



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

(Incorporated in Bermuda with limited liability)

Stock Code: 1262

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2019





Environmental, Social and Governance Report

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Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Reporting Scope

To help the stakeholders understand the environmental, social and governance (“ESG”) policies, measures and performance of Labixiaoxin Snacks Group Limited, this Environmental, Social and Governance Report (the “Report”) is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange. For the purpose of complying with the ESG Guide and the Corporate Governance Code, the Board of Directors accepts full responsibility for the Group’s environmental, social and governance strategies and reporting, for the assessment and identification of risks associated with environmental, social and governance matters of the Group and for ensuring appropriate and effective risk management and internal control system are set and maintained by the Group.

The Report mainly summarizes policies, initiatives and performance in relation to environmental and social aspects. Other subjects, including corporate governance, regulatory matters and information about directors, have been disclosed in relevant sections set out in the annual report for the year 2019 of the Group.

1.1.1 Reporting Period

The Report covers the Group’s environmental, social and governance matters in China from 1 January 2019 to 31 December 2019 (the “Reporting Period”, the “Financial Year”), and, if appropriate, can be traced back or extended to other important years.

1.1.2 Organization Scope

The Report mainly covers Labixiaoxin Snacks Group Limited (Stock code 1262) and its four subsidiaries in Fujian, Tianjin, Chengdu and Anhui.

1.1.3 Basis of Preparation

The preparation of the Report is based on the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange, with reference to GRI Standards of Global Reporting Initiative, Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China (CASS-CSR4.0), Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China 3.0 – Food Industry (《中國企業社會責任報告編寫指南3.0之食品行業》) issued by Chinese Academy of Social Sciences and ISO 26000 – Guidance on Social Responsibility (2010) issued by International Organization for Standardization.

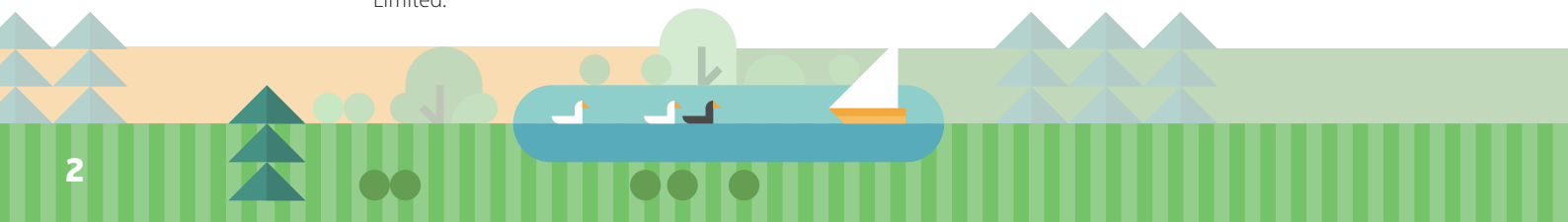
The Report is prepared based on the requirements set out in the abovementioned standards, and proceeded through benchmarking, stakeholder communication, analysis of material issues, collection of relevant information and data, report preparation and the report reviewing process by the Board, so as to ensure the materiality, quantification, balance and consistency of the content in the Report.

1.1.4 Statement about Information

All information and data used in the Report are extracted from the Company’s formal documents, statistics reports and financial statements. Information of the Report are provided by the Group’s employees and partners, intended solely to disclose environmental, social and governance affairs of the Group, but not for commercial use.

1.1.5 Reporting Specification

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



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1.1.6 Languages Available

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

1.1.7 Feedback on the Report

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

Address: 7th Floor, AT Tower, 180 Electric Road, North Point, Hong Kong
 Tel: 2536 9669
 Fax: 2536 0960
 E-mail: admin@lbxxgroup.com
 Website: www.lbxxgroup.com

2. INFORMATION OF LABIXIAOXIN

2.1 Company Introduction

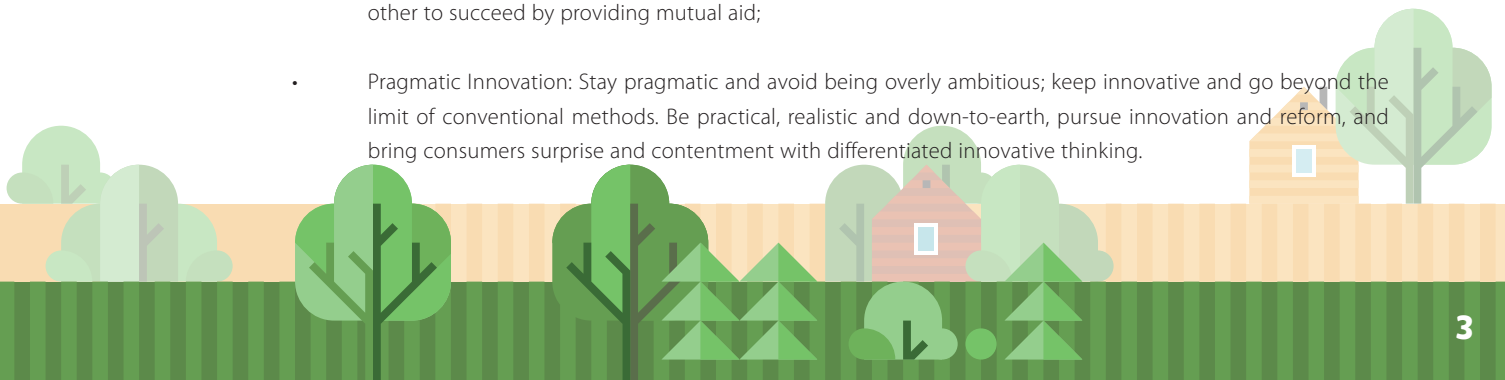
The business of Labixiaoxin Snacks Group Limited (listed on the Main Board of Hong Kong, stock code: HK.01262) started in 2000. With a history of two decades, the Company has become one of leading snack food producers in China. We have four production bases in Fujian, Tianjin, Chengdu and Anhui, and the standard plants of these production bases together with their supporting facilities cover over 50,000 square meters. We have over 1,000 employees, including about 100 professional technicians, and possess about 200 advanced production lines. Our jelly products secure one of the top three largest market share in the domestic market, and puddings, drinks and biscuits all enjoy a good reputation among consumers.

2.2 Corporate Culture and Philosophy

In the two decades since its establishment, Labixiaoxin has been providing consumers with healthy and nutritious products by upholding the “faithfulness and win-win philosophy”, committing itself to the development mission “creating a great health undertaking and building a 100-year brand” and sticking to the vision “striving for the innovation and promotion of Chinese snack foods”.

Core values:

- **Healthiness & Happiness:** Ensure that all products are produced with high standards, try to infuse happiness into people’s life, and provide consumers with snack foods that fit their own tastes and remain fashionable, delicious and interesting;
- **Accountability & Responsibility:** Strive to build a healthy corporation, fulfill social responsibilities, stay dedicated to the health of consumers and the win-win cooperation with shareholders, employees and partners, and play a part in the development of the society;
- **Cooperation & Sharing:** Understand each other with respect, support each other with trust, reach an agreement through communication, realize win-win situation by offering mutual benefits, and help each other to succeed by providing mutual aid;
- **Pragmatic Innovation:** Stay pragmatic and avoid being overly ambitious; keep innovative and go beyond the limit of conventional methods. Be practical, realistic and down-to-earth, pursue innovation and reform, and bring consumers surprise and contentment with differentiated innovative thinking.



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2.3 Diverse Products

Labixiaoxin remains consumer-centric and launches diverse products to satisfy demands of various consumer groups by leveraging the strong product development and innovation ability and following the trend of consumption upgrade. The featured product series of 2019 are as follows:

- Jelly series: fruit-flavored jelly, fruit pulp jelly, lactic acid bacteria jelly, AD calcium jelly, Eden Bar;
- Pudding series: juice pudding, cheese pudding, yoghurt pudding, milk pudding;
- Drink series: drinkable jelly, popsicle, fruit squash, smoothie;
- Candy series: snowflake flaky pastry, hard candy, milk candy, nougat, gummy candy;
- CBR chocolate series: oats, small cup, crisp, egg rolls.

Since its establishment, Labixiaoxin has been growing with the gene of “keeping innovative”, and innovation has become its core competitiveness. The innovation spirit of Labixiaoxin can be reflected by the continuous launching of high-quality products that align with market development trends and satisfy consumers’ demands. In 2019, we invested more in the development of highly nutritious products and launched many low-calorie, low-sugar and low-fat products to cater to modern urban consumers who have desires and demands for healthy foods.

