

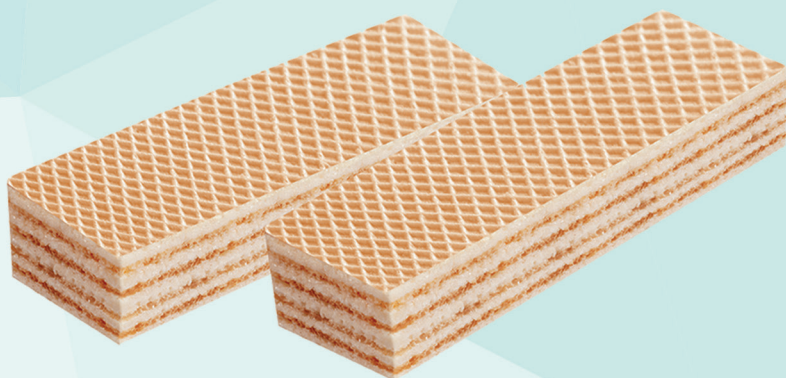


嘉士利集團有限公司 JIASHILI GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1285

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019





CONTENTS

CHAIRMAN'S STATEMENT	2
INTRODUCTION AND ESG POLICIES	3
STAKEHOLDER ENGAGEMENT	4
MATERIALITY ASSESSMENT	6
A. ENVIRONMENTAL	7
A1. Emissions	7
A2. Use of Resources	11
A3. The Environment and Natural Resources	14
B. SOCIAL	15
B1. Employment	15
B2. Health and Safety	17
B3. Development and Training	19
B4. Labour Standards	20
B5. Supply Chain Management	20
B6. Product Responsibility	21
B7. Anti-corruption	24
B8. Community Investment	25
ESG Reporting Guide Content Index of The Stock Exchange of Hong Kong Limited	26



CHAIRMAN'S STATEMENT

Dear honourable stakeholders,

We are delighted to present our Environment, Social and Governance Report (the "Report") for 2019. This Report is the fourth report related to social responsibility published by Jiashili Group Limited (the "Company") and its subsidiaries ("Jiashili" or "the Group") to summarize Jiashili's initiatives, plans and performance in environmental, social and governance ("ESG") and present its commitment to sustainable development.

Over the years, Jiashili has been adhering to the business philosophy of "JIASHILI-benefit the Nation and benefit to all people" ("嘉士利 • 利國家 • 利大家"), and is committed to integrating sustainable development into its daily operation to achieve long-term prosperity in business development, while improving benefits of stakeholders and contributing to the earth. We hope to strengthen our cooperation with the industry through our commitment to sustainable business and best practices in daily operation, thus enhancing our competitiveness. Moreover, we can also contribute to the community as a high-level corporate citizen in accordance with the business philosophy of "JIASHILI-benefit the Nation and benefit to all people" ("嘉士利 • 利國家 • 利大家"). In line with the vision of sustainable development, we kept improving ourselves. On one hand, we strive to minimize the potential negative environmental and social impacts brought about by our operations, save resources, enhance management transparency, and improve our environmental awareness and social responsibility. On the other hand, we continued to improve our product quality to provide more diversified choices to our customers.

As a leading biscuit manufacturer in China, we are committed to pursuing innovation and excellence in cooperation with responsible investment and the awareness of sustainable development. Jiashili was honoured to be awarded as the 40th Anniversary of China's Reform and Opening-up Outstanding Enterprise and Outstanding Person (Huang Xianming, Chairman of the Group's Board of Directors), the Top 20 China Food Industry in 2019, the Top 10 Bakery and Confectionary Enterprises (Biscuit) in China's Light Industry, Guangdong Top 10 Time-honoured Enterprises, Guangdong High-tech Enterprises, 2019 Guangdong Science and Technology Progress Award First Prize. These achievements witnessed the correct decision-making of the Board of Directors of the Group, the tacit cooperation among all departments, and the hard work of all employees. I would like also to take this opportunity to address a special thanks to all departments and our valuable teams for their precious contributions to this Report.

Huang Xianming

Chairman of the Board of Directors





INTRODUCTION AND ESG POLICIES

About Jiashili

As a well-known brand and a top quality enterprise in the market, Jiashili is leading the industry with high-quality products. In addition to the main line of biscuit products, the Group is also committed to the horizontal development of various types of products to meet customers' demand for different new tastes. Currently, Jiashili's product market covers approximately 31 regions in China and more than 20 regions overseas. The Group believes that the corporate culture of "People, Credibility, Quality and Efficiency", the team spirit of "Purpose, Communication, Cooperation and Sharing" and the action guideline of "Professionalism, Standardization, Responsibility and Quantization" are critical to the success of Jiashili. In line with the operation philosophy of "JIASHILI-benefit the Nation and benefit to all people ("嘉士利 • 利國家 • 利大家"), the Group spared no efforts in creating positive ripple effects in various levels of society with its own commercial success, thus bringing positive changes in society. Over more than 60 years, the Group has been adhering to the above principles, and is therefore widely recognized by all walks of life.

