



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 2019

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About the Report

This is the fourth Environmental, Social and Governance (“ESG”) Report (“Report”) issued by China Yurun Food Group Limited (“Yurun Food”, “Yurun” 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 policies and performance to, 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 *China Yurun Food Group Limited's Annual Report 2019* (in particular the “Corporate Governance Report” contained therein).

Reporting Boundary

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 range of meat (chilled and frozen) and processed meat (low-temperature meat products and high-temperature meat products) with a particular focus on pork products.

This Report covers the period from 1 January to 31 December 2019 (“Reporting Period”). There was no significant change in the nature of the Group's principal activities during the Reporting Period. This Report covers the Company and all its subsidiaries and consistent with the ESG report published last year.

During the preparation of this Report, the Group conducted a materiality assessment to determine the ESG issues for detailed disclosure. Please refer to section headed “3.2 Conducting Materiality Assessment” of this Report for the process and result of the assessment.

Basis of Report Preparation

This Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (“ESG Reporting Guide”) set out in Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (“SEHK”), and it has complied with the “comply or explain” provisions of the ESG Reporting Guide. This Report was prepared in adherence to the four reporting principles: Materiality, Quantitative, Balance, and Consistency. Appendix 2 to this Report provides detailed information about the content index of the ESG Reporting Guide for ease of reference for readers.

Confirmation and Approval

All information disclosed in this Report was mainly sourced from the Group's internal documents and statistics. The board of directors (the “Board”) of the Group has overall responsibility for the Group's environmental and social strategies and reporting, and has reviewed and approved this Report to ensure the reliability, truthfulness, objectivity and completeness of the information disclosed in this Report. This Report is reviewed and approved by the Board on 16 July 2020.

Your Feedback

We believe that the feedback of our stakeholders is the cornerstone of the Group's sustainability. Should you have any suggestions regarding the Group's sustainability performance and this Report, please feel free to email us at ir@yurun.com.hk.

食品工业是道德工业

The Group believes that “only those who have courage to shoulder responsibility could become the best companies”. Since the Group’s inception, we have been adhering to the business philosophy of “you trust because we care”, the quality philosophy of “product quality represents a company’s quality” and the practice of “social interests outweigh company interests, and local interests are subordinate to global interests”. The Group has been implementing the scientific outlook on development through constant innovation during the course of business development and continuous improvement in the corporate governance standard and active exploration of the most suitable and robust sustainable business model and development path for the Group.

Food safety is of paramount importance to a company’s survival, and green management is necessary for a company to sustain for centuries while the healthy development of business partners and employees is the source of a company’s benefits. In the course of our operations, the Group not only enforces strict control of product quality, but also puts emphasis on technological and environmental protection management. We also promote continuous transformation and upgrade of the Group, achieving synergic development between production and environmental protection.

In addition, the Group adheres to the development approach of “the society’s benefits come before companies’ benefits” by actively responding to the call of the nation and eagerly participating in social and community development. Through the upgrade of production facilities, adoption of advanced production management and implementation of environmentally friendly pollution control, the environmental impact of the Group’s production is kept to a minimum on the basis of enhanced resources efficiency.

As a national leading company in the industrial agriculture sector, the Group will continue to make full use of the resources to enhance production efficiency and to put efforts in driving the organic growth of the Group, so as to give back to our customers, communities, employees and shareholders.

1. Overview of Yurun Food

1.1. About the Company

Yurun Food is one of the largest meat producers in the People's Republic of China ("PRC"). The Group is headquartered in Nanjing, Jiangsu Province, the PRC and has various production bases for chilled pork, frozen pork and processed meat products across the PRC. With the aid of the state-of-the-art equipment and processes as well as proprietary technology, the Group has developed a series of premium meat products which cater for consumers' tastes.

The Group's products include chilled pork and frozen pork, and low-temperature meat products and high-temperature meat products which are predominantly pork products. The products are sold under four major brands, namely "Yurun(雨潤)", "Furun(福潤)", "Wangrun(旺潤)", and "Haroulia(哈肉聯)".



1.2. Corporate Values

The corporate values of the Group are as follows:

Operation Philosophy: You trust because we care

Core Belief: Nurturing the community with sincerity and good faith

Shared Vision: Making life healthier, more tasteful and more comfortable

Corporate Objective: Becoming the most trustworthy food company

Corporate Mission: Giving back to customers, the society, employees, and shareholders

1.3. Awards and Honours



At the press conference of the Product Sales Statistics of the PRC Market (“中國市場商品銷售統計結果新聞發佈會”) held in April 2020, Yurun Food continued to rank No. 1 in the product category of the "Series of Low Temperature Meat Products" and the "Series of Chilled Meat" in 2019.

2. Accountable Management

The Group's operations are supported by robust governance. The Group upholds the highest ethical and governance standards and actively considers the views of its stakeholders in formulating operational strategies. By doing this, we create sustainable values for our stakeholders.

For details of the Group's corporate governance structure and practices, please refer to the "Corporate Governance Report" set out in the *China Yurun Food Group Limited's Annual Report 2019*.

2.1. Maintaining Communication with Stakeholders

The Group believes that stakeholders' engagement facilitates the Group to evaluate the effectiveness and impact of its decisions. It also contributes to improving our sustainability strategy in order to enhance the Group's management on an ongoing basis. The Group has established various communication channels to communicate with its stakeholders in order to better understand and respond to their expectations of and requests to the Group.

Stakeholder Groups	Issues of Concern	Communication Channels	Communication Frequencies
Shareholders/ Investors	<ul style="list-style-type: none"> Business performance Compliance 	<ul style="list-style-type: none"> General Meeting Public announcement Press release 	<ul style="list-style-type: none"> Annually/ as needed Ad hoc Ad hoc
Government Departments	<ul style="list-style-type: none"> Food safety Environmental compliance 	<ul style="list-style-type: none"> On-site inspection Online monitoring 	<ul style="list-style-type: none"> Ad hoc Real-time
Food Retailers	<ul style="list-style-type: none"> Food safety Marketing management 	<ul style="list-style-type: none"> Questionnaire Food distributor trade show On-site audit 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed Annually/ as needed
Consumers	<ul style="list-style-type: none"> Food safety Consumer rights Marketing management 	<ul style="list-style-type: none"> Trade fair and promotional activity Factory tour Hotline Questionnaire 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed As needed Annually/ as needed
Suppliers	<ul style="list-style-type: none"> Supply chain management Food safety Environmental compliance 	<ul style="list-style-type: none"> On-site audit Supplier inspection 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed

Stakeholder Groups	Issues of Concern	Communication Channels	Communication Frequencies
Employees	<ul style="list-style-type: none"> • Employment and labour policy • Employee development and training • Remuneration and welfare 	<ul style="list-style-type: none"> • Employee trade union • Employee representative symposium 	<ul style="list-style-type: none"> • As needed • Annually/ as needed
Communities	<ul style="list-style-type: none"> • Food safety • Community Investment • Consumer rights 	<ul style="list-style-type: none"> • Factory tour • Press release • Public announcement 	<ul style="list-style-type: none"> • Annually/ as needed • As needed • As needed
Media	<ul style="list-style-type: none"> • Food safety • Consumer rights • Environmental Performance 	<ul style="list-style-type: none"> • Media interview • Press release • Public announcement 	<ul style="list-style-type: none"> • As needed • As needed • As needed

2.2. Conducting Materiality Assessment

During the preparation of this Report, the Group engaged a third-party consultancy to assist in a materiality assessment exercise to identify issues of higher materiality to stakeholders and the Group. The Group considers issues of higher materiality as key areas for management. The Group disclosed and pinpointed in this Report its management approaches, measures and performance in relation to the issues of higher materiality.

The Group's materiality assessment consists of four main steps.