In 2019, we also launched a number of milk pudding products that are rich in protein. With delicate taste and high nutrition, such products recorded outstanding performance immediately after the launching in the market and were widely recognized by consumers.

New Products of Pudding Series



As the convenor of the Jelly Group of National Committee of Snack Food Technology Standardization (全國休閒食品標準化技術委員會果凍小組), we continuously improve jelly products, extend the category of jelly products and enrich the product mix. On the basis of existing jelly products, we launched a number of new jelly products containing rich lactic acid bacteria in 2019, and decorated the jelly package with creative designs at the same time, which received positive comments from consumers.

New Products of Jelly Series



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2.4 Patents, Innovations and Honors

2.4.1 Labixiaoxin's Patents and Innovations

On the way to the innovation and promotion of Chinese snack foods, Labixiaoxin never stops the pace of reformation. Supported by the product technology research and development center, we launch innovative, high-quality and diverse new products. The pudding series focusing on nutrition and taste, the fruit juice jelly series highlighting health and the Original Life series catering to urban female consumers and advocating fresh and fashionable lifestyle are all high-quality new products that emphasize nutrition and health and satisfy consumers' individualized consumption demands and scenario experience.

Patent certificates and awards in recent five years:

- March 2015: Patent for Invention "Two-layer Mousse Jelly and Preparation Process";
- March 2016: Patent for Invention "A Preparation Process for Vitamin Jelly";
- December 2016: Second Class Prize of The State Scientific and Technological Progress Award;
- September 2019: First Class Prize of Fujian Provincial Technological Progress Award 2018.

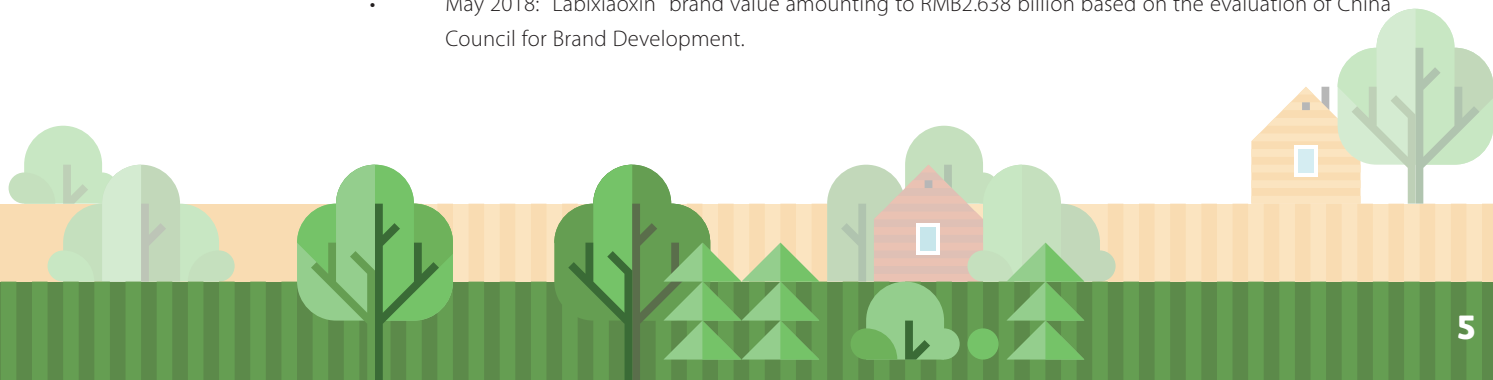
2.4.2 Labixiaoxin's Major Honors in Recent Five Years

Social recognition:

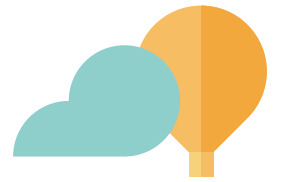
- May 2014: Quanzhou Municipal-level Leading Enterprise of Agricultural Industrialization 2013-2014;
- July 2016: Provincial-level Key Leading Enterprise of Fujian's 8th Agricultural Industrialization;
- December 2016: Second Class Prize of The State Scientific and Technological Progress Award;
- May 2018: MIIT Certification for the Integration of Informationization and Industrialization Management System;
- May 2019: "Outstanding Enterprise" of Bakery & Confectionery Industry at the 40th Anniversary of China's Reform and Opening-up;
- October 2019: Municipal-level Key Leading Enterprise of Quanzhou's 9th Agricultural Industrialization.

Brand reputation:

- May 2014: 2013 CIEBC Top 100 Companies;
- November 2014: Well-known Trademark of Fujian Province (November 2014 to November 2017);
- June 2015: China Association of Bakery & Confectionery Industry Top 10 Companies (Jelly);
- May 2018: "Labixiaoxin" brand value amounting to RMB2.638 billion based on the evaluation of China Council for Brand Development.



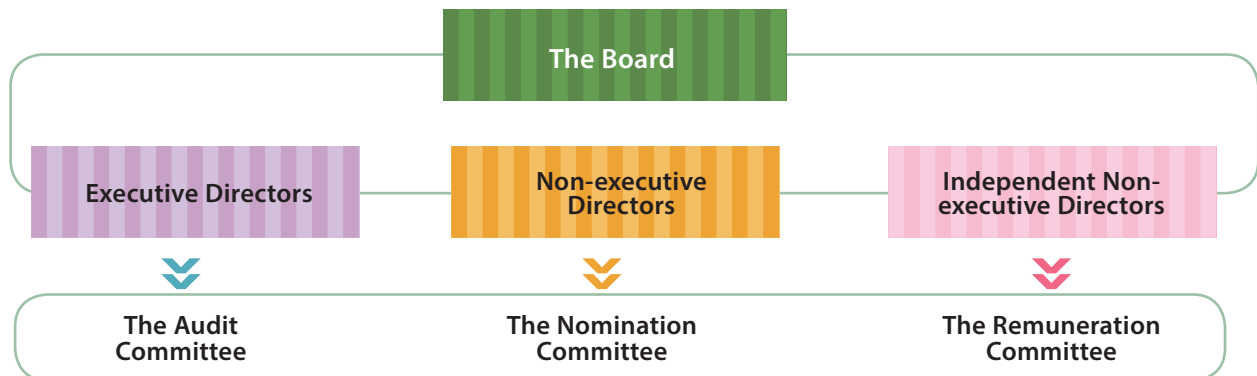
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2.5 Corporate Governance

2.5.1 Corporate Governance Structure

The Group is committed to maintaining high-standard governance structure. The Board is the highest authority of the Group, responsible for the Group's strategic planning and the daily operational management, so that the healthy development of the Company and the win-win situation with all stakeholders can be guaranteed.



The Board currently comprises 8 members, including 3 executive directors, 2 non-executive directors and 3 independent non-executive directors.

Executive Directors:

Mr. Zheng Yu Huan (Chairman)
 Mr. Zheng Yu Shuang (Chief Executive Officer)
 Mr. Zheng Yu Long

Non-executive Directors:

Mr. Li Hung Kong (Vice chairman)
 Mr. Ren Yunan

Independent Non-executive Directors:

Mr. Li Zhi Hai
 Ms. Sun Kam Ching
 Mr. Chung Yau Tong

The Board has set up three committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

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2.5.2 Integrity Management

The Group and employees strictly comply with the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, resolutely eradicate bribery, extortion, fraud and money laundering acts, values the integrity culture education and construction and adopt the zero tolerance attitude toward corruption. During the Reporting Period, there was no lawsuit due to the violation of laws and regulations in relation to anti-corruption, anti-bribery, anti-fraud and anti-money laundering.

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

Improvement of supervision mechanism:

- The Group establishes the corruption detection point, which imposes punishments including warning, removal and termination of labor contract based on the seriousness of relevant cases when it discovers employees' violation of business ethics and labor discipline;
- A "tripartite" procurement organization structure is adopted to separate development rights, bargaining power, and execution rights, in order to achieve checks and balances of functions and reduce the possibility of fraud;
- Supervision and reporting channels are established, including confidential telephones, general manager suggestion boxes, and letters and petitions;
- Confidentiality agreements and anti-corruption agreements are signed with suppliers and distributors, so that the fraud risk can be controlled at source.