Approach to Sustainability

In order to attain a sustainable business model, it not only needs stable and responsible investment, but also to consider the expectations of all stakeholders. In order to better formulate its business policies, the Group has designed a people oriented-sustainable development vision which is based on employees' mentality and skills building, research and innovation cultivation, professional development and stakeholders' expectation, with equity, environmental consciousness and social responsibility. The Group's sustainable development goals are therefore to:

- Be the employer of choice by providing employees with an exciting and fulfilling work environment;
- Create values to the shareholders with transparent governance and enhanced risk management system;
- Be stewards of environmental consciousness and social responsibility in all business places; and
- Instil confidence in its stakeholders in accordance with sustainable business values.

Under such sustainability vision, the Group is committed to delivering healthy and delicious products to the market, in compliance with all local laws, regulations and standard quality requirements. The Group aims to improve its customers' nutrition by providing them with fortified products they always want to eat.

The ESG Governance Structure

The Group has established the ESG Taskforce (the "Taskforce"). The Taskforce comprises core members from different departments and is responsible for collecting relevant information on the Group's ESG aspects for preparing the Report. The Taskforce regularly reports to the Board of Directors, assists in identifying and evaluating the Group's ESG risks and the effectiveness of the ESG internal control mechanisms. The Taskforce also examines and evaluates the Group's performances in different aspects such as environment, production safety, labour standards and product responsibilities in the ESG aspects. The Board of Directors sets up a general direction for the Group's ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.



ABOUT THIS REPORT

Scope of Reporting

The scope of the Report covers the Group's efforts and contributions to the environment and society. Due to the shutdown of the production plant in Jiangsu, the environmental aspect's key performance indicators ("KPIs") cover three production plants of the Group in the mainland, situated in Guangdong, Henan and Anhui Province, which represent the Group's main sources of revenue; while social aspect's KPIs cover four production plants (including the production plant in Jiangsu). The Group will expand its scope of disclosure in the future along with improved data collection system and deepened sustainability work.

Reporting Framework

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report on P.17 to P.30 of Annual Report 2019.

Reporting Period

This Report details ESG activities, challenges and measures taken by the Group from 1 January 2019 to 31 December 2019 ("2019").

STAKEHOLDER ENGAGEMENT

The Group and its stakeholders communicate with and support each other through two-track communication mode to achieve mutual growth. Therefore, the Group values opinions from different stakeholders on its operation and ESG matters. To fully understand, respond and address core concerns of different stakeholders, the Group has been keeping close communication with various stakeholders, including but not limited to the Board of Directors, employees, government and regulatory authorities, customers, suppliers, communities, shareholders and investors, social groups, non-governmental organizations ("NGOs") and the media. In the Group's daily operation practices, it shared latest information through email, telephone, on-site visits and communication meetings.

Through engagement of different stakeholders and various communication channels, the Group will integrate their expectations into its operation and ESG strategies. Communication channels for stakeholders, and their expectations and concerns are as follows:

Stakeholders	Communication Channels	Expectations and Concerns
Board of Directors	<ul style="list-style-type: none"> Regular board meetings Daily communication and reporting 	<ul style="list-style-type: none"> Compliant operation Financial performance Corporate sustainability
Employees	<ul style="list-style-type: none"> Training activities Team building activities Regular performance assessment Staff meeting Daily communication and reporting 	<ul style="list-style-type: none"> Career development Health and safety Remuneration and benefits Equal opportunity





Stakeholders	Communication Channels	Expectations and Concerns
Government and regulatory authorities	<ul style="list-style-type: none"> • Routine communication and reporting • Compliance management • Self tax-reporting • Information disclosure • Written communication if necessary 	<ul style="list-style-type: none"> • Implementing relevant policies • Observing disciplines and laws • Paying taxes according to law • Business ethics • Community participation
Customers	<ul style="list-style-type: none"> • Customer activities • Satisfaction survey • Telephone and face-to-face meetings 	<ul style="list-style-type: none"> • Customer information and privacy protection • Business integrity and ethics
Suppliers	<ul style="list-style-type: none"> • Meetings • On-site visits • Regular assessment • Exchange visits 	<ul style="list-style-type: none"> • Fair competition • Business ethics and reputation • Product quality • Win-win cooperation
Communities	<ul style="list-style-type: none"> • Promoting employment • Community activities • Investment and donation 	<ul style="list-style-type: none"> • Compliant operation • Promoting community development • Environmental protection
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Regular company's publications (including financial statements) • Issuing notice, circulars and announcements when required 	<ul style="list-style-type: none"> • Compliant operation • Financial performance • Corporate sustainability
Social groups, NGOs and the media	<ul style="list-style-type: none"> • Company website • Circulars and announcements • Investment plan for the community • ESG reports 	<ul style="list-style-type: none"> • Compliant operation • Promoting community development • Environmental protection • Business ethics • Health and safety