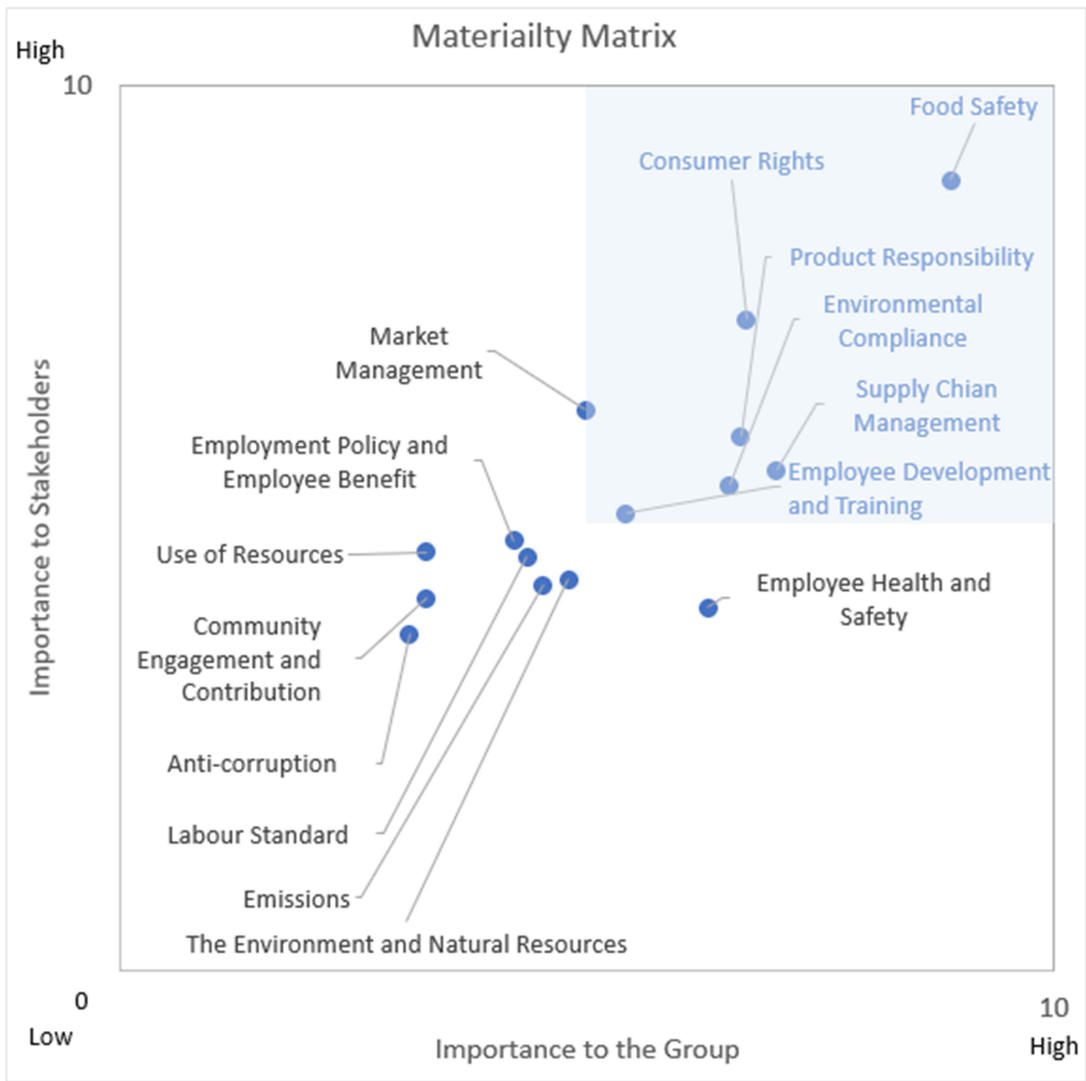
Step 1 Identification	To fine-tune the Group's pool of ESG issues, the Group referred to the pool of ESG issues last year, the national and international sustainability guidelines and standards, industry's concerns, and the results from its communication with stakeholders in the past. The Group's senior management subsequently short-listed the issues. A total of 15 ESG issues were selected in 2019.
Step 2 Prioritisation	Using an online survey, the Group's stakeholders prioritised ESG issues in terms of importance. A total of 1,133 stakeholders participated in the survey, including the Group's directors, management, employees, relevant government authorities, suppliers, distributors, consumers and the media.
Step 3 Analysis	The Group analysed each issue from 2 dimensions, being the importance to the stakeholders and to the Group. The Group then created a materiality matrix based on the result.
Step 4 Verification	The results were sent to the directors of the Group for review, validation, and confirmation of the issues of higher materiality of the Group in 2019. Those issues were reported and pinpointed in this Report.

15 issues in relation to the
Group's sustainability

Views from **1,133**
Stakeholders

Analysed from **2** dimensions

The following matrix shows the result.



Issues of higher materiality

- Food Safety
- Consumer Rights
- Product Responsibility
- Environmental Compliance
- Supply Chain Management
- Employee Development and Training

2.3. Upholding Ethical Behaviour

The Group demonstrates zero tolerance of corruption. To maintain high integrity and ethical standards, the Group requires each employee to strictly comply with the laws, regulations and internal policies against bribery, extortion, fraud and money laundering. The Group implements a three-pronged strategy to keep corruption in check.

Refining anti-corruption system	In accordance with the relevant laws and regulations, the Group updates and revises anti-corruption policies and systems to further clarify the requirements governing corruption and to increase the penalties for corruption. The Group has formulated the <i>Anti-corruption Management System</i> to set out the procedures for handling corruption.
Fostering a culture of business integrity	The Group places emphasis on developing a culture of business integrity and enhancing employees' awareness of integrity at all levels. The Group regularly discloses to its employees whether there is any corruption within the company through internal platforms, emails, etc. Meanwhile, the Group has developed an anti-corruption procedure APP to provide training to its employees in order to minimise corruption risk.
Strengthening market inspections	To effectively reduce corruption risk, the Group makes on-site visits to its business partners from sales and raw material markets, enhances communication with business partners, increasingly checks and compares financial information and regularly makes return visits to its business partners.

The Group has formulated the *Integrity Reporting Management Policy*, which sets out anti-corruption-related principles and whistleblowing procedures. The Group has also established reporting channels and encourages employees of and those who have business dealings with the Group, such as business partners and suppliers, to monitor the Group's operations and report possible improper and illegal behaviours to the Group. The Audit Committee of the Group is responsible for monitoring and reviewing the effectiveness of the whistleblowing policy and system periodically. To protect whistle-blowers, all reported cases are handled on a confidential basis by the Group. During the Reporting Period, one corruption case involving an employee of the Group was discovered. After receipt of such report, the Group arranged inspecting personnel to collect evidence for the case and passed the information of the person involved to the judiciary with relevant evidence.

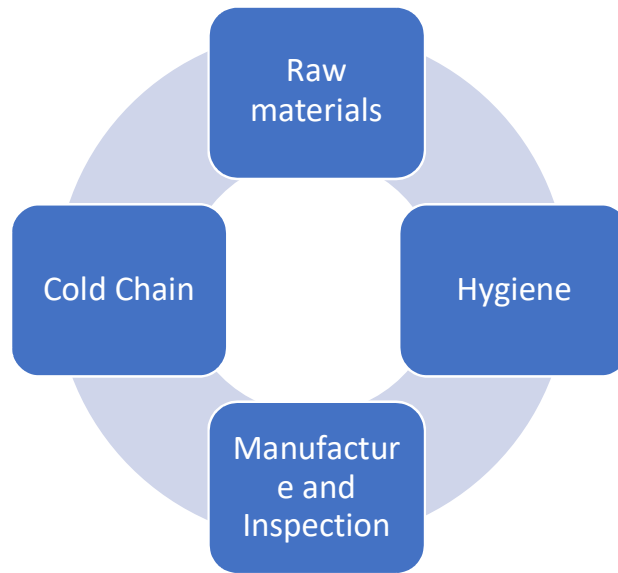
Moreover, the Group highly respects intellectual property rights. We prohibit any infringement or violation of others' intellectual property rights and any other illegal acts. The Group also protects the patents, designs and trademarks that the Group owns. The Group has confidentiality agreements in place with its employees involving in maintaining the Group's intellectual property rights, such that they understand their responsibilities in order to prevent information leakage.

3. Food Safety is Our First Priority

“Food is of the utmost importance to the people with food safety comes first”. For Yurun Food, there is no higher priority than food safety. For the past two decades, the Group has been adhering to its operation philosophy of “you trust because we care” and has strictly abided by its commitment to food safety by producing safe, quality and nutritious meat products that are well received by consumers.

3.1. Enforcing the Highest Standard

The Group adopts a four-pronged approach to ensure food safety at every stage, including the management of raw materials, hygiene, manufacture and inspection, and cold chain.



Four Keys to Food Safety

3.1.1. High Quality Ingredients

Enhancing quality control at the source of the raw materials is the key to ensuring food safety. The Group prudently selects suitable suppliers and only uses the finest raw materials. The Group conducts stringent tests on all incoming raw materials and rejects substandard raw materials in its food production process.