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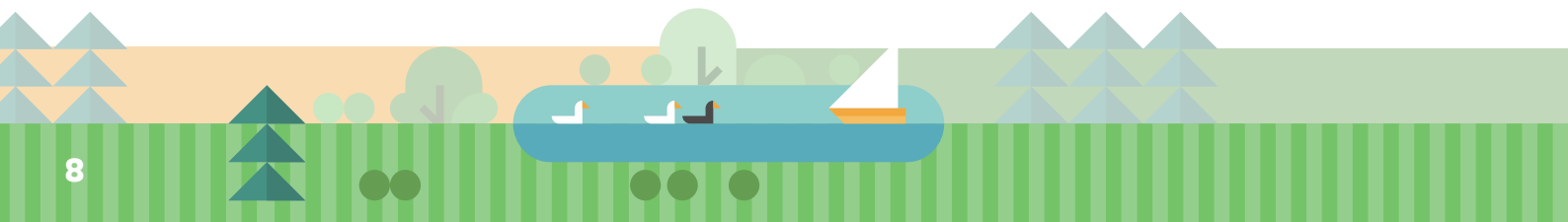


Creation of integrity culture:

- New employees are required to sign the Letter of Integrity and Self-discipline, which regulates the behaviors of employees and clarifies employees' responsibility of conducting honest business practices;
- The Group values the corruption risk education to employees, organizes corruption risk warning education activities, invites experts from the judicial system and the public security system to give lectures on integrity, so as to improve employees' integrity awareness;
- The Group organizes employees to visit the warning education base and accept anti-corruption and integrity education;
- Lawyers are invited to offer trainings on legal knowledge to the Board and middle and senior management members of the Group, thereby creating a clean and honest corporate environment.

2.5.3 Internal Audit Standards

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

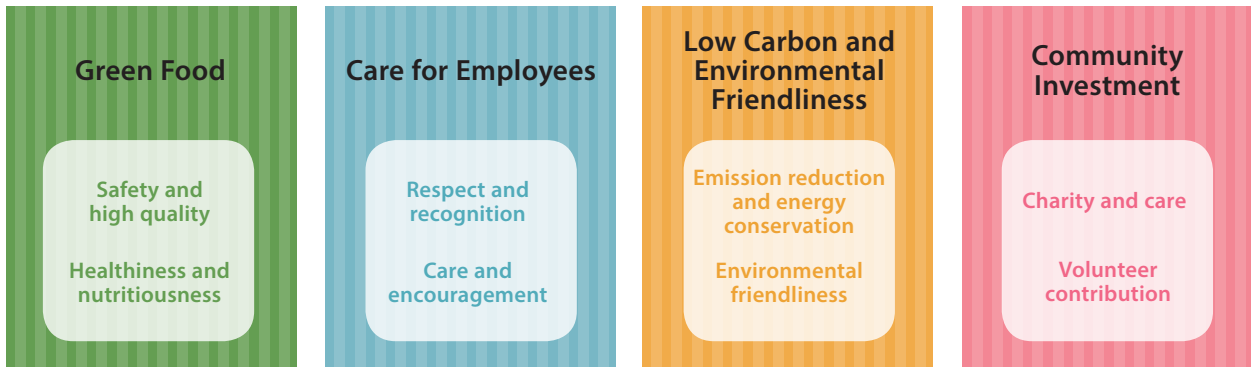


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3. ESG MANAGEMENT

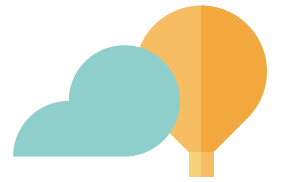
Performing responsible operation and actively repaying the society is the original aspiration that Labixiaoxin has never forgotten since its establishment. We consistently make sustainable development as the important task in the Group's development and fulfillment of social responsibilities as the shared value of every employee of the Group.



- The Group sticks to the “green food” management principle to guarantee the safety, quality, healthiness, and nutritiousness of the products it offers;
- The Group never stops offering care and support to its employees. It treasures employees’ respect and recognition, resolutely safeguard employees’ benefits, and ensures that employees work happily and realize continuous development;
- The Group strictly follows low-carbon and environmental friendliness rules in every aspect. It works hard to achieve energy conservation and emission reduction, minimize the impact on the environment, and promote sustainable development;
- The Group makes relentless devotion to charity cause, delivers care and health to the public and communities and contributes to the healthy development of communities and the public.



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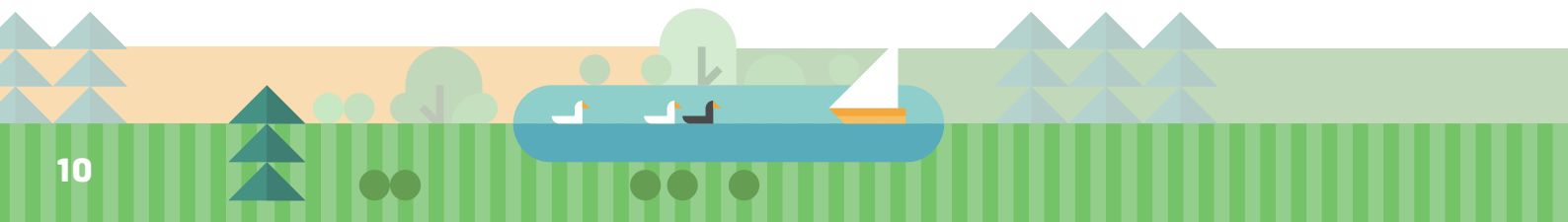
3.1 ESG Management Mechanism

To further promote the implementation of Labixiaoxin's ESG management strategies and strengthen the management of ESG related affairs, the Group establishes a three-tier ESG management system, the core of which consists of the Board, the ESG Management Group and the ESG Working Group.

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

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

Actual execution level: The ESG Reporting Group is formed by core departments including the Sales Department, the Human Resources Department, the Procurement Department, the Production Management Department and the Quality Inspection Department. It is responsible for executing all ESG related works, including assisting the preparation of report, making work plans, communicating with stakeholders, arranging exchange and training activities, thus helping the Board and the ESG Management Group to assess whether the Group's ESG management system is appropriate and effective.



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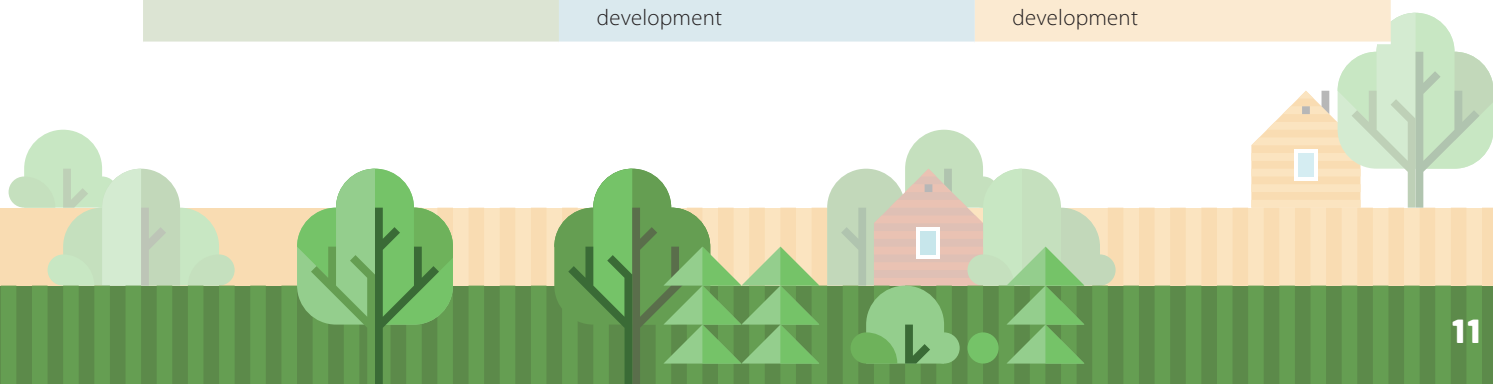


3.2 Communication with Stakeholders

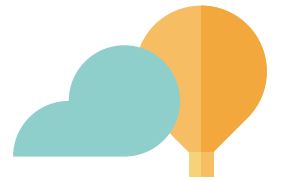
Effective participation of the stakeholders is crucial to the Group's ESG governance. Setting up a stable, open and transparent communication mechanism for stakeholders is also a key measure for us to fulfill and promote social responsibility. By conducting active and effective communication with the stakeholders, we can further understand stakeholders' expectations and demands on Labixiaoxin's assuming social responsibility. While striving to fulfill the basic social responsibility, we endeavor to satisfy stakeholders' demands and make corresponding adjustments to our development direction.