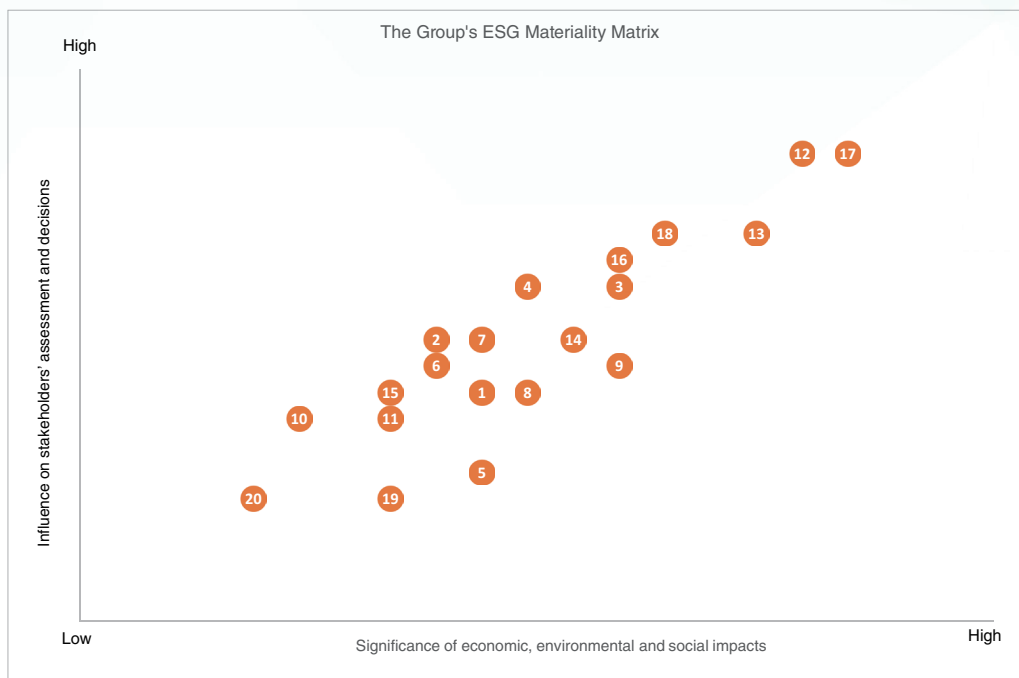
The Group is committed to working with its stakeholders to improve the Group's ESG performance and to continue to create greater value for its country and society.



Materiality Assessment

The Group collects opinions from the management of each major function through a questionnaire to assist the Group in reviewing its operations, identifying relevant ESG issues and assessing the importance of related matters to its businesses and stakeholders. Based on the assessed significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units of the Group.

The materiality matrix of the Group's ESG issues as set out in this Report is as follow:



Material ESG issues relating to the Group

- | | |
|---|--|
| 1. Emissions Management | 11. Equal Opportunity |
| 2. Waste Management | 12. Production Safety |
| 3. Energy Consumption | 13. Compliant Operation |
| 4. Water Management | 14. Training Management and Courses |
| 5. Use of Packaging Materials | 15. Prevention of Child Labour and Forced Labour |
| 6. Indoor Air Quality Management | 16. Supply Chain Management |
| 7. Raw Materials Management | 17. Quality Control |
| 8. Employee Remuneration and Benefits | 18. Customer Service and Privacy |
| 9. Recruitment, Promotion and Dismissal | 19. Anti-corruption Policies and Systems |
| 10. Communication and Exchange | 20. Corporate Social Responsibility |

The Group confirms that it has established appropriate and effective management policies and monitoring systems relating to ESG issues, and that contents disclosed in this Report comply with the requirements of the ESG Reporting Guide.





Contact Us

Jiashili welcomes comments and suggestions from stakeholders. If you have any opinions on the Report or the Group's performance in sustainable development, please feel free to contact the Group via the following means:

Product Inquiries Hotline: 400-633-3876

Product Complaints Email: cpts@gdjsl.com

A. ENVIRONMENTAL

A1. Emissions

Jiashili attaches great importance to good environmental management, and strives to protect the environment to fulfil social responsibilities of the Group. The Group is committed to meeting or even exceeding environmental standards set out in national statutory requirements, adhering to sustainable development strategies in the course of operation, and developing an environmental management system ("EMS") based on ISO 14001:2015 standards. The Group emphasizes preventive measures to achieve zero pollution targets, and establishes credibility and social capital through strict management in line with the philosophy of operation with integrity. The Group continues to maintain environmental management policies that meet lawful requirements and corporate integrity to reassure the public, and constantly pursue breakthroughs in reducing environmental pollution, with a view to achieving the ultimate goal of minimizing pollution in the near future.