Live Hogs	The Group carries out group and individual inspections on hogs in accordance with the <i>Quarantine Requirement for Livestock and Poultry at the Places of Production</i> . Besides, the Group has formulated the <i>21 Procedures on Inspection and Quarantine</i> to perform inspection and quarantine for hogs, assuring that they are healthy. The production preparation includes hogs' arrival, pre-slaughtering, and slaughtering. Hogs are required to be examined according to sensory indicators, physiochemical indicators and microbiological indicators. In addition, the Group conducts stringent on-line ELISA test and hormones tests such as clenbuterol test. Each hog is marked with a unique "inspection, quarantine and tracking" barcode and all products supplied to the market are qualified.
Ingredients	The Group has established an inspection centre for meat products and related raw materials and ingredients inspections, formulated stringent inspection and acceptance criteria, and assigned the quality management department as a gatekeeper for the quality of ingredients and raw materials. Raw materials can only be passed to the production processes subsequent to sampling inspections of sensory and physiochemical indicators. The Group returns non-satisfactory ingredients to ensure that raw materials meet the Group's requirement.

Case Study: Consistent in African swine fever prevention and inspection

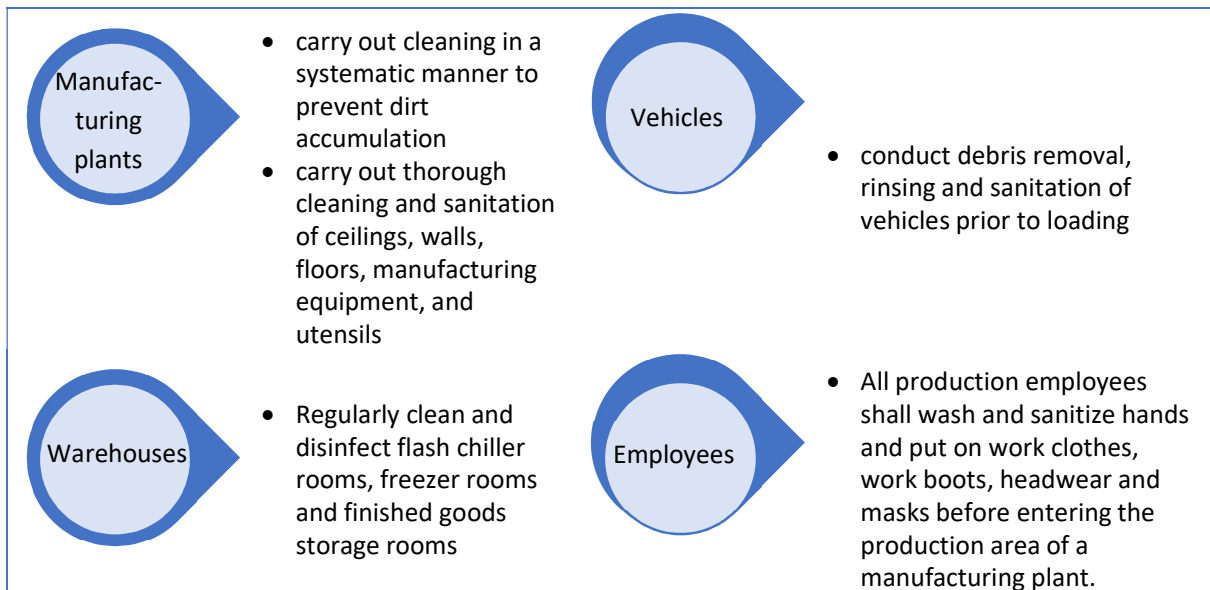
African Swine Fever continued in China in 2019. The Chinese government continued to strengthen the prevention and control of African Swine Fever and issued several documents to require standardisation of hog breeding and quarantine of hog products. As a renowned meat products processing company in the PRC, the Group attaches great importance to the quarantine of hogs and hog products. Leveraging on its nationwide distribution network and leading inspection and testing capabilities, the Group continued and strengthened its efforts in prevention and inspection of African Swine Fever during the Reporting Period in order to deliver safe and reliable food products to consumers.

✓ Ensured that suppliers are listed in the Qualified Supplier Directory	✓ Required suppliers to provide African Swine Fever inspection report for each batch of ingredients
✓ Required suppliers to provide proof that the raw materials came from uninfected regions	✓ Required suppliers to provide proof of a negative African Swine Fever result as tested by polymerase chain reaction (PCR)
✓ Required suppliers to provide the Animals Quarantine Inspection Certificates	✓ Conducted African swine fever virus nucleic acid test

3.1.2. Compliance with Food Hygiene Standard

Maintaining hygiene is an integral part of the operation of meat processors. The Group consistently attains a high standard of food hygiene through adoption of best practices to minimise the consumers' risk of food contamination and poisoning.

The Group has developed the *Sanitation Standard and Operating Procedures* to ensure that adequate maintenance, cleaning and sanitation of facilities and equipment are in place in manufacturing plants in a systematic manner. The Group sets out in the scope, methods, procedures and frequency of cleaning and sanitation in the procedure. Sanitation specialists are arranged to carry out various cleaning and sanitation tasks. Food contact surfaces of equipment and utensils are always kept clean to prevent contamination of food.

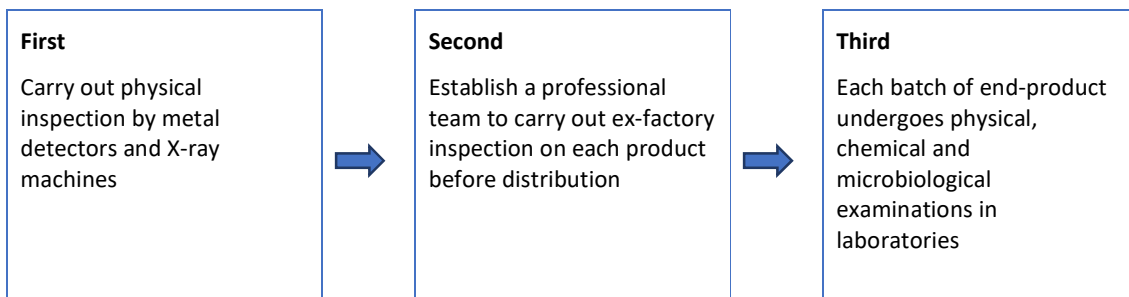


The Group conducts debris removal, rinsing and sanitation of goods vehicles prior to loading.

3.1.3. Formulating Production Standards

With respect to production and processing of food, the Group has been proactively introducing advanced meat processing equipment from overseas. Every stage of the food production (from pre-treatment of raw materials, seasoning, handling, cooking to packaging) is carried out within a closed and automatic operation to minimise the likeliness of pollution arising from manually operated system. The Group has a set of stringent food production standards, including production requirements, testing items and indicators for each product, ensuring food produced by its production plants meet the internal specifications. The Group installed surveillance devices in the production plants to monitor the entire production process. Actions were taken to rectify and prevent any deviations along the production processes so as to achieve zero defects.

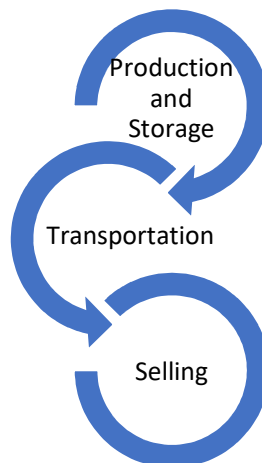
With respect to ex-factory inspection, the Group's chemical and microbiological testing competence has passed the laboratory system audit of and received accreditation from the Quality Assessment Committee of the China Quality Inspection Association. In order to assure quality of ex-factory products, the Group has adopted a standard higher than the industry and national standards and all factories have a three steps management measures in place.



3.1.4. Maintaining Cold Chain

Chilled pork, frozen pork and low-temperature meat products are the main products of the Group that require stringent temperature control. To avoid compromising food quality from temperature change, the Group ensures a cold chain by requiring production plants, logistics fleet and distributors to ensure that products are produced, transported and stored at appropriate temperatures.

The Group adopts a full cold chain transport mode. Through the network of production bases in the country, we link up all processing plants and markets within a distance under a three-hour cold chain coverage. The temperature on each transportation vehicle is being controlled at 0 - 4 degree Celsius. Through the automatic recorder, including the Global Positioning System, the temperature and other information is automatically recorded by the control centre on real-time monitoring.



The Group assures that the raw meat from cutting, marinating to processing are kept at the temperatures required under the Group's standards, by strictly monitoring the temperatures across the production line. The Group has formulated the *Cold Storage Management System* to record incomings and outgoings and keep track of product inventory. The Group conducts proper maintenance of freezer on a regular basis to prevent equipment failure that may affect food quality.