Table 1: Communication Mechanism for Stakeholders

Stakeholder	Shared Targets	Communication and Feedback Channels
Shareholders and investors	Assets preservation and appreciation Steady growth in return on investment Operational risk prevention Development of new markets and new opportunities	Annual report Special meetings News and announcement published on the Company website
Government and regulatory authorities	Operation compliance Tax compliance Contribution to local economic development	Supervision and performance evaluation Voluntary tax payment Special meetings
Consumers	Safe and healthy products Smooth feedback channels Diverse product choices	"Green food" management principle Customer service hotline WeChat official account Product quality management mechanism
Suppliers	Fair, open and impartial procurement Long-term and stable cooperative relationship	Supplier tendering Supplier communication meetings
Environment	Environmental protection Energy conservation and emission reduction	Regular environmental assessment Technology upgrading Environmental management plan
Employees	Occupational health and safety Wages, benefits and security Occupational growth platform	Occupational health and safety management system Employment and employees' rights Employee training and development
Communities	Public charities Activities for repaying the community Contribution to local economic development	Volunteer activities Poverty alleviation activities Stimulation of local industrial development



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3.3 Analysis of Material Issues

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

Identification of Issues

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

Surveys and Researches

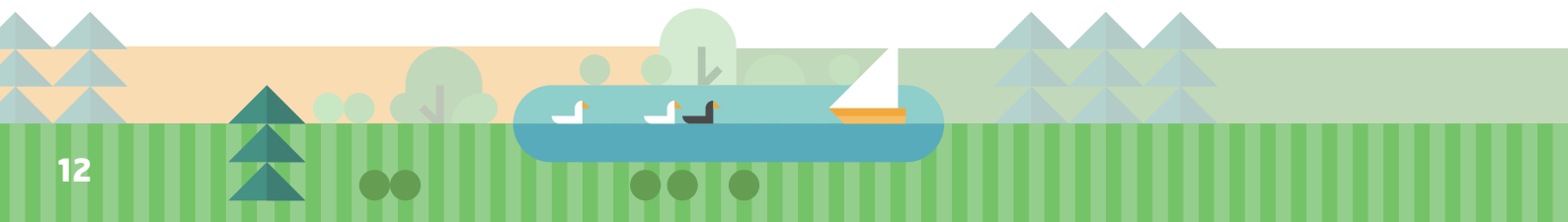
The ESG Working Group is responsible for conducting group discussion and one-to-one interviews with stakeholders for communication and exchange, so as to understand the issues stakeholders prioritize and assess the materiality of various issues.

Screening and Assessments

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

Review and Confirmation

Through the abovementioned assessing process, 14 key ESG issues are identified; by the review of the Board and the ESG Management Group, they become the core part of the Report, which means that we should focus on the monitoring and management of such issues and disclose relevant information.



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Environmental issues:

1. Reduction of environmental impact
2. Emission management
3. Resource management

Social issues:

4. Employees' salary and benefits
5. Employees' occupational health
6. Employee training and development
7. Equal employment
8. Public welfare undertaking

Operational issues:

9. Product quality management
10. Product healthiness and nutritiousness
11. Supply chain management
12. Customer service
13. Integrity management
14. Intellectual property protection

Matrix of Labixiaoxin's ESG Material Issues



Importance to Corporate Internal Development





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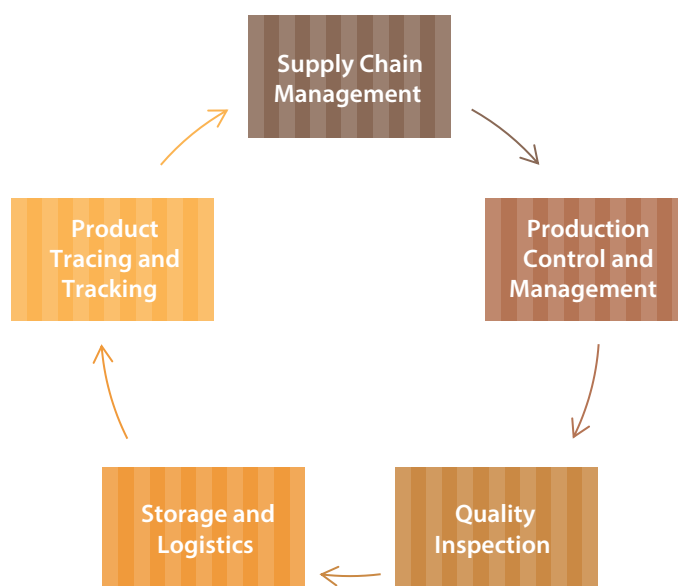
4. HIGH-QUALITY PRODUCTS FOR PROMOTING HEALTHY LIFESTYLE

The Group consistently adheres to the “green food” management principle, stays consumer-centric, aims to provide consumers with high-quality, safe and nutritious foods and strives to make contribution to people’s healthy lifestyle. The Group strictly complies with a series of laws and regulations on food production and operation, food package, food safety and utilization of food additives, including the Food Safety Law of the People’s Republic of China, GB 14881-2013 National Standard of Food Safety – General Hygienic Regulation for Food Production (《GB 14881-2013 食品安全國家標準食品生產通用衛生規範》), Food Hygiene Supervision Procedures (《食品衛生監督程序》), GB 12695 National Standard of Food Safety – Hygienic Regulation for Beverages Production (《GB 12695 食品安全國家標準飲料生產衛生規範》) and GB 7100 National Standard of Food Safety – Cookies (《GB 7100 食品安全國家標準餅乾》), so as to ensure strict compliance with relevant laws and regulation during the process of production and processing, product packaging, product storage and transportation and to effectively guarantee the product quality and safety. During the Reporting Period, the Group recorded no violation of laws and regulations related to food safety.

4.1 Product Quality Management System

Labixiaoxin regards quality as the lifeline of brand, executes the highest standard in every part of the whole industry chain from the source of supply chain to the marketing terminal, and makes every product with “craftsmanship spirit” that relentlessly seeks for ever greater perfection.

The Company actively promotes the certification of quality and safety systems, which is subject to review of experienced experts designated by third-party professional certification institutions. During the Reporting Period, the Company passed GB/T19001/ISO9001 Quality Management System Certification, ISO22000 Food Safety Management System Certification, and BRC Food Safety Global Standard Certification, and set up a series of food quality management regulations and operation manual that fit for its own purpose in accordance with the said standardized management systems. We also conduct internal review and self-inspection in respect of relevant systems every year to ensure that we have fully performed all the quality and safety guarantee work in the whole product lifecycle. With years of development and experience accumulation, we have established a set of mature and effective product quality management system:



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4.1.1 Supply Chain Management

The Group has been adhering to the faithfulness and win-win philosophy in operation and continuously improving the supply chain management. Through the scientific and strict supplier selection and assessment system, the complete supplier performance appraisal mechanism and the fair and square evaluation system, the Group creates a favorable competition environment for suppliers and guarantees the quality of products from source.

In accordance with the Procurement Management Regulations and the Supplier Management System of the Group, we made procurement by the way of Group's centralized procurement and selected high-quality suppliers through tendering in 2019. Before admission, we comprehensively assess suppliers from multiple aspects including technology level, qualification, quality, delivery, reputation and price. We are also committed to promoting partners to jointly assume the social responsibility. When assessing suppliers, we consider the four major aspects, being quality, price, delivery and service, and also include social benefit factors such as the production environment and the packaging materials of suppliers into the assessment scope in 2019, thereby promoting suppliers to better fulfill social responsibilities.

The Group also values the long-term and positive cooperative relationship with suppliers. It holds communication meetings with suppliers on a monthly basis to discuss about procurement strategies, product quality and other issues. By maintaining long-term strategic partnership, suppliers can realize development and progress together with us; in return, suppliers who have long-term cooperation with us can stabilize the order volume and thus maintain the sound development of their own. In the meantime, we also provide suppliers who have lower grades in the assessment with support in terms of management experience, production technology, equipment and facilities.