The Group has established environmental protection policies, including the Procedures for Environmental Identification and Evaluation Control, the Procedures for Monitoring, Measurement, Analysis and Evaluation Control, etc. The Group will identify relevant environmental factors in the activities, products and services of the Company through data collection, onsite investigation, summarizing opinions from related parties, and process flows analysis to ensure timely update of environmental factors in case of any changes in circumstances or related laws, regulations and other requirements, thus effectively preventing and controlling the impact on the environment. The Group reviews and evaluates environmental factors on an annual basis to ensure that adjustments are made according to the latest changes.

The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes and other laws and regulations concerning environmental protection. During 2019, the Group did not have any violations of local environmental laws and regulations concerning air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, which may have significant impact on the Group.



Emissions Management

Exhaust Gas Emissions

In the course of production, the Group's main exhaust gas emissions are small amounts of oily fumes, odour and water vapour generated during the baking process. Despite its seemingly insignificant emission amount, the Group has installed sealed enclosures in the furnaces to ensure the baking process operated in an enclosed environment. The Group has collected these non-hazardous exhaust gases to reduce atmospheric pollution.

During the Group's operation, vehicles are used for general transportation, which will only emit a small amount of vehicle exhaust. In 2019, nitrogen oxides, sulphur oxides and particulate matters generated by vehicle exhaust were approximately 23.4 kg, 0.4 kg and 26.5 kg respectively. The Group regularly inspects its vehicles to reduce fuel consumption, thus reducing carbon and exhaust gas emissions.

GHG Emissions

The Group's production operations are mechanized in producing biscuits. Although the use of energy and emissions of GHG and other air pollutants were inevitable, the Group spared no efforts in minimizing these emissions. Most of the machineries are powered by electricity, and only a few boilers are powered by natural gas. These new machineries have not only reduced the Group's carbon emissions, but have also eliminated the fugitive dust emitted during combustion. In addition, the Group has actively adopted power-saving and energy-saving measures to reduce GHG emissions, including strict control of air-conditioning usage, which requires to turn off air-conditioning when no employee is in the office, and to post energy-saving tips to remind employees to save energy and reduce carbon emissions. Meanwhile, the Group has also replaced long-travel face-to-face meetings with telephone or video conference to reduce carbon emissions generated by business travel. Under the guidance of above policies, employees' awareness on carbon reduction has been improved.

The Group's main sources of GHG emissions are direct GHG emissions (Scope 1) generated by natural gas consumed in production facilities and gasoline consumed by the vehicles, as well as energy indirect GHG emissions (Scope 2) from the purchased electricity. The Group's total GHG emissions increased by approximately 6% from approximately 37,924 tCO₂e in 2018 to approximately 40,382 tCO₂e in 2019. This was mainly due to the increase in electricity consumption due to the expansion of production. The Group's GHG emissions and its intensity performance were as follows:

Indicators ¹	Unit	2019	2018 ²
Direct GHG Emissions (Scope 1)	tCO ₂ e	9,093	7,899
Energy Indirect GHG Emissions (Scope 2)	tCO ₂ e	31,289	30,025
Total GHG Emissions (Scope 1 & 2)	tCO ₂ e	40,382	37,924
Intensity³	tCO ₂ e/million RMB revenue	25	26

Note:

1. GHG emissions data are presented in terms of CO₂ equivalent, with reference to, including but not limited to, the reporting requirements of the "GHG Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare on ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the latest published Baseline Emission Factors for Regional Power Grids in China, "Global Warming Potential Values" from the IPCC Fifth Assessment Report.
2. Figures restated for 2018.
3. The Group's total revenue was approximately RMB1,593,067,000 in 2019. The Group's total revenue was approximately RMB1,449,288,000 in 2018. This data is also used for the calculation of other intensity data.





Sewage Discharge

The cooling agents in air-conditioners and cleansing water are the Group's major sources of sewage. To ensure sewage discharge meets the regulatory standards, sewage treatment facilities are installed in all production plants to treat the wastewater. The sewage facilities utilize both anaerobic and aerobic treatment systems to breakdown microorganisms and pollutants in the wastewater. The Group had added sewage sedimentation tanks of 120 m³ with daily sewage treatment capacity up to 250 m³.



The pictures above show the sewage sedimentation tank (left) and the sewage facility (right).



The Group's sewage discharge and its intensity performance were as follows:

Type of Wastewater	Unit	2019	2018
Domestic Sewage	m ³	363,082	346,324
Intensity	m ³ /million RMB revenue	228	239

Waste Management

In line with the principles of waste management, the Group has been committing to proper handling and disposal of all wastes generated in its business activities. The Group has identified and sorted out the wastes, stored and disposed wastes in a centralized and unified manner. The Group has set up unified sorting and collection boxes, and designated responsible persons for disposing wastes in a timely manner and keeping the environment around collection boxes clean. All of the Group's waste management practices are in compliance with relevant environmental laws and regulations.