The Group sets freezer requirements for distributors, supermarkets and other retailers. Moreover, the Group conducts regular checks to ensure that the products are stored in the right temperature according to the Group's requirement.

Case Study: Performing on-site sudden checks on retailers

The Group earnestly maintains the quality of its products on the market. To this end, we ensure the Group's products are properly handled by retailers through stringent controls and check that the temperature for product storage meets the Group's requirements.

During the Reporting Period, the Quality Control Department of the Group performed on-site sudden checks and random sampling to ensure that retailers kept the product quality according to the Group's guidelines.

3.2. Enhancing Customers' and Consumers' Confidence

The Group executes its undertakings about food safety by actions. We demonstrate to our customers and consumers the Group's capabilities in food safety and quality assurance by establishing and implementing a management system in compliance with national and international standards. The Group's production plants have routine check and audit of food safety and quality, both internally and through third-party audits, to continually validate and improve its management system.

GB/T 19001-2016/ ISO 9001:
2015

*Quality management system
– requirements*

38 production plants
obtained/maintained valid
certifications during the
Reporting Period

GB/T 22000-2006/ ISO
22000: 2005

*Food safety management
system – requirements for
any organisation in the food
chain*

40 production plants
obtained/maintained valid
certifications during the
Reporting Period

GB/T 27341-2009

*Hazard analysis and critical
control point (HACCP) system
– general requirement for
food processing plant*

9 production plants
obtained/maintained valid
certifications during the
Reporting Period

During the Reporting Period, there was no adverse food safety incident of the Group.

4. Product Responsibility

To create sustainable value and return for stakeholders, the Group has always been operating in a responsible manner. The Group further encourages its suppliers to operate responsibly to achieve mutual benefits.

4.1. Concern for Food and Health

To protect consumers' health, the Group strictly follows the *Hygiene Standards for the Use of Food Additives* and prohibits the use of food additives which are banned by the State and excessive use of preservatives and food additives. Concurrently, the Group does not add any non-edible chemical substances and any other substances that may be hazardous to human health in food processing other than food additives.

4.2. Handling of Food Incidents

In the event of any issue with products being sold in the market, the Group strives to recall the products and handle the situations effectively, promptly and completely. The Group has always been upholding the principle of "traceable source, trackable destinations, and accountable liability". To this extent, the Group has established a product traceability system and introduced electronic scan tracking technology to ensure that products are trackable and recallable at any point from production to sale. Under the product traceability system, the Group is able to trace the affected products and identify the whereabouts of the same batch of products to determine the scope of product recall. The Group thereafter liaises with retailers to suspend sales, and keep and recall all relevant products in accordance with the procedures stipulated in the *Product Recall Control Procedures*, minimising the impacts on consumers to the largest extent. The Group requires all subsidiaries to regularly exercise product traceability and mock recall to ensure the effectiveness of the product traceability system and recall procedure and enhance employees' responsiveness.

During the Reporting Period, the Group did not recall any products for health and food safety reasons.

4.3. Safeguarding Consumers' Rights

The Group always has a consumer-oriented approach and unfailingly satisfies consumers' pursuit of high quality. The Group provides consumers with the product information they required so that they can enjoy its food with confidence. At the same time, the Group aims to continuously improve consumers' satisfaction with its food, and actively listens and responds to consumers' opinions and demands.

4.3.1. Information Transparency

Consumers have become increasingly concerned about food ingredients. The Group responds to consumers' demand for product transparency by ensuring their access to the information they need through product labelling, including date of manufacture, expiration date, list of ingredients, and nutrition facts.



Compliance with national standards is a prerequisite for the Group's product labelling. The Group displays food labels on product packaging in accordance with the national standards, such as the *Regulations on Food Labelling Management* and the *General Principles on the Labels of Pre-packaged Food*. All food labels are subject to a rigorous internal review process prior to printing, including review by the Group's Technical Department and Planning Department, to ensure the accuracy of information. The nutrition facts on food labels must undergo internal and external check to ensure they are not false, misleading or deceptive.

The Group clearly understands the importance of integrity in sales. The Group strictly observes the *Advertising Law of the PRC*, the *Interim Measures for the Administration of Internet Advertising*, and other laws and regulations. The Group focuses on brand building attentively and strictly follows the requirements for the advertising production and publication of relevant media platforms to ensure the authenticity of the advertisement. In addition, the Group formulated the *Brand Culture and Connotation of Yurun* as its branding standards and guidance. On this basis, it strengthens supervision of the advertisements of the Group.

4.3.2. Listening to Consumers' Views Attentively

The Group is committed to providing quality food to consumers. Improving consumer satisfaction with our food has always been our priority.

The Group conducts consumer satisfaction surveys on a regular basis, interviewing consumers of different age groups and in different regions to understand their satisfaction with the Group's products. The Group attaches great importance to the opinions of consumers and is committed to understanding the reasons for their complaints and their feelings, and handling their complaints efficiently. The Group has a customer service centre which is responsible for handling customer feedback and assisting all business units in resolving complaints. Following the procedures outlined in the *Customer Complaint Handling Manual* of the Group, our customer service professionals handle customers complaints and report the findings to the customers within 24 hours after handling a complaint. The Group analyses the root causes of complaints about product quality and implements corrective and preventive measures accordingly to avoid the recurrences of similar problems.

The Group has established various channels for consumers to provide feedback to the Group, including:

- WeChat Official account
- 400 customer service hotline
- Questionnaire
- Through food retailers or distributors

During the Reporting Period, the Group received 1,157 complaints in total. The Group categorised the complaints according to the complaints handling procedures in a timely manner and assigned relevant departments to further communicate with the consumers, so as to ensure that all complaints would be properly handled. During the Reporting Period, the Group achieved a 100% complaint handling rate.

4.3.3. Confidentiality of Information

The Group ensures that customer information is used solely for customer relationship management and must not be divulged or used for improper purposes so as to protect customer privacy. The Group prohibits the provision of consumer information to third parties without the customer's authorisation. All the information collected is treated in confidence and properly kept with access by designated employees only.

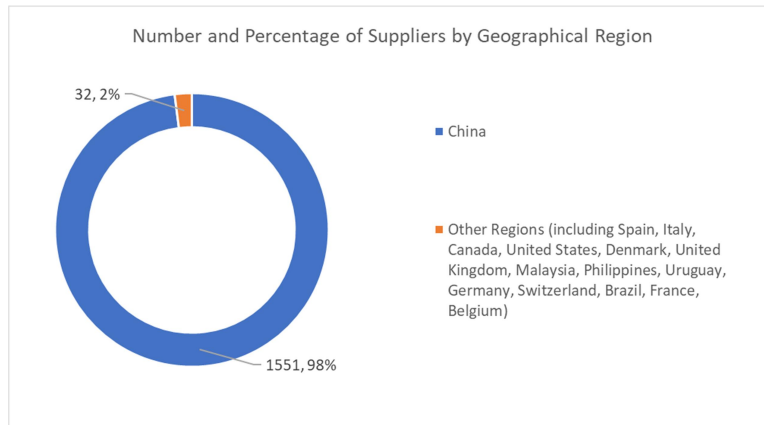
4.4. Supply Chain Management

The Group is committed to working with suppliers to build a responsible supply chain. The Group looks forward to working with suppliers sharing common vision in embracing environmental, social, and ethical responsibilities. We have formulated the *ESG Assessment Framework for Yurun Food Suppliers* to describe the principles which should be followed by our suppliers in the conduct of their business. The assessment framework is also an important basis for evaluation and selection of suppliers by the Group. In order to effectively manage suppliers' environmental and social risks, the Group conducts ESG assessments for new suppliers relating to the Group's production which includes the following:

Protecting the workers	Protecting the environment
<p>The Group is concerned about rights of workers of its suppliers and requires suppliers to offer legal and reasonable employment terms and benefits to their workers. In addition to child labour and forced labour, the Group also prohibits suppliers from engaging in discriminatory practices in hiring, setting remuneration, providing training and promotion opportunities, etc.</p> <p>Worker safety is also one of the areas of the Group's concern. The Group will check whether the suppliers have provided a safe and healthy working environment for their workers and whether they have provided adequate protective measures and safety training.</p>	<p>The Group requires its suppliers' strict compliance with legal requirements in relation to environmental protection. The Group requires its suppliers' compliance with the regulatory requirements on the treatment and discharge of exhaust gas, wastewater and residue, and the disposal of waste.</p>
Minimising impacts on communities	Fighting against commercial bribery
<p>The Group requires its suppliers to establish a mechanism to collect, process and address the opinion with local residents of the place where they operate. They are also required to take measures to mitigate the negative impact of their operations on the local community.</p>	<p>The Group emphasises the business integrity of the supply chain. The Group examines whether suppliers offer and accept bribes, or improperly offer benefits to government officials.</p>

Suppliers are subject to annual evaluation, which includes the evaluation according to the *ESG Assessment Framework for Yurun Food Suppliers*. Should any suppliers have any substantial quality issues, they will be blacklisted after confirmation by the Technical Department, the Quality Control Department and the Supply Department. The Group will notify all subsidiaries about the blacklisted suppliers and prohibit their cooperation with these suppliers. Apart from performing annual supplier evaluation, the Group irregularly conducts on-site sudden checks on suppliers to understand the supplier's management level and to audit whether the supplier is in breach of laws and regulations relating to environmental protection, thereby ensuring that the suppliers meet the Group's standards at all times.