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Regional Distribution of Suppliers

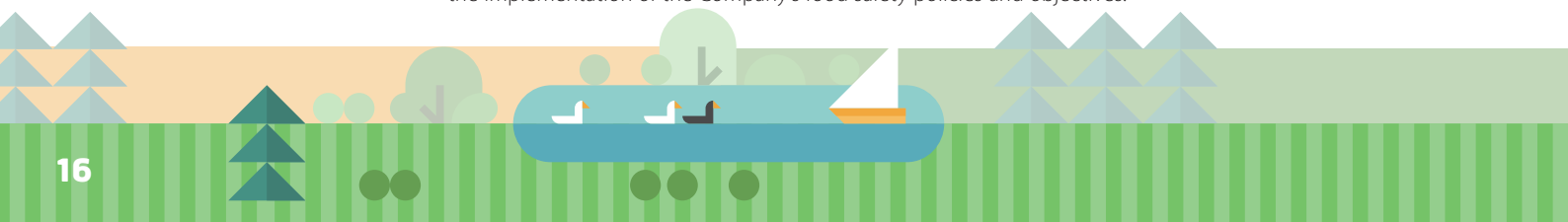
Province	Number of suppliers in 2019	Percentage
Fujian	88	35.1%
Guangdong	38	15.1%
Zhejiang	21	8.4%
Anhui	21	8.4%
Sichuan	14	5.6%
Jiangsu	10	4.0%
Shanghai	10	4.0%
Tianjin	10	4.0%
Shandong	7	2.8%
Hubei	5	2.0%
Beijing	5	2.0%
Hebei	4	1.6%
Henan	4	1.6%
Jiangxi	4	1.6%
Hainan	3	1.2%
Liaoning	2	0.8%
Inner Mongolia	2	0.8%
Hunan	1	0.4%
Shaanxi	1	0.4%
Chongqing	1	0.4%
Total	251	100%

4.1.2 Production Control and Management

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

1) HACCP Program

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



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2) *Hygiene Standard Operation Procedures*

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

4.1.3 *Quality Inspection*

The Group continuously improves the product quality inspection system and formulates the Regulations on Management of Annual Quality Objectives (《年度質量目標管理規定》) every year to ensure the high quality of products. After years of development, we have currently established a stable product quality inspection system:

1) *Inspection on raw materials*

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

2) *Inspection in the production process*

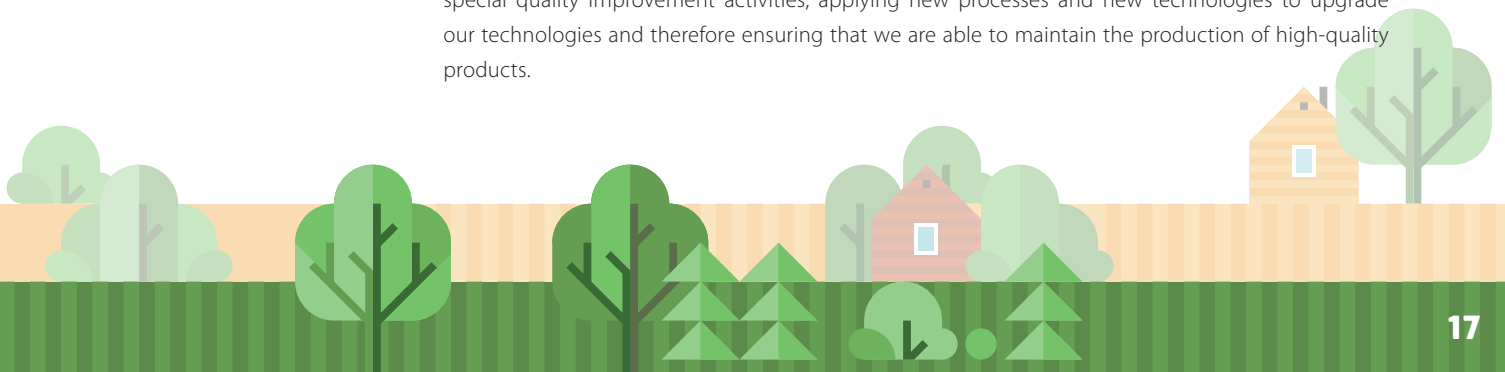
QC staff carry out a series of inspections before production, including the inspections on billboards, equipment, machine hygiene, water, electricity and gas, as well as ingredient mixing, parameter, main materials, auxiliary materials and filtering devices.

In the production process, QC staff are in charge of providing respective positions with inspection guidelines. In the building and filling positions, operators perform self-inspections, while team leaders, workshop directors and QC staff conduct tour inspections, so as to ensure all products are produced in accordance with process standards.

3) *Final product inspection*

The testing lab performs random sampling inspections on each batch of finished products, which generally include microorganism inspection, microorganism inspection for raw materials, the appearance of raw materials, physical and chemical inspection, special physical and chemical inspection, and issues relevant inspection reports. Meanwhile, QC staff also perform inspections on finished products produced in the workshop, which cover soluble solid, PH value, the degree of coagulation, the color, aroma and taste, water quality (sent for external inspection every year), appearance and labeling of packaging materials.

In addition to regular quality inspections, the Group also organizes production bases to launch special quality improvement activities, applying new processes and new technologies to upgrade our technologies and therefore ensuring that we are able to maintain the production of high-quality products.



Environmental, Social and Governance Report



4.1.4 Warehousing and Logistics

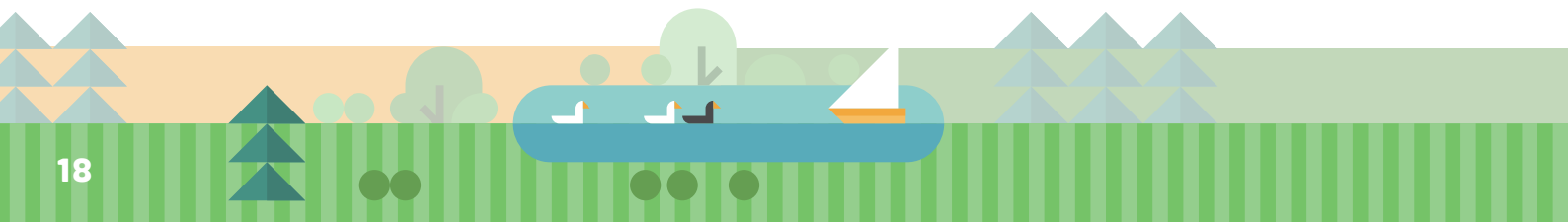
We adopt strict management for the warehousing and logistics of products and make great efforts to protect products in these two parts to guarantee the quality of products:

- When finished products are rated as qualified, they are sorted and stored by product category and production date in strict compliance with the Group's warehousing management requirements. The principles "keeping away from the ground and the wall" and "avoiding mouse and guarding against damp" must be strictly implemented, and products must be stored in appropriate humidity and temperature. In addition, external professional teams are engaged every month to identify potential hygiene and safety risks in the warehouse and offer relevant solutions;
- The logistics department checks the hygiene conditions of vehicles delivering products and the qualification of drivers, only qualified vehicles and drivers are allowed to engage in the shipment. The Group checks the qualifications of logistics companies every year and launches receivers' satisfaction survey to collect feedbacks. If there is any issue in the logistics process, the Group will coordinate with relevant logistics company to deal with such matter.

4.1.5 Product Tracing and Tracking

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

The Group also formulates the Quality Issues Management Standards internally, which provides details of the definition of quality issues, the classification standards, the countermeasures for each category of quality issues and the product recall and withdrawal procedures. Once the product recall is necessary, we will implement hierarchical recall management in accordance with relevant requirements, and disclose information such as the batch of products recalled, the time when the recall commences and the work procedures. During the Reporting Period, the Group did not record any product recall.



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4.1.6 Product Quality

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

Product Quality Data for 2017-2019

Year	Product qualification ratio	Food safety compliance ratio	Percentage of products sold or shipped subject to recalls for safety and health reasons
2017	99.81%	100%	0%
2018	99.75%	100%	0%
2019	99.79%	100%	0%

4.2 Customer Service System

The Group has always taken staying “customer-oriented” as our core value, and we are committed to creating superior and complete consumption experience for consumers. We have formulated the Customer Complaint Management System (《顧客投訴管理制度》) in accordance with the Consumer Protection Law of the People’s Republic of China and other laws and regulations to specify responsibility scope of customer service management, relevant work procedures and accountability and rectification measures, thus ensuring proper response to customer complaints.

Currently, the Group has established multiple communication channels for consumers to express their opinions and feedbacks. Consumers can express their opinions and feedbacks by the national customer service hotline or the WeChat official account; they can also adopt the offline channel and directly communicate with local business teams.

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

During the Reporting Period, the Company accepted a total of 41 customer complaints, but did not record any complaint about the infringement of customers’ privacy rights and the loss of customer information and did not receive any product complaint for health reason. All complaints have been properly handled during the Reporting Period.





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4.3 Intellectual Property Management System

4.3.1 Intellectual Property Protection

The Group attaches great importance to the protection and management of intellectual property, strictly abides by relevant laws and regulations including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China, and has developed and implemented strategies for new product research and development and patent application by taking account of its own conditions. We believe that the protection of intellectual property rights is to protect innovation, which in turn can better support innovation-driven development. In order to strengthen the management of intellectual property rights, we have established an intellectual property management system in accordance with the requirements of the Standards for the Management of Corporate Intellectual Property Rights (《企業知識產權管理規範》) GB/T 29490:2013 for the purpose of improving the Group's overall intellectual property management. During the Reporting Period, we did not record any lawsuit caused by intellectual property infringement.

