

Work Injury	Unit	2023	2022	2021
Lost Days due to Work Injury	Days	100	471	481
Number of Work-related Fatalities	Person	1	0	0
Rate of Work-related Fatalities	Percentage	0.07%	0	0

## Supplier

Number of Supplier	Unit	2023	2022
By Geographical Region			
China	Number of Suppliers	606	699
Other Regions	Number of Suppliers	6	4

## Products and Service

Products and Service-related Complaints	Unit	2023	2022
Number of Complaints	Cases	41	37
Complaints Resolution Rate	Percentage	100%	100%

Product Recall	Unit	2023	2022
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons	Percentage	0%	0%

## Anti-Corruption

Number of Cases Regarding Corrupt Practices	Unit	2023	2022
Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Group or its employees	Cases	1	0

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

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

**Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the ESG Reporting Guide of the SEHK (including but not limited to)**

**The Group's Performance in the Reporting Period**

Emissions

*Environmental Protection Law of the PRC*

*Environmental Protection Tax Law of the PRC*

*Regulation on the Implementation of the Environmental Protection Tax Law of the PRC*

*Water Pollution Prevention and Control Law of the PRC*

*Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes*

*Atmospheric Pollution Prevention and Control Law of the PRC*

*Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*

*Cleaner Production Promotion Law of the PRC*

*Measures for Pollutant Discharge Permitting Administration (For Trial Implementation)*

*Measures for the Administration of Automatic Monitoring of Pollution Sources*

*Catalogue of Industry Varieties Involving Safety Risks of Hazardous Chemicals*

*National Catalogue of Hazardous Wastes*

During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

**Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the ESG Reporting Guide of the SEHK (including but not limited to)**

**The Group's Performance in the Reporting Period**

**Employment and Labour Practice**

*Labour Law of the PRC*

*Labour Contract Law of the PRC*

*Law of the PRC on the Protection of Women's Rights and Interests*

*Law of the PRC on the Protection of Minors*

*Provisions on the Prohibition of Using Child Labour*

*Social Insurance Law of the PRC*

*Labour Dispute Mediation and Arbitration Law of the PRC*

During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and preventing child and forced labour.

**Health and Safety**

*Production Safety Law of the PRC*

*Law of the PRC on the Prevention and Control of Occupational Diseases*

During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.

**Anti-corruption**

*Company Law of the PRC*

*Bidding Law of the PRC*

*Anti-unfair Competition Law of the PRC*

*Criminal Procedure Law of the PRC*

*Criminal Law of the PRC*

*Interim Provisions on Banning Commercial Bribery*

During the Reporting Period, the Group was in compliance with the applicable laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud, and money laundering.

## 14. Appendix 2: Index of the SEHK's ESG Reporting Guide

Mandatory Disclosure	Description		Relevant Sections and Remarks
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board's oversight of ESG issues;</li> <li>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ul>		Message from the Board
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report.</p>	<p><b>Materiality:</b> The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About this Report
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>		About this Report

Mandatory Disclosure	Description	Relevant Sections and Remarks
Environmental Aspect A1: Emissions		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) The policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Performance Indicators

Mandatory Disclosure	Description	Relevant Sections and Remarks
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection
Social Aspect B1: Employment		
General Disclosure	Information on: (a) 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.	Employee Well-being
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Indicators
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) 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.	Employee Well-being
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Indicators
KPI B2.2	Lost days due to work injury.	Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Well-being

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

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