The number and percentage of suppliers of the Group by geographical location as of the end of the Reporting Period are as follows.



4.5. Animal Welfare Management

The Group highly values animal welfare and understands that improper treatment of animals will affect product quality. Therefore, the Group established the *Regulations on Animal Welfare Management* to ensure humane treatment of animals. The Group is committed to comprehensive animal welfare management to minimise harm and stimulation to and anxiety and fear of animals during transportation, loading and unloading, pre-slaughter rest, production, etc. The Group has clear standards regulating goods vehicles, loading and unloading tools, water supply and tranquilising methods, etc.

Areas of animal welfare management	Management measures
Facilities	<ul style="list-style-type: none"> Installation of ventilation, insulation, and spraying devices in hogs' living facilities
Disabled Hog Treatment	<ul style="list-style-type: none"> Transferring hog to the disabled hog zone using pain-relieving methods, and providing clean drinking water for hogs Slaughtering hogs in a humane way after tranquilising them
Goods Vehicles	<ul style="list-style-type: none"> Selecting goods vehicles with sufficient ventilation Prohibition of using iron tools to guide pigs into and out of vehicles
Employees	<ul style="list-style-type: none"> Regularly conducting humane slaughter training Having at least one employee who has received humane slaughter training and is responsible for the operation or supervision of other employees in each slaughtering section

5. Green Operation

All companies have a responsibility to protect the environment. The Group strictly observes the environmental laws and regulations of the place in which it operates. Furthermore, the Group has integrated green development into its operations by implementing environmental policies and management systems.

5.1. Ensuring Environmental Compliance

The State has stringent requirements on the environmental management of slaughtering and meat processing companies, and has established various laws and regulations and national standards in relation to environmental protection. The Group keeps abreast of the latest trends and developments of national and regional legislatures, observes changes in environmental requirements in a timely manner, and systematically refines relevant internal measures. The Group has established an environmental management system to identify and manage environmental risks to its operations. The system also enables us to manage environmental compliance of, and track performance against environmental goals at, each production plant.

The Group shoulders its responsibility of pollution control in accordance with the local requirements of the place in which it operates. The Group observes the national Pollutants Discharge Permit System and applied for and obtained valid pollutants discharge permits for all production plants. Meanwhile, the Group strictly complies with the requirements of the pollutants discharge permits. We conduct pollution and wastewater monitoring and submit monitoring reports on a regular basis. Regarding waste disposal, the Group promotes recovery and recycling to reduce waste disposal. In addition, the Group maintains tight waste management controls according to the nation's requirements, and has defined proper waste disposal procedures for every type of wastes. During the Reporting Period, the hazardous waste generated by the Group is collected and disposed by the qualified entities entrusted by the Group in accordance with the relevant requirements; and non-hazardous wastes are transferred to the environment and hygiene departments in the operation locations for further handling.

In addition, the Group is well prepared for environmental emergency in advance. To minimise the impact of environmental emergency to the greatest extent, the Group requires its production plants to formulate an *Environmental Contingency Plan* and to conduct drills on a regular basis.

5.2. Minimising Environmental Impacts

In addition to legal compliance, the Group tries its best to improve the environmental performance of its manufacturing plants in order to further minimise any possible negative environmental impacts that may arise from its operations.

5.2.1. Strengthening Water Consumption and Discharge Management

Slaughtering and meat processing companies have high water consumption where water and steam is required in the Group's food production process. In order to maintain rigorous hygiene standards, our production plants, equipment and goods vehicles must be cleaned daily. To this end, the Group is proactive in managing water consumption in an effective manner by regularly monitoring water consumption and implementing water conservation measures to ensure that it maximises the benefits of every drop of water.

Regarding water sourcing, the Group sources water for businesses from municipal water supply and underground water. The extraction of underground water is subject to monitoring and regulation of relevant local government departments. During the Reporting Period, the Group did not have any issues in sourcing water.

Case Study: Conserving freshwater resources

Through the implementation of wastewater treatment and reuse system, the Group collects production wastewater, domestic sewage, condensate from air-conditioning equipment and other wastewater by independent pipelines for central treatment and applies the reclaimed water to car-washing, irrigation, flushing, etc. Not only could freshwater resources be saved through reusing reclaimed water, the discharge of wastewater could also be reduced, thereby mitigating the impacts on the surrounding environment. During the Reporting Period, the wastewater reuse system was implemented in the Group's production plants in Xinjiang, Yunnan, and Anhui provinces and approximately 48,000 tonnes of wastewater was reused in total.



The Group attaches great importance to wastewater treatment and has set up wastewater treatment facilities in its production plants to remove impurities in water using physical, chemical or biological methods. Manufacturing plants of the Group are installed with online monitoring system to monitor water quality at the wastewater discharge outlets by measuring effluent indicators such as COD concentration and ammonia nitrogen content. In addition, wastewater treatment process creates odour nuisance to surrounding population. Therefore, the Group adopts the following measures to control odour:



- ✓ Covering up wastewater treatment areas which emit odour
- ✓ Dosing of deodourising agents to wastewater and sludge



- ✓ Installing deodourisation units like spray towers, activated carbon system and biofilters to clean up the collected foul gases. Gases are emitted through exhaust pipes after treatment.

5.2.2. Maximizing the Use of Raw Materials and Reducing Waste Generation

The Group has strengthened its production process management to increase the efficiency of use of raw materials. This will not only save resources, but also reduce waste generation. The Group optimises raw materials to create the most value and therefore, animal by-products that are not fit for human consumption are used to process into organic fertilisers.


The Group's production plants in Hefei and Weinan adopt automatic detoxification treatment equipment to process the wastes from the production process, including waste grease, fur, branded skin, and PSE (pale, soft, exudative) meats, into organic fertilisers, easing the burden on landfills, thereby reducing greenhouse gases (“GHG”) emissions from waste disposal.

During the Reporting Period, the Group produced over 40 tonnes of organic fertilisers.

Moreover, to reduce the water content of sludge and livestock's manure, the Group's production plants installed sludge dewatering equipment and solid-liquid separator, which greatly reduce the amount of non-hazardous and hazardous sludge and manure. As at the end of the Reporting Period, 20% of the Group's production plants operating were equipped with solid-liquid separator.

5.2.3. Energy Consumption and Associated Emissions Management

The primary sources of the Group's energy consumption are natural gas, purchased electricity and steam. They are also the major sources of the Group's GHG emissions. The Group therefore focuses on improving energy efficiency and promoting the use of renewable energy for energy saving, and in turn reduction in GHG emissions.

Improving Energy Efficiency	Promoting the Use of Renewable Energy
<p>The Group formulated the <i>Energy and Resources Consumption Control Procedures</i> to regulate the use of energy-consuming equipment, and maintains the principle of energy conservation at all times in order to reduce electricity consumption. Besides, the Group reduced steam consumption by refining the production process and by reducing heat loss from the pipes that transport the steam with thermal insulation.</p> <p>To ensure the effectiveness of the Group's energy conservation measures, the Group records each type of energy consumption on a monthly basis and immediately handles unusual consumption once being identified.</p>	<p>The Group is committed to looking for opportunities to use renewable energy sources, striving to minimise indirect GHG emissions.</p>  <p>Solar energy devices were installed in the production plants in Jiangsu Province and Anhui Province. During the Reporting Period, approximately 4.2 million kWh of electricity was generated.</p>

The Group also actively reduces the emissions of air pollutants in its operations. The primary air pollutants of the Group are sulphur dioxide, nitrogen oxides, etc., emitted from the fuel combustion process of boilers. In order to reduce air pollutant emissions from boilers in its production plants, the Group proactively replaces coal with gas to power boilers, retrofits boilers with low-nitrogen oxides technology, and connects external steam pipes to the production plants to transport steam.