Non-hazardous Wastes

The Group has established the Solid Waste Control Procedures, to control the environmental pollution by wastes generated during the Group's activities, products and services. All departments are responsible for the classification and collection of solid waste in their own department in accordance with requirements of the procedures. The Production Department is responsible for the waste management. The Central Management Department is responsible for the disposal of daily household wastes. The Purchase Department is responsible for the recycling of recyclable wastes. The procedures clearly set out requirements for the classification, storage, collection and management of various wastes.

The Group's non-hazardous wastes are mainly bakery by-products, packaging wastes and office papers. Specific waste reduction measures are set out as follows:

Bakery By-product

Bakery by-products are the bits and pieces of dough, pastry crumbs, and broken pastries that have fallen off the conveyor belts. In most cases, these by-products are still usable. To upcycle these resources and reduce wastes while adhering to the food safety standards, collection trays are installed along the conveyor belts to capture these by-products in a hygienic manner for further use. In addition, the Group has also recruited third party waste management services to collect these by-products and upcycle them into pest control baits and animal feed.

Packaging Wastes

Packaging wastes are mainly plastic bags that have been used for packaging the raw materials. The packaging wastes are sorted into different categories according to their reusability. Intact packaging materials in good condition will be returned to suppliers for re-use. Damaged but recyclable packaging materials are sent to recycling facilities, while materials that are neither recyclable nor reusable will be handled by the waste management companies.





Through the implementation of the above principles and measures, the Group believes that the efficiency of the use of production material can be improved, thus inspiring employees' awareness on waste management and reduction. The Group's non-hazardous wastes emissions decreased by approximately 19% from approximately 1,192 tonnes in 2018 to approximately 964 tonnes in 2019. The Group's non-hazardous wastes discharge and their intensity performance were as follows:

Types of Non-hazardous Wastes	Unit	2019	2018 ⁴
General Garbage	tonnes	76	45
Plastic	tonnes	49	116
Biscuit Crumbs and Defected Products	tonnes	681	768
Paper	tonnes	158	263
Total Non-hazardous Wastes	tonnes	964	1,192
Intensity	tonnes/million RMB revenue	0.60	0.82

Note:

4. Figures restated for 2018.

Hazardous Wastes

Due to the nature of business, the Group did not use toxic or hazardous production materials, so there was no hazardous wastes generated during the production process. The Group will only use a small amount of chemicals for food safety testing. Therefore, the Group did not generate significant amount of hazardous wastes during 2019. However, the Group has established guidelines on the regulation and disposal of hazardous wastes. In case that any hazardous waste was generated, the Group must engage qualified chemical waste recyclers to dispose of the wastes in accordance with relevant environmental regulations and rules.

A2. Use of Resources

In order to actively promote effective use of resources, the Group has monitored the potential impact of business operations on the environment. Through four basic principles, namely, Reduction, Reuse, Recycling and Replacement, the Group promoted green office and operation environment to minimize the impact of the Group's operations on the environment. Employees of the Group all complied with policies to save electricity, papers and water resources in a volunteer and conscious manner. For example, employees were all implementing the policy of paperless office, and delivering documents in electronic format to reduce paper use.

In addition, in order to achieve sustainable development, the Group has conducted environmental education training and promoted practical advice on environmentally friendly life to enhance employees' awareness on environmental protection. The Group has also promoted green travel to raise employees' awareness on emissions and carbon reduction.

Energy Consumption

The Group has actively implemented the concept of energy saving and emission reduction. In addition to reducing unnecessary use of electricity, the Group also improved equipment to achieve energy savings. In order to reduce power consumption, the Group has actively adopted low-impact lighting system and used LED lightings as the predominant light source in all of the facilities that require extended hours of artificial illumination. Compared to incandescent light and other energy saving light lighting systems, LED light has the highest lighting efficiency and the longest lifespan which can effectively save energy.



In addition, the Group has also promoted the waste heat recovery system to reduce energy waste. The waste heat recovery system has provided different means to reuse residual heat generated from the production process, such as heating up the water for employees' dormitory for cleaning as well as maintaining the temperature of the syrup during transportation.

In order to achieve the goal of saving electricity and efficient use of electricity, the Group has also encouraged employees to:

- Develop a good habit of turning off lights after use;
- Unplug electrical equipment that will not be used for a long time to save power during standby time; and
- Strictly control the temperature of air conditioner, which will avoid overconsumption of energy, extend the use life of the air conditioner and reduce generation of electrical wastes.

Employees' awareness on energy conservation has been improved through above measures.