4.3.2 Eradication of False Publicity

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

5. ENVIRONMENTAL PROTECTION FOR REALIZING GREEN LIFESTYLE

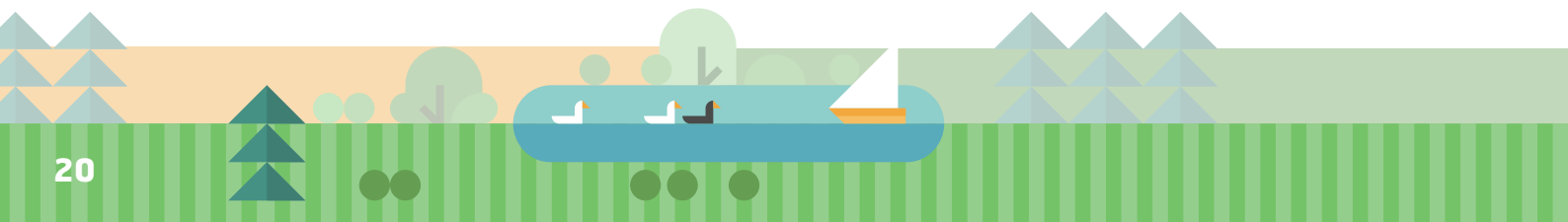
The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and other relevant laws and regulations. It has also developed the Environmental Management Plan in accordance with relevant requirements and continuously strengthened the control and management of greenhouse gas, waste gas, waste water and wastes, therefore making contribution to the development of national green ecological construction. During the Reporting Period, the Group did not record any violation of laws and regulations related to environmental protection.

5.1 Emissions

In 2019, the Group promoted the delicacy management internally, updated high-performance environment-friendly production facilities, and upgraded and maintained facilities for disposing of emissions including waste water and waste gas, thereby effectively ensuring that wastes were disposed in a way that complies with laws and regulations and reducing the environmental impact to the greatest extent.

Waste Gas

- In 2019, all production bases ceased the use of coal-fired boilers and would not produce sulfides, particulate matter and carbon dioxide that are related to coal anymore;
- In strict compliance with requirements of the local environmental protection bureau, the Group designates professionals every year to measure the emission of waste gas from boilers, and therefore ensures that the emission of waste gas meets national emission standards.



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Waste Water

- Wastes and waste water produced in the production are mixed and grinded first, and then discharged to the waste water treatment pool before the final disposal.

Solid Wastes

- Domestic wastes are collected and handled by local city sanitation departments;
- Recyclable wastes are collected by specialized plants;
- Other solid wastes including used batteries and luminous tubes are sorted and stored by type and then collectively collected and treated by third parties.

During the Reporting Period, emissions mainly included greenhouse gas generated by energy consumption and waste gas, waste water and solid wastes produced in the course of production and operation. As the Group adopted delicacy management for emission control and the total number of products decreased from the level of prior reporting period, the overall emission data recorded certain decrease, details of which are set out below:

Emission of Greenhouse Gas and Waste Gas

Emission type	Emission in 2019 (kg) ¹	Emission in 2018 (kg)
Nitrogen oxides (NO _x)	363.43	1,275.22
Carbon dioxide (CO ₂)	9,650.96	17,887.18
Density of carbon dioxide (CO ₂)	0.18 tons (CO ₂ e)/ton product	0.27 tons (CO ₂ e)/ton product

Discharge of Waste Water and Solid Wastes

Name of waste	Total discharge in 2018 (ton)	Total discharge in 2019 (ton)	Density of discharge for 2019
Cartons	177	146	0.003 tons/ton product
Packing scrap wastes	212	163	0.003 tons/ton product
Cans	128	103	0.002 tons/ton product
Waste water	94000	85000	1.579 tons/ton product

5.2 Use of Resources

Labixiaoxin has been actively adjusting its own energy structure, and has comprehensively ceased the use of coal-fired boilers in 2019 with the great effort and support of local governments. In addition, we vigorously promote the measures for energy conservation and emission reduction, continuously improve the resource management regulations and system, develop employees' awareness of resource conservation, and faithfully fulfill the sustainable development concept which the Group has been consistently promoting.

¹ The data cover the direct emission of the Group's headquarters in Fujian and subsidiaries in Anhui, Tianjin and Sichuan and mainly represent the emission of waste gas from the use of natural gas, but exclude the emission of waste gas from the use of steam for production. In the meantime, as the Group has comprehensively ceased the use of coal-fired boilers, the Report of this year will not disclose the data on emissions of sulfides and particulate matter produced by coal firing.

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Set out below are measures the Group promoted in the year to improve energy and resource efficiency:

Energy conservation:

- Production units are subject to monthly energy assessment, which strictly assesses each workshop's use of energy and identifies exceptional use of energy in a timely manner by analyzing energy consumption, so as to prevent wasting energy;
- Production units are encouraged to conduct production in off-peak hours to avoid the peak demand for electricity.

Water saving:

- More labels for saving water are added to strengthen the promotion and education of water saving;
- The recycling efficiency of domestic water is further improved, which is reused in restrooms and for cleaning the plant site;
- Toilets, taps and domestic water facilities in the Group are upgraded to improve the water saving efficiency.

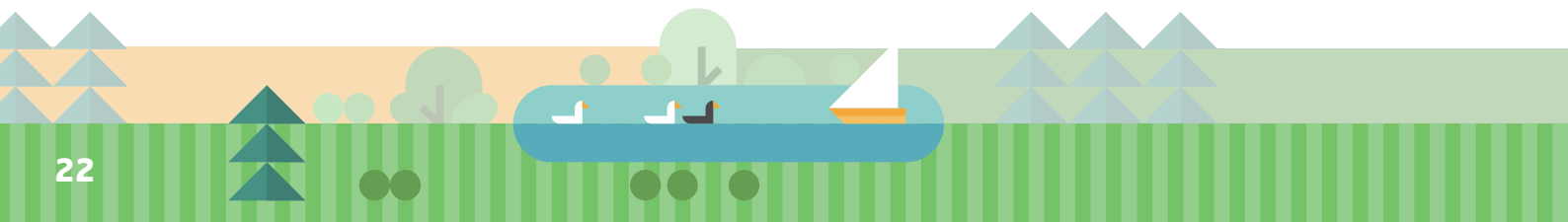
Packaging material saving:

- All-purpose cartons are adopted for all products, so as to improve the utilization and circulation efficiency of cartons and effectively prevent wasting cartons.

During the Reporting Period, as the Group adopted measures to improve energy and resource efficiency and the total number of products decreased, all primary resources (other than steam) recorded decrease from the level of prior reporting period. The reason for the increase of total use of steam was that certain production bases of the Group replaced the traditional coal-fired power generation and gas power generation with steam power generation. Details of the data are set out below:

Table of Resource Consumption and Density

Resource category	Total resource consumption in 2018	Total resource consumption in 2019	Density
Electricity	9,928,407.6 kWh	10,242,801.47 kWh	190.2 kWh/ton _{product}
Natural gas	1,279,420.03 m ³	449,850.64 m ³	19.74 m ³ /ton _{product}
Steam	33,204.11 tons	44,549.71 tons	0.83 ton _{steam} /ton _{product}
Water	776,544.48 tons	575,709.62 tons	10.69 ton _{water} /ton _{product}
Gasoline	43,866.16 tons	34,135.88 tons	0.63 ton _{gasoline} /ton _{product}
Packaging materials	9,545.44 tons	8,958.82 tons	0.17 ton _{packaging material} /ton _{product}



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5.3 Environmental Impact Management

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

6. SOLICITUDE FOR CREATING BETTER LIFE FOR EMPLOYEES

Labixiaoxin consistently adheres to the “people-oriented” management concept. We believe that the Company’s development and progress is inseparable from efforts and dedication of all employees, and we regard the interests of all employees as the starting point and foothold of all work. We are committed to creating a favorable working environment for employees, providing a safe and healthy workplace and constructing a career development platform, so that each employee will grow together with Labixiaoxin and work together to create a better life.