As at the end of the Reporting Period, production plants of the Group had **completely phased out** coal-fired boilers, except one production plant located in Yunnan Province.

The Group has also proactively adopted air pollutant emission reduction and treatment technologies so as to reduce the emissions of air pollutants.

Case Study: Reducing Nitrogen Oxides Emissions

The Group has been rolling out air pollutant emission reduction technologies to all production plants. During the Reporting Period, the gas-fuelled boilers in the meat processing business segment of the Group were retrofitted by replacing the conventional burners with low-nitrogen oxides burners, and thus reducing nitrogen oxides emissions.



As of the end of the Reporting Period, approximately 30% the gas boilers in the Group's production plants had been installed with low nitrogen burners, continuously reducing air pollutant emissions.

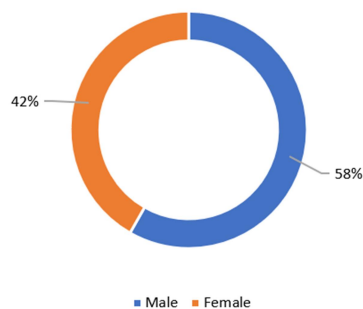
6. People-oriented

“Respect individual, personal development and proper deployment” is the Group’s longstanding human resources belief. In addition to serving the community, the Group also treats every employee with care. The Group is committed to protecting the rights and interests of its employees and building a strong and energetic team. The Group provides its employees with competitive salaries and benefits, adequate training, equal opportunities for development, and a safe working environment, enabling them to grow with the Group.

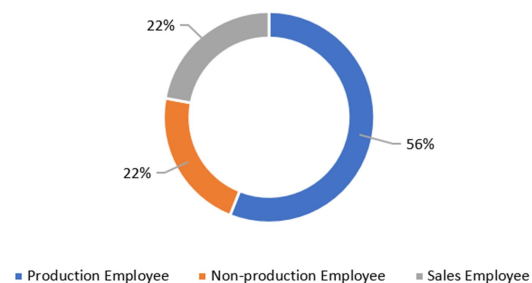


As of the end of the Reporting Period, the Group has a total of approximately 9,400 employees.

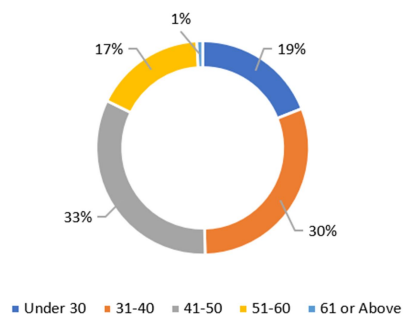
Percentage of Employee by Gender



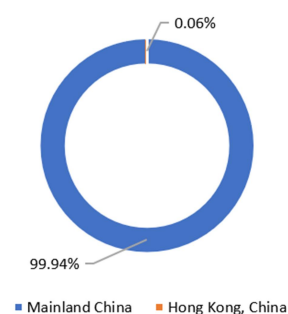
Percentage of Employee by Employment Type



Percentage of Employee by Age Group



Percentage of Employee by Geographical Region



6.1. Cultivating a Professional Team

The Group highly values employees' rights and interests, and ensures that employees are legally entitled to and clearly aware of their rights and interests through the establishment of various human resources management systems. The Group sets out the requirements in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in the *Recruitment Management System*, the *Compensation Management System*, the *Benefits Management System*, the *Performance Management System*, and the *Employee Handbook*.

 <p>Attracting Talent</p>	<p>The Group believes that workforce diversity has a positive impact on its operation. The Group persists in recruiting employees in a just and fair manner. The Group is committed to creating an anti-discrimination work environment by implementing the requirements of equal pay for equal work to avoid differential treatment due to factors such as gender, age, ethnicity, and religion.</p> <p>Labour contracts are signed between employees and the Group to fully protect the rights and obligations of employees and the Group. Regarding the termination of labour contracts, the Group strictly adheres to the requirements of relevant laws and regulations, and sets out the handling procedures of employees' departure under different circumstances in the <i>Employee Handbook</i>.</p> <p>The Group strictly prohibits employment of child labour by adopting stringent measures such as requiring every new employee to provide identity proofs, etc. Meanwhile, the Group has required that any persons below the age of 16 are prohibited from being recorded in the personnel management system so as to avoid any possibility of child labour. If cases of child labour are found, the Group will impose penalties on the employees directly employing child labour in contravention of the prohibition, and hold the person-in-charge of the subsidiary violating such prohibition accountable. In the meantime, the Group will carry out inspections on other subsidiaries to ensure that no similar situations happen.</p>
 <p>Retaining Talent</p>	<p>The Group provides competitive remuneration and has established a clear promotion system, ensuring that employees are able to enjoy reasonable remuneration and fair promotion opportunities. The Group sets remuneration based on job requirements, employees' competencies, work performance and market trends. In addition, the Group offers performance bonus to employees with outstanding performance.</p> <p>The Group implements an employee performance evaluation scheme in a fair, open, and impartial manner. The Group applies multi-dimensional indicators for employee evaluation, which helps provide comprehensive references and basis for employees' remuneration, rewards, and promotion.</p> <p>Employees of the Group are entitled to paid annual leave and statutory holidays in accordance with the laws and are also entitled to other leaves, such as sick leave, casual leave, marriage leave, maternity leave, etc. The Group does not tolerate forced labour. To prevent forced labour, the Group lists the working hours for employees of different employment types in the <i>Employee Handbook</i>, and strictly regulates overtime application to prevent forced labour.</p> <p>The Group makes contribution to insurances and funds for employees in accordance with the requirements of the locations in which it operates, and additionally provides personal accident insurance in order to protect employees in a comprehensive way and to enhance their sense of belonging. In addition, the Group also provides employees with free accommodation, meal allowance, family visit leaves, birthday benefits, and other welfares.</p>

6.2. Employee Communication and Care

The Group focuses on employee communication and invites employees to express their thoughts through a variety of communication channels.

The Group attaches importance to the employee representative system. By establishing employee associations such as labour union, and conducting various activities, the Group provides employees with a platform to understand the development direction of the Group as well as critical issues relating to their own interests. In addition, the party committee and the labour union organise employee representative forums annually to solicit opinions on the development of the Group from employees and answer their questions. The Group adopts shift-work pattern in its production plants. Supervisors of each production plant give briefing to employees before work to highlight issues that require employees' attention, to recognise employees with outstanding performance, and to discuss with employees the important issues of the day. The daily briefing give employees a chance to raise concerns in a friendly environment, and the supervisors can immediately respond to their issues or provide guidance.

Case Study: Recognising Employees' Excellent Performance



In April 2019, the Group held an Outstanding Employee Recognition Ceremony to recognise employees for their outstanding achievements in the manufacturing plant in Hubei Province.

Case Study: Reaching Out to Employees



The Group deeply cares about its employees and provides assistance to the employees living in hardship, helping them to go through difficult times.

During the Reporting Period, the Group reached out more than 110 employees, and distributed gifts and money worth approximately RMB 200,000 in total.

6.3. Supporting Employees' Development

The Group has a team of ambitious and dedicated individuals. The Group is dedicated to offering growth and development opportunities to its employees with ample resources and tools to further develop future leaders. The Group's training programmes include induction training, professional knowledge training, and on-the-job training. To unlock employees' potential in full, we prepare tailor-made training programmes according to the target groups.

The Group has always valued the nurturing and development of new employees. To help new employees to get a faster and better start in the Group, it provides a series of training programmes through introduction, practices in the production plants, and practices on job duties.

The Group continues to enhance the leading ability and professional capacity of its management team. The Group provides management training programmes covering aspects of human resources, finance, administration, quality control, sales and marketing, and project management. The Group insists a combined learning approach integrating curriculum learning and case studies. Case studies showing best practices are shared with the management team for them to apply knowledge in real-life situations.

Meanwhile, the Group encourages employees to have continuing learning. We add value to our human resources by proactively providing training programmes and seminars for our employees regarding management knowledge, techniques, etc.

The Group formulated the *Control Procedures for Training Management* to regulate the development, implementation, evaluation, and record-keeping of training. During the Reporting Period, the Group offered various trainings to improve employees' knowledge and skills for discharging duties at work, including operation and management training, financial management training, human resources management training, sales and marketing skills training, and production management training.