Although the Group's indirect energy consumption has increased due to the expansion of production and the addition of new production equipment (e.g. electric ovens), its total energy consumption amount decreased by approximately 9% from approximately 271,945.24 MWh in 2018 to approximately 248,393.19 MWh in 2019. The Group's energy consumption and its intensity performance are as follows:

Types of Energy	Unit	2019	2018 ⁵
Direct Energy Consumption	MWh	240,089.58	265,975.03
Natural Gas	MWh	44,353.51	38,380.27
Petrol	MWh	285.90	309.43
Diesel	MWh	195,450.17	227,285.33
Indirect Energy Consumption	MWh	8,303.61	5,970.21
Purchased Electricity	MWh	8,303.61	5,970.21
Total Energy Consumption	MWh	248,393.19	271,945.24
Intensity	MWh/million RMB revenue	155.92	187.64

Note:

5. Figures restated for 2018.

Water Management

The Group has been seeking effective ways to use water and prioritize water sustainability, and encourages all employees to develop a good habit of saving water consciously to reduce water consumption. The Group has regularly identified and examined issues related to water usage modes in different production processes, and have implemented different measures to reduce water consumption. The Group continued to enhance publicity of water conservation, and post signs on water conservation near the hand-washing, eye-washing and bowl-washing sinks, requiring "Turning off water after use". In addition, the Group has installed foot-pedal powered faucets in all lavatories, which allows the users to manually control the water flow, promoting a more efficient use of water. In the process of cooling superheated machines, water in the cooling system has been recycled to reduce use of fresh water. Meanwhile, the Group also has established sewage treatment and recycling facilities, so that wastewater can be reused as cleaning water or flushing water after treated. Employees' awareness on water saving has been raised through the above measures.

The Group did not have any significant problems in obtaining applicable water sources due to the geographical location of the Group's operation site.





The Group's water consumption increased by approximately 5% from approximately 346,324 m³ in 2018 to approximately 363,082 m³ in 2019. This was mainly due to the expansion of production. The Group's water consumption and its intensity performance were as follows:

Water Consumption	Unit	2019	2018
Total Water Consumption	m ³	363,082	346,324
Intensity	m ³ /million RMB revenue	228	239

Use of Packaging Materials

As the Group's main products are biscuit products, its main packaging materials are cardboard boxes and plastic bags. The Group has actively reduced the excessive use of packaging materials while not affecting its sales, so as to reduce secondary pollution. One of the top priorities of the Group's product development team is continuously seeking new packaging solutions that can optimize product freshness with minimum packaging. By reducing packaging, it not only allows the Group to operate more efficiently, but also reduces the amount of unnecessary waste.

In support of recycling, the Group has opted for recycled materials to produce some of the packaging, such as cardboard boxes. For some of the plastic packaging, the Group has chosen single-material packaging design to facilitate recycling. For products that required multi-material packaging, the packaging is typically thinner in comparison, while the products are optimized to achieve the same freshness.

In 2019, the Group's total use of packaging materials and their intensity performance were as follows:

Types of Packaging Materials	Unit	2019	2018 ⁶
Cardboard Box	pieces	20,960,346	20,139,674
Intensity	pieces/million RMB revenue	13,157	13,896
Plastic Bag	pieces	82,411,278	77,445,168
Intensity	pieces/million RMB revenue	51,731	53,437
Plastic Container	pieces	182,008,764	201,224,672
Intensity	pieces/million RMB revenue	114,251	138,844

Note:

6. Figures restated for 2018.



A3. The Environment and Natural Resources

The Group has been pursuing best practices relating to the environment, and attaching importance to the impact of the Group's business on the environment and natural resources. In addition to protecting the natural environment in appropriate compliance with environmental laws and international standards, the Group has also taken a number of measures to reduce its environmental impact. On the other hand, the Group has also conducted environmental education to all employees to enhance their environmental awareness.

Clean Production

The Group attaches great importance to the management of the production process and understands that standardized production processes are of great significance to employees, the development of the Group and the protection of resources and the environment. The Group has formulated strict procedures for indoor air quality and raw material management to achieve clean production standards.

Indoor Air Quality Management

The Group's main businesses are to produce biscuits and cakes, and a large amount of flour will be used in the production process, so undue management will significantly undermine the air quality of workshops. In order to provide employees with a comfortable working environment, the Group has utilized air-conditioning for ventilation in all workshops, and anti-bacterial air bags which can be cleaned separately has been used to ensure good air quality. In addition, the Group has conducted regular hygiene tests to the air in the production area of workshops. In case of failing to meet relevant requirements on air quality, the Production Department will carry out sterilization and purification treatment in workshop, so as to ensure the safety of food and the sound air quality in working environment.

Raw Materials Management

Flour, palm oil, and refined sugar are some of the most commonly used raw materials in the Group's production process. In assuring that the usage of these materials have minimal impact on the environment, the Group has established standard operating procedures for managing its raw materials. The procedures specify the precise amount of materials needed to produce every type of biscuit to ensure that all raw materials are prudently used without any wastage. The leftover materials are stored in temperature-controlled facilities to preserve their freshness and prolong their shelf life, reducing unnecessary consumption of raw materials.