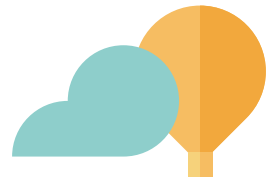
6.1 Employment and Interests of Employees

6.1.1 Employment

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

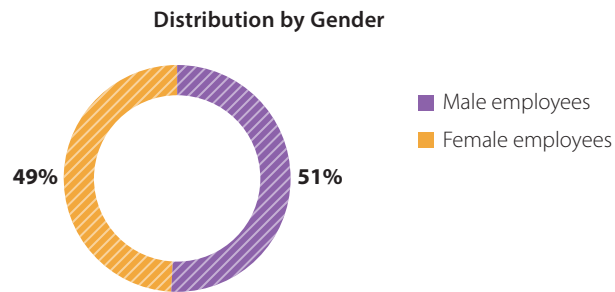


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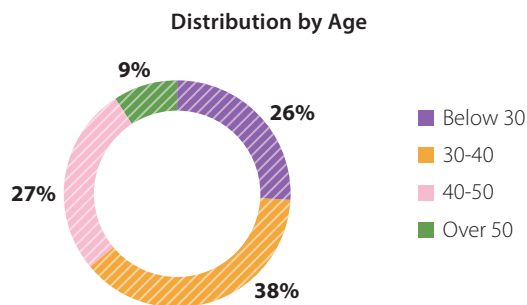


As at the end of 2019, our employees are mainly based in Fujian, Sichuan, Anhui and Tianjin. The Group currently has a total of 1,110 employees, among which:

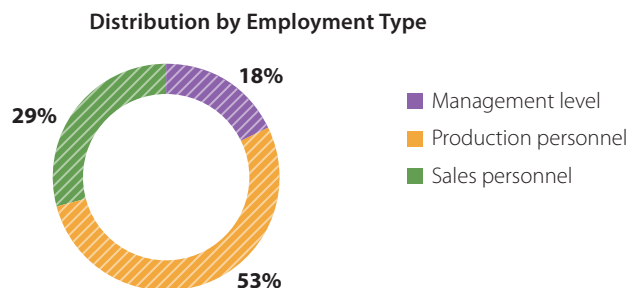
There is a balance between male and female employees, with 569 male employees and 541 female employees:



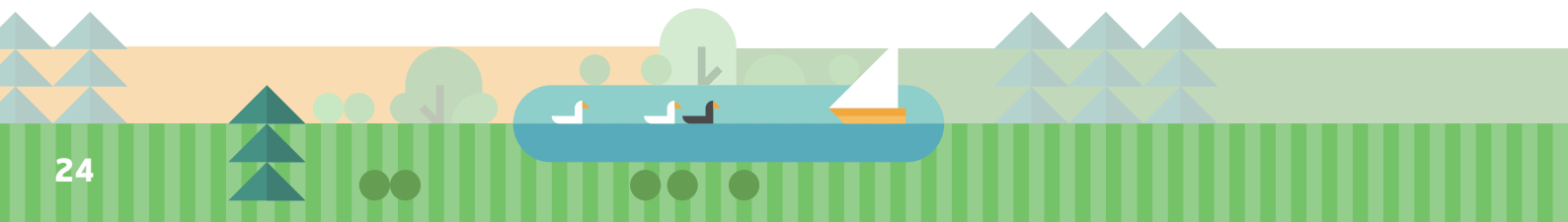
The average age of employees is evenly distributed, and most employees fall in the age group of 30-40:



In terms of employment type, frontline employees of the Group account for the largest proportion:



In 2019, the average turnover rate of management level, sales personnel and production personnel was 9.0%, 8.1% and 4.4%, respectively, all of which were within the range of personnel changes.



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6.1.2 Employees' Rights

The Group pays close attention to employees' sense of happiness, cares about their work and life, continuously improves the remuneration and benefits management and ensures that employees enjoy the benefits they are entitled to. Currently, we have established a remuneration system that is based on employees' ability and performance and raised their remuneration and benefits according to market conditions in 2019, which effectively motivates employees' initiative. In addition, we strictly follow national regulations and ensure that employees enjoy statutory holidays, annual leave, marriage leave and other holidays and benefits. We also continuously improve employees' living environment and create a harmonious work and life environment through upgrading dormitory, canteen and recreation and fitness facilities.

The headquarters and subsidiaries organize various activities every year to promote communication and exchange among employees, which include basketball matches, festival celebration events and other sports and cultural activities. With these multi-level and multi-dimensional activities, we greatly enrich employees' life and strengthen the cohesion within the Company.

6.2 Employee Training and Development

Labixiaoxin upholds the concept of staying people oriented and making everyone fully display their talent, closely integrates training and education with employees' career development, and strives to offer employees diversified and multi-channel training resources. We establish an open learning platform to promote knowledge accumulation and sharing. We advocate the on-the-job training and performance coaching that emphasizes growth in the practice, adopt "training and practice integration" to help employees enhance professional knowledge, techniques and skills and corporate culture adaptability, thereby improving employees' performance and career development potential.

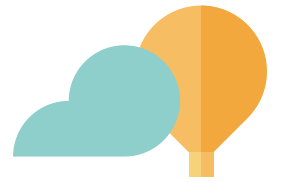
Currently, the Group's training programs mainly include induction training, professional empowerment training and leadership improvement training, which are conducted in the form of offline classroom training, online training, on-the-job training, external expert lectures and external institution training program. Data shows that during the Reporting Period, the average training hours per new employee of Labixiaoxin were over 30 hours.

6.3 Labor Standards

The Group strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations, and follows Disney's Human Rights Social Responsibility audit requirements. It establishes necessary recruitment information collection and approval procedures, requires candidates to present identity documents in the course of recruitment, prohibits the employment of child labor and forced labor, signs labor contracts with all employees in accordance with laws, and make contributions to social insurance schemes for employees according to relevant regulations. During the Reporting Period, the Group did not record any violation of laws, regulations and international standards on child labor and forced labor.



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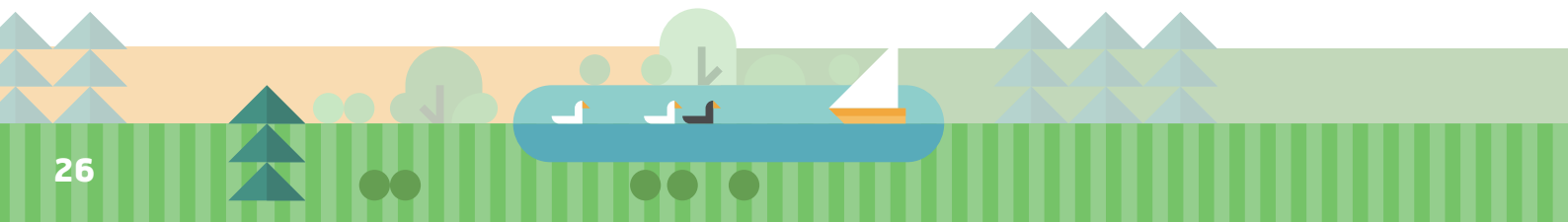


6.4 Employee Occupational Health and Safety

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

We provide all employees with training on occupational safety, through which, employees are equipped with work safety knowledge that is necessary to their work, improve their work safety skills, and enhance their capabilities of accident prevention and emergency response. All frontline production personnel are required to take pre-job trainings every day before they commence work, so as to further improve the awareness of occupational safety risk prevention. We organize fire-fighting exercises every year, for the purpose of improving employees' safety awareness and basic fire-fighting skills. Every month, the Company also conducts safety inspections to thoroughly check the conditions of production facilities, the working environment in workshops and the measures for ensuring employees' work safety. Meanwhile, for every year, we accept regular inspections of the safety management office of local government on fire-fighting, labor protection and hygiene and other aspects in our offices, and regular inspections of the environmental protection bureau in respect of organic gas, noise, waste gas and waste water of our workshops. In addition, we provide physical examination to all employees each year to guarantee their health.

During the reporting period, the Group had no work-related injury or death, nor did it record violation of laws and regulations in relation to occupational health and safety.



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7. REPAYMENT TO SOCIETY FOR REALIZING HAPPY LIFE

In its 20-year history, Labixiaoxin has been repaying to the society with strong sense of social responsibility, actively engaging in charity activities and building an image of responsible enterprise that is ready to shoulder duties. We actively respond to the targeted poverty alleviation policy proposed by the State, strictly comply with the Charity Law of the People's Republic of China and other relevant laws and regulations, focus on education support, charitable donation and social services, actively participate in charity activities, and make our own contribution to helping people realize happy life.

During the Reporting Period, the Group's corporate social responsibility activities mainly included charity fund, education support and volunteer activities.

7.1 Charity Fund

Since its establishment, the Group has been repaying the society and devoting itself to charity and benevolence. It donated RMB2,000,000 to establish Labixiaoxin Charity Fund in 2007, and increased donations in succession in subsequent years. Currently, Labixiaoxin Charity Fund is managed by Jinjiang Charity Federation, which is responsible for donations of the fund. In 2019, Zheng Yu Shuang, director of the Group, was named the honorary president of Jinjiang Charity Federation, which reflected the appreciation and recognition of the society to Labixiaoxin's contribution to charitable cause.