The Group provided training to chief financial officers of its subsidiaries.



The senior management of the Group's sales department participated in a training.

6.4. Focusing on Employees' Health and Safety

Employees are the Group's greatest asset, and thus the health and safety of the Group's employees are always of paramount importance. The Group strictly observes the laws and regulations that have a significant impact on the Group, and internal standards of the Group in relation to providing a safe working environment and protection to employees from occupational hazards.

6.4.1. Establishing a Culture of Safety

The Group promotes a work safety culture by developing a safety management system and establishing a safety management framework. The Group places great emphasis on safety trainings. The Group organises various training programmes to enhance employees' awareness of safety at work and to raise their safety emergency response capability, preventing occupational hazards in an effective manner.

6.4.2. Providing a Safe Working Environment

Providing a safe work environment for our employees is fundamental to the Group's success. The Group has implemented safe production management, established production safety management team, and formulated management policy and annual targets in strict accordance with the related laws and regulations of the places where it operates. The Group implements the *Safety Production Liability System*, which governs the responsibilities of employees of all levels for work safety. Each of the manufacturing plants is supported by a general manager who shoulders the ultimate responsibility for work safety, and is responsible to oversee and provide guidance to employees of all levels in discharging their duties.

The Group requires its production plants to maintain a clean and tidy environment, with adequate non-slip flooring and non-slip work boots for employees to reduce the risk of slips and trips. The Group also attaches great importance to the safety of its production equipment and machinery. Adequate trainings must be provided to the relevant employees before they use various types of production equipment and machinery. Meanwhile, the Group requires each of its production plants to regularly inspect and maintain its production equipment and machinery to ensure the safety of operators. The Group also posts safety signs in the production plants to remind employees to take precautions against hazards and avoid accidents at all times.

When a safety incident occurs, the Group would conduct an investigation and learn from the incident to prevent its re-occurrence. The Group records the status and number of work injuries in accordance with the *Regulation on Work-Related Injury Insurances*. During the Reporting Period, there were no work-related fatalities; 57 employees were injured at work; and the number of lost days due to work injury amounted to 2,110 days. The Group ensures that employees who were injured in its production plant receive timely medical treatment. Financial compensation is also provided to the injured employees in accordance with the *Regulation on Work-Related Injury Insurances*.

6.4.3. Concern for Employees' Physical and Mental Health

The Group recognises the importance of the physical and mental well-being of our employees. We are committed to fostering a workplace that is conducive to employees' well-being. The Group attaches great importance to the mental health of its employees, and has set up a dedicated consultation room where mental health professionals from relevant organisations are invited to the Group on a regular basis to help to relieve the stress of its employees. The Group also organises external experts to conduct health-related talks to employees from time to time. Besides, the Group has invested in the office space by setting up lounges, fitness rooms, activity rooms, etc. for employees to relax and exercise, reducing stress and anxiety.



Psychosocial consultation room



Health-related talks



Fitness room



Billiard room



Table-tennis room

7. Giving Back to the Community



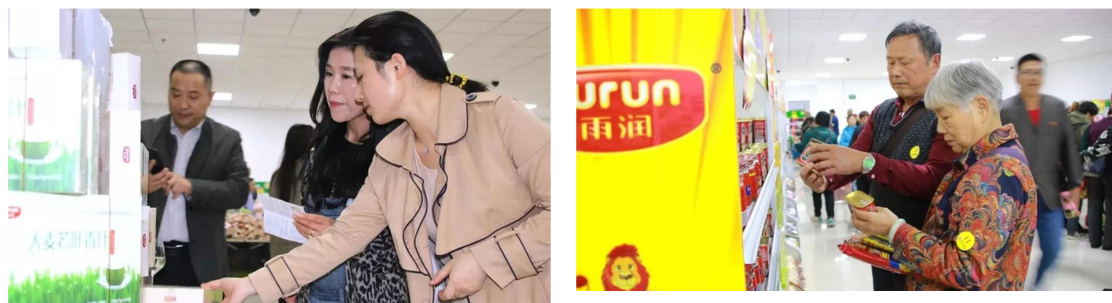
Giving back to the community is the Group's mission. The Group gives due consideration to and efficiently responds the needs of the communities, thereby creating more value for the communities in which it operates and fulfilling its responsibilities as a good corporate citizen.

7.1. Knowledge Sharing on Food Safety

The Group is aware of the growing public concern over food quality and safety. Therefore, the Group actively organises tours to the Yurun Food Industrial Park for the public to have a better understanding of the Group's production process and the importance of food quality and safety.

Case Study: Enhancing Consumer Confidence by Sharing the Behind-the-scenes Look at Yurun's Production Process!

During the Reporting Period, the Group organised Yurun Food Industrial Park tours for the public. The Group shared with visitors its production process and methods of ensuring food safety and quality during the tours, and conducted products demonstration and product tasting sessions, reinforcing public confidence in Yurun's products.



7.2. Investing in the Communities

To meet the community's demand for pork, the government of Nanjing has implemented a frozen pork reserve scheme to distribute frozen pork on the market in batches at a below-market price. The Group proactively participates in the pork reserve schemes at the municipal level. During the Reporting Period, the Group collaborated with the municipal government to ensure stable market supply during the New Year's Day and Spring Festival in 2020 by preparing for the release of reserved pork.

In addition to participating in the Nanjing municipal level reserve pork supply, the Group also actively participated in the government's pork supply programme for the elderly care homes. The Group distributed 31 tonnes reserve meat at a low price to 218 elderly care homes prior to and after the Chinese New Year in 2020, so that the elderly could have a joyful and peaceful Chinese New Year.

Case Study: Giving Back to the Community



On 21 January 2020, the Group held an activity called "Providing Warmth in the Spring" in the science and technology park located at Shazhou Road in Jianye District. The Group delivered love and blessings to the residents by providing gift boxes of pork for 50 households in the community.

7.3. Nurturing the Next Generation

Nurturing talent is crucial for the development of the society. In promoting the development of the food industry, the Group actively develops school-company cooperated education to help young people who are interested in the food industry to realise their dreams. The Group assigns technicians to participate in the development of professional courses and to act as instructors. The Group also provides students with internship opportunities to gain practical working experience. This is beneficial for the students to bridge the gap between classroom learning and real practice, and ultimately improving their employment prospects.



8. Information and Statistics¹

Annual Output²

	Units	2019	2018
Annual output	Tonnes	636,800	707,500

Emissions and Wastes

	Units	2019	2018
Air Pollutant ³			
Nitrogen oxides	Tonnes	21	26
	Tonnes per tonnes annual output	3.28×10^{-5}	3.66×10^{-5}
Sulphur oxides	Tonnes	4	5
	Tonnes per tonnes annual output	6.29×10^{-6}	6.37×10^{-6}
GHG			
GHG (Scope 1 and Scope 2)	Tonnes CO ₂ e	126,428	144,463
	Tonnes CO ₂ e per tonnes annual output	0.20	0.20

¹ The reporting scope of environmental data disclosed in this section includes the Group's production plants of the fresh meat segment and the processed meat segment, and operated during the reporting periods. The reporting scope of social data disclosed in this section includes the Group, and is consistent with the Company's annual reports. Asterisk (*) indicates that data for 2018 had not been collected and/or disclosed. The Group has updated the air pollutant emissions and the amount of hazardous and non-hazardous wastes for 2018 to ensure meaningful comparisons, and the data for 2018 of this Report shall prevail.

² Annual output of the Group was used for the calculation of the intensity of environmental KPIs.

³ The calculation scope of air emissions includes stationary sources and vehicles. Air emissions were calculated using the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources* and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC.

Units		2019	2018
Scope 1: direct emissions ⁴	Tonnes CO ₂ e	51,515	51,886
Scope 2: indirect emissions ⁵	Tonnes CO ₂	74,913	92,578
Wastewater			
Wastewater	Tonnes	3,816,546	4,496,134
	Tonnes per tonnes annual output	5.99	6.35
Hazardous waste			
Sludge	Tonnes	12	22
	Tonnes per tonnes annual output	1.92 x 10 ⁻⁵	3.11 x 10 ⁻⁵
Non-hazardous waste			
Total non-hazardous waste ⁶	Tonnes	3,752	1,074
	Tonnes per tonnes annual output	0.006	0.002
Domestic waste	Tonnes	2,997	375
Food waste	Tonnes	115	48
Sludge	Tonnes	593	651
Waste grease from grease trap	Tonnes	46	*

⁴ 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 *Guidelines for 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).