B. SOCIAL

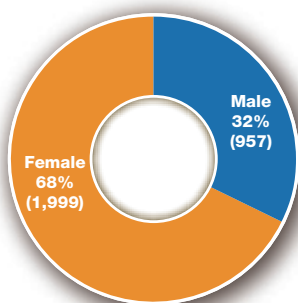
B1. Employment

Employees are the largest and most valuable asset and the core competitive advantage of the Group, providing the Group with the driving force for continuous innovation. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, and protects employees' occupational health and safety. Through stipulating Human Resource Management Handbook and Employee Manual, the Group standardizes labour employment management, protects the vital interests of employees, and fully respects and values employees' enthusiasm, initiative and creativity in order to build a harmonious labour relation.

During 2019, the Group has strictly complied with laws and regulations related to employment, including but not limited to the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. The Group was not aware of any material non-compliance of laws and regulations in respect of human resources.

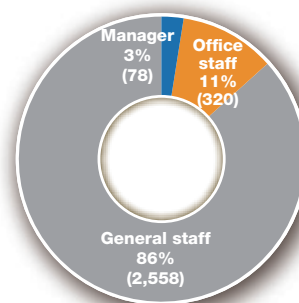
As at 31 December 2019, the total number of employees of the Group was 2,956. The specific information about employees of the Group is as follows:

BY GENDER PROPORTION



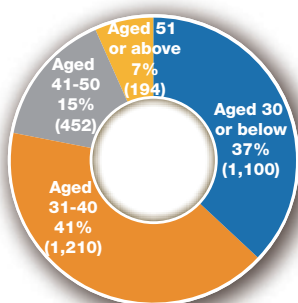
■ Male ■ Female

BY EMPLOYMENT CATEGORIES



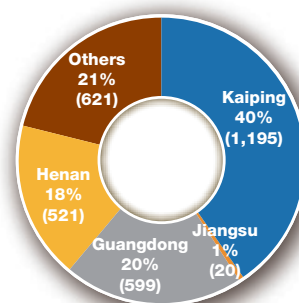
■ Manager ■ Office staff ■ General staff

BY AGE GROUP



■ Aged 30 or below ■ Aged 31-40
■ Aged 41-50 ■ Aged 51 or above

BY REGIONS



■ Kaiping ■ Jiangsu ■ Guangdong ■ Henan ■ Others



Employee Remuneration and Benefits

The Group's employee remuneration and benefits are generally structured with reference to market terms and individual merits to establish a fair, reasonable and competitive remuneration system. The remuneration package of the Group's employees consists of piece-rate wages, basic wages, post subsidies, related subsidies and various bonuses.

The Group has signed and executed labour contracts with employees in accordance with the Labour Contract Law of the People's Republic of China. The signing rate of labour contracts is 100%. The Group pays "five social insurance and one housing fund" for its employees including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance as well as housing fund in accordance with laws and regulations to ensure employees are covered by social insurance. In addition, the Group will also provide annual medical examinations at the Group's expense for employees who are in direct contact with the food.

The Group sincerely safeguards the legitimate interests of labour in accordance with the requirements of the Labour Law of the People's Republic of China and other national, local laws and regulations, respects the rights of employees on rest and leave, and regulates their working hours and their rights for various types of rest times and holidays. The Group has set leave for personal affairs, sick leave, marriage leave, maternity leave, funeral leave, annual welfare leave and work-related injury leave. On traditional festivals and the Group's anniversary, the Group will arrange vacations or early work-off according to circumstances. The Group provides employees with fully furnished accommodations, subsidized meals and various benefits for hard-working employees. The Group will provide free labour protection appliances to employees that require specific labour protection.

In addition, the Group adopts a share option scheme to provide incentive or reward to eligible high-calibre employees, and attracts talents that are valuable to the Group's business growth. Meanwhile, specific staff promotion programmes are implemented to empower the employees. The Group regularly holds employee excellence award ceremony. In 2019, the Group has delivered 32 awards for outstanding departments and 136 awards for outstanding employees to recognise their performance in previous years, and motivate them for better performance over the coming years.

Diverse activities, such as cultural and educational festivals, team lunch or dinners, and recreational sports, are regularly organized within the Group to promote employees' interactions, interpersonal skills, life-work balance and well-being. The Group will present a gift on the employee's birthday, and optionally distribute presents or cash gifts on various national legal holidays. In 2019, these activities included the winter solstice dinner; celebration of Women's Day; team participation in the Sanbu Street Basketball Tournament; employee family day; employee mid-autumn welfare activity; participation in the "Kaiping City Labour Day Sports Gala" which was organised by Kaiping City Labour Union in Cuishan Lake Industrial District Sports Hall and participation in the Kaiping Walking Marathon Carnival.

Recruitment, Promotion and Dismissal

The Group actively implements a strategy of building a strong enterprise with talents, and bases its employment procedures on qualifications and merits. In the recruitment process, the Group standardizes the employment processes and recruitment principles, adheres to the principles of equity, fairness, equality and openness, so as to continuously attract and recruit outstanding talents. The Group will determine the position and salary level based on academic qualification, experience, work attitude and ability.