7.2 Education Support

The Group regards support to education development as the key task of its public welfare undertaking, takes tangible actions to help stay-at-home children and poverty-stricken children with a caring and warm heart, and makes great contribution to the construction of basic educational infrastructure, school construction plans and financial support to poverty-stricken students. During the Reporting Period, the Group donated RMB4,000,000 in aggregate to primary schools of Jinjiang City.

At the same time, the Group also cooperates with related colleges and universities, so that they can send students for visits and internships according to the requirements of the teaching plan and curriculum syllabus, on the premise of not affecting the normal production of the Group. We will send professional and technical personnel to conduct teaching and coaching, so as to lay a good foundation for students to serve the society after graduation.

7.3 Volunteer Activities

The Group cares for the vulnerable groups, tries its best to help and support these groups. We have close collaboration with local volunteer service organizations, and participate in various community services, including environmental protection campaigns, visiting those in need and assisting in organizing large social activities. For every year, the Company pays visit to the elderly who live alone on traditional festivals, which is a move that inherits the Chinese traditional virtue. During the Reporting Period, the Group organized 35 employees in total to participate in the volunteer activities, who offered a total of 140 hours of volunteer services.

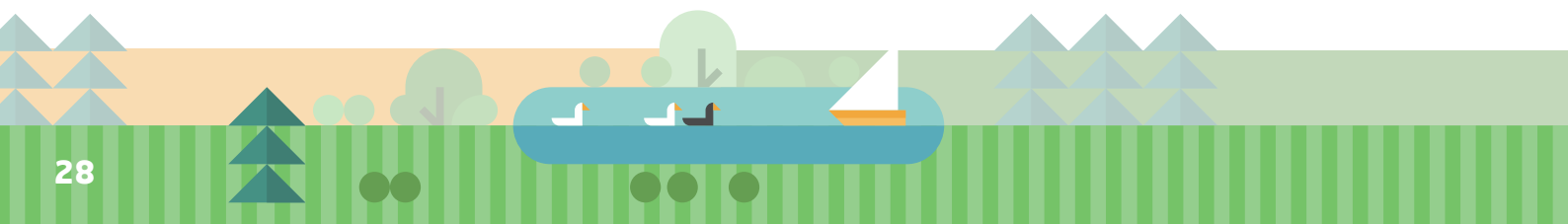


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HKEX ESG INDICATOR INDEX

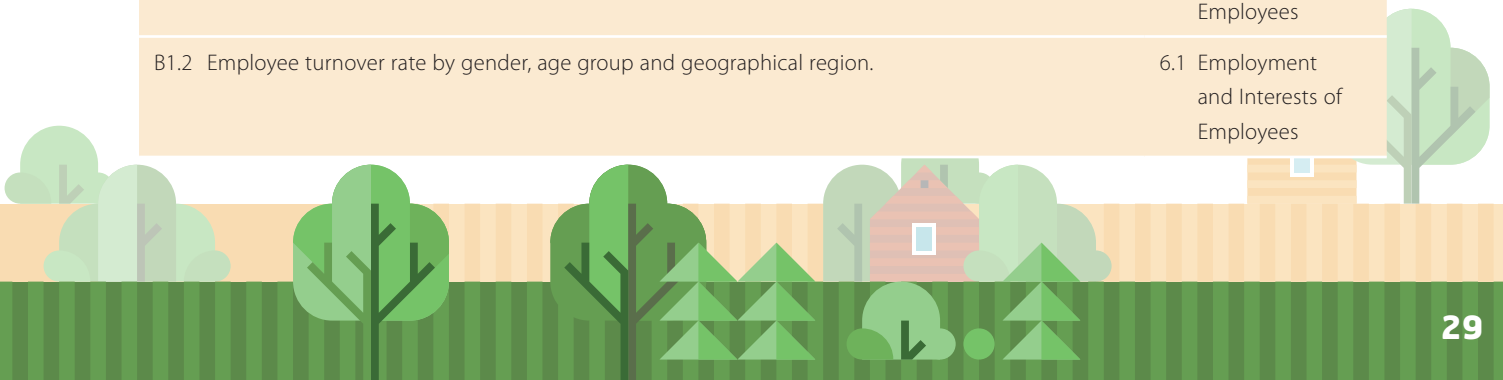
Disclosure Index	Relevant Section
Aspect: Environment	
A1: Emissions	
General Disclosure	
Information on	5. ENVIRONMENTAL PROTECTION FOR REALIZING GREEN LIFESTYLE
a) the policies	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
A1.1 Types of emissions and respective emissions data.	5.1 Emissions
A1.2 Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
A1.5 Description of measures to mitigate emissions and results achieved.	5.1 Emissions
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.1 Emissions



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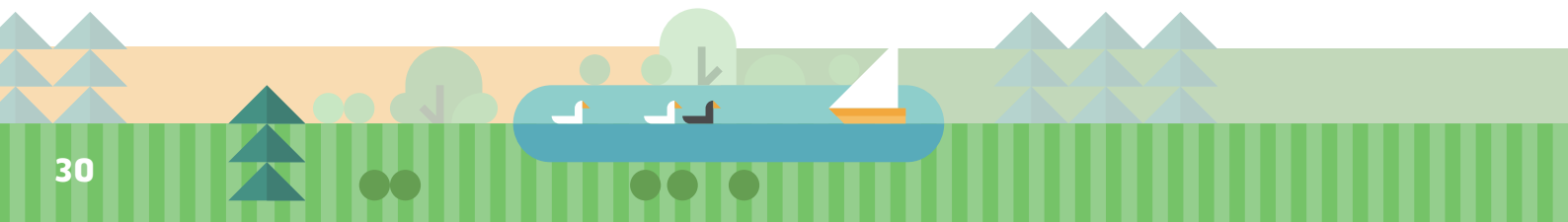
Disclosure Index	Relevant Section
A2: Use of Resources	
General Disclosure	
Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	5.2 Use of Resources
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.2 Use of Resources
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.2 Use of Resources
A2.3 Description of energy use efficiency initiatives and results achieved.	5.2 Use of Resources
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5.2 Use of Resources
A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	5.2 Use of Resources
A3: The Environment and Natural Resources	
General Disclosure	
Policies on minimizing the issuer's significant impact on the environment and natural resources.	5.3 Environmental Impact Management
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5.3 Environmental Impact Management
Aspect: Social	
B1: Employment	
General Disclosure	
Information on	6. SOLICITUDE FOR CREATING BETTER LIFE FOR EMPLOYEES
a) the policies	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
B1.1 Total workforce by gender, employment type, age group and geographical region.	6.1 Employment and Interests of Employees
B1.2 Employee turnover rate by gender, age group and geographical region.	6.1 Employment and Interests of Employees



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Disclosure Index	Relevant Section
B2: Health and Safety	
General Disclosure	
Information on	6.4 Employee Occupational Health and Safety
a) the policies	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
B2.1 Lost days due to work injury.	6.4 Employee Occupational Health and Safety
B3: Development and Training	
General Disclosure	
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.2 Employee Training and Development
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	To be disclosed in the future
B3.2 The average training hours completed per employee by gender and employee category.	6.2 Employee Training and Development
B4: Labor Standards	
General Disclosure	
Information on	6.3 Labor Standards
a) the policies	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
B4.1 Description of measures to review employment practices to avoid child and forced labor.	6.3 Labor Standards
B4.2 Description of steps taken to eliminate such practices when discovered.	6.3 Labor Standards



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Disclosure Index	Relevant Section
B5: Supply Chain Management	
General Disclosure	
Policies on managing environmental and social risks of the supply chain.	4.1.1 Supply Chain Management
B5.1 Number of suppliers by geographical region.	4.1.1 Supply Chain Management
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.1.1 Supply Chain Management
B6: Product Responsibility	
General Disclosure	
Information on	4.3 Intellectual Property Management System
a) the policies	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1.6 Product Quality
B6.2 Number of products and service related complaints received and how they are dealt with.	4.2 Customer Service System
B6.3 Description of practices relating to observing and protecting intellectual property rights.	4.3 Intellectual Property Management System
B6.4 Description of quality assurance process and recall procedures.	4.1.5 Product Tracing and Tracking
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.2 Customer Service System



Environmental, Social and Governance Report



Disclosure Index	Relevant Section
B7: Anti-corruption	
General Disclosure	
Information on	2.5.2 Integrity Management
a) the policies	
b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.5.2 Integrity Management
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.5.2 Integrity Management
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.	7. REPAYMENT TO SOCIETY FOR REALIZING HAPPY LIFE
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	7. REPAYMENT TO SOCIETY FOR REALIZING HAPPY LIFE
B8.2 Resources contributed (e.g. money or time) to the focus area.	7. REPAYMENT TO SOCIETY FOR REALIZING HAPPY LIFE