⁵ The calculation scope of GHG emissions (Scope 2) includes purchased electricity. GHG emissions (Scope 2) of 2019 were calculated using the *Notice on the Establishment of 2018 Carbon Emission Reporting and Verification and Emission Monitoring Plan - 2018 Supplementary Template for Carbon Emission Reporting* issued by the Ministry of Ecology and Environment of the PRC. GHG emissions (Scope 2) of 2018 were calculated using the *2011-2012 Regional Power Grid Average CO₂ Emission Factors in China* issued by the National Development and Reform Commission of the PRC.

⁶ The Group expanded the collection and reporting scope of non-hazardous waste in 2019. Non-hazardous waste and food waste in 2019 included the Group's production plants from the fresh meat segment and the processed meat segment, and in 2018 included the Group's production plants from the processed meat segment, resulting in an increase in total non-hazardous waste in 2019.

Use of Resources

Units		2019	2018
Energy			
Electricity	kWh	122,787,368	132,128,236
	kWh per tonnes annual output	192.82	186.75
Natural gas	m ³	9,252,313	11,114,646
	m ³ per tonnes annual output	14.53	15.71
Coal	Tonnes	1,959	2,092
	Tonnes per tonnes annual output	0.003	0.003
Gasoline ⁷ (for commute)	Litres	20,333	163,760
	Litres per tonnes annual output	0.03	0.23
Diesel ^{Error! Bookmark not defined.} (for commute)	Litres	1,250	42,110
	Litres per tonnes annual output	0.002	0.06
Water			
Total	Tonnes	5,583,682	5,701,670
	Tonnes per tonnes annual output	8.77	8.06
Municipal water	Tonnes	2,808,299	3,233,756
Ground water	Tonnes	2,775,383	2,467,914

⁷ The decrease in gasoline and diesel consumption in 2019 is due to the significantly decrease of vehicle use for commute.

	Units	2019	2018
Packaging materials ⁸			
Total packaging materials	Tonnes	460,014	*
	Tonnes per tonnes annual output	0.72	*
Paper (including carton, paper label)	Tonnes	408,684	*
Plastic (including plastic bag, food bag)	Tonnes	51,330	*

Employee

No. of employees	Units	2019 (as of 31 December 2019)	2018 (as of 31 December 2018)
No. of employees	No.	9,450	10,369
By gender			
Male	No.	5,504	5,503
Female	No.	3,946	4,866
By employment type			
Production employee	No.	5,295	6,841
Non-production employee	No.	2,066	1,352
Sales employee	No.	2,089	2,176
By age group			
≤ 30	No.	1,797	1,507
31-40	No.	2,893	2,677

⁸ The Group started disclosing packaging material consumption by weight in 2019.

No. of employees	Units	2019 (as of 31 December 2019)	2018 (as of 31 December 2018)
41-50	No.	3,083	3,605
51-60	No.	1,593	2,459
≥ 61	No.	84	121
By geographical region			
Mainland China	No.	9,444	*
Hong Kong, China	No.	6	*
Employee turnover rate	Units	2019	2018
Employee turnover rate	Percentage	23.99%	34.89%
By gender			
Male	Percentage	25.82%	33.81%
Female	Percentage	21.26%	36.07%
By age group			
≤ 30	Percentage	28.84%	46.92%
31-40	Percentage	21.58%	32.55%
41-50	Percentage	22.24%	32.58%
51-60	Percentage	25.73%	31.66%
≥ 61	Percentage	22.94%	30.06%
By geographical region			
Mainland China	Percentage	24%	*
Hong Kong, China	Percentage	0%	*

Training

The percentage of employees trained	Units	2019	2018
The percentage of employees trained	Percentage	88.93%	*
By gender			
Male	Percentage	89.58%	*
Female	Percentage	87.97%	*
By employment category			
Production employee	Percentage	99.11%	*
Non-production employee	Percentage	87.89%	*
Sales employee	Percentage	59.62%	*
The average training hours completed per employee	Units	2019	2018
The average training hours completed per employee	Hours	4.29	*
By gender			
Male	Hours	4.14	*
Female	Hours	4.52	*
By employment category			
Production employee	Hours	4.81	*
Non-production employee	Hours	4.20	*
Sales employee	Hours	2.84	*

Safety

Work injury	Units	2019	2018
Lost days due to work injury	Days	2,110	3,252

Products and Service

Products and service-related complaints	Units	2019	2018
No. of complaints	Cases	216	277
Complaints resolution rate	Percentage	100%	100%
Products recall	Units	2019	2018
Percentage of total products sold or shipped subject to recalls for safety and health reasons	Percentage	0%	0%

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 Relating to Various Aspects of the <i>ESG Reporting Guidelines</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Product Responsibility	
<i>The Food Safety Law of the PRC</i> <i>The Animal Epidemic Prevention Law of the PRC</i> <i>The Standardisation Law of the PRC</i> <i>The Food Hygiene Law of the PRC</i> <i>The Product Quality Law of the PRC</i> <i>The Advertising Law of the PRC</i> <i>Interim Measures for the Administration of Internet Advertising</i>	During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labelling and privacy matters relating to the products and services provided and methods of redress.
Emissions	
<i>The Environmental Protection Law of the PRC</i> <i>The Environmental Protection Tax Law of the PRC</i> <i>Regulation on the Implementation of the Environmental Protection Tax Law of the PRC</i> <i>The Law of the PRC on the Prevention and Control of Water Pollution</i> <i>The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste</i> <i>The Law of the PRC on the Prevention and Control of Air Pollution</i> <i>The Law of the PRC on the Prevention and Control of Noise Pollution</i> <i>The Clean Production Promotion Law of the PRC</i>	During the Reporting Period, the Group complied with the 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.
Employment and Labour Practices	
<i>The Labour Law of the PRC</i> <i>The Labour Contract Law of the PRC</i> <i>The Law of the PRC on the Protection of Rights and Interests of Women</i> <i>The Law of the PRC on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labour</i> <i>The Social Insurance Law of the PRC</i> <i>The Labour Dispute Mediation and Arbitration Law of the PRC</i>	During the Reporting Period, the Group complied with the 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.

Laws and Regulations that Have a Significant Impact on the Group Relating to Various Aspects of the ESG Reporting Guidelines of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Health and Safety	
<p><i>The Production Safety Law of the PRC</i></p> <p><i>The Prevention and Control of Occupational Diseases Law of the PRC</i></p> <p><i>The Implementation Rules for the Supervision and Administration on the Quality Safety of the Food Manufacturing and Processing Enterprise</i></p>	<p>During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.</p>
Anti-corruption	
<p><i>The Company Law of the PRC</i></p> <p><i>The Bidding Law of the PRC</i></p> <p><i>The Anti-unfair Competition Law of the PRC</i></p> <p><i>The Criminal Procedure Law of the PRC</i></p> <p><i>The Criminal Law of the PRC</i></p> <p><i>Interim Provisions on Banning Commercial Bribery</i></p>	<p>During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud and money laundering.</p>

Appendix 2 Index of the SEHK's *Environmental, Social and Governance Reporting Guide*

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Environmental		
Aspect A1 : Emissions		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5, Appendix 1
KPI A1.1	The types of emissions and respective emissions data.	8
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8
KPI A1.5	Description of measures to mitigate emissions and results achieved.	5.2
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.1, 5.2
Aspect A2 : Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5
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).	8
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	5.2
KPI 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
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	8
Aspect A3 : The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	5
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Social		
Aspect B1 : Employment		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.1, 6.2, Appendix 1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	8
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	8
Aspect B2 : Health and Safety		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.4, Appendix 1
KPI B2.1	Number and rate of work-related fatalities.	6.4, 8
KPI B2.2	Lost days due to work injury.	6.4, 8
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.4
Aspect B3 : Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	8
KPI B3.2	The average training hours completed per employee by gender and employee category.	8

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Social		
Aspect B4 : Labour Standards		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.1, Appendix 1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.1
Aspect B5 : Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4
KPI B5.1	Number of suppliers by geographical region.	4.4
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.4 No number of suppliers where the practices are being implemented is available
Aspect B6 : Product Responsibility		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3, 4, Appendix 1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.2
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.3, 8
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.3
KPI B6.4	Description of quality assurance process and recall procedures.	3.1, 4.2
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.3

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B7 : Anti-Corruption		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.3, Appendix 1
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.	2.3
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.3
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.	7
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7