The Group defines the basis and process for promotion, transfer and demotion management, standardizes the separation process, protects the interests of both employees and the Company, and reduces unnecessary disputes. The Group has implemented a set of comprehensive employment procedures, pursuant to which it employs employees strictly based on qualification and merits, and has provided employees with promotion and development opportunities to explore their potential.





The Group will regularly assess and evaluate the performance of employees, based on objectives, plans and responsibilities, and the assessment results are linked to promotion and demotion, remuneration packages and other criteria. During employment, immediate superiors, department heads and the President's Office will evaluate the performance of employees. Employees who are rated as excellent will be considered for promotion or act as reserve cadres; employees who are rated as poor will be considered for transfer, demotion or dismissal.

Communication and Exchange

The Group has always emphasized resource sharing, attached importance to information communication, and promoted communication coordination and a harmonious relationship to enhance understanding. The Group encourages active and open communication and exchange between employees and forbid employees from starting or spreading any rumours and talking about others behind their back. Communication platforms include but not limited to office automation systems, office phones, suggestion boxes and regular communication meetings. In addition, the Group has a complaint box to accept written complaints from employees. The time, place, event and subject specified in complaints should be true. The Group forbids employees from defaming others and starting a rumour. The handling of complaints within the Group is managed by the president's office, and the complainants who are reasonable and protect the interests of the company will be rewarded.

Equal Opportunity

The Group strictly complies with national and local government regulations, adopts a fair, just and open recruitment process, and has established relevant employment procedures and promotion policies to prevent discrimination against employees on the ground of race, gender, skin colour, age, family background, national tradition, religion, physical fitness, nationality and other factors in the recruitment process, so that employees receive fair treatment in all processes including recruitment, remuneration, training and promotion, thus attracting professionals with different backgrounds to join the Group, and ensuring equal opportunities and diversity.

B2. Health and Safety

The Group's production process is largely mechanized, with using different machines and appliances. The Group attaches great importance to the health and safety of its employees, implements different occupational safety measures, and is committed to providing employees with a healthy, safe and comfortable working environment. In order to enhance the shipment management policy, the Group has purchased electric forklifts to facilitate employees to handle articles, reducing safety problems in handling processes and improving the work and transportation efficiency. In addition, the Group also has an excellent safety production management system, employee health management, fire safety management and other policies, so as to ensure the health and safety of employees.

The Group strictly complies with all relevant laws and regulations, including the Labour Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the Fire Protection Law of the People's Republic of China. During 2019, the Group did not experience any accident causing death or serious bodily injury, or pay any claim or compensation to employees due to such accident, and was not aware of any violation of laws and regulations in relation to employees' health and safety.

Production Safety

Safety Production Management System

The Group creates a good working environment and safety production conditions for employees, and enhances safety inspection to ensure the safety of production equipment and facilities. The Group provides employees with safe and effective body protection tools, as well as production safety education and training, so that they have necessary production safety knowledge, and is familiar with relevant production safety regulations and operating procedures, and master the safe operation skills required for their respective positions.



In order to prevent the occurrence of occupational diseases and injuries caused by occupational hazards, the Group has made employees fully aware of occupational hazards, possible consequences of occupational hazards and safety precautions arising from production activities through occupational safety training, so that employees will not harm their health when working for the Group. The Group also takes measures including drill to improve all employees' ability to respond to emergencies in the production process, so that all employees can enhance their safety awareness and take emergency measures quickly and effectively to reduce personal injury, property losses and adverse impact on environment arising from emergencies or accidents.

Based on the actual conditions of the Group, it has formulated policies and procedures including the Industrial Accident Management Policy, the Guiding Procedure for Determining the Extent of Injury, the Emergency Preparation and Response Procedure, the Report on Emergency Preparations and Responses and Handling of Accidents, etc., to standardize the management of work-related injuries, the risk assessment of process hazards, the attitudes towards emergencies, appropriate practices and reporting procedures. The Group's professional safety supervisors will also regularly monitor and evaluate safety measures and will immediately make a correction to prevent industrial accidents. The Emergency Preparation and Response Procedure also specifies that whether machinery equipment works normally shall be checked first prior to production, and that in case of failure of machinery equipment, production shall be suspended, and products produced in the shift shall be controlled and continued to use after passing the inspection by the production centre; the machinery workshop shall find out the failure causes and solve the failures before production is resumed.

Employee Health Management

Regular physical examinations for employees are conducted to establish employee occupational health records, including personal information cards, test results of workplace occupational risk, and other occupational health care data. This enables the Group to effectively oversee all hazardous issues and provide a healthy and safe workplace for the employees. In 2019, the number of employees receiving physical examinations was 1,691.

Fire Safety Management

The Group attaches great importance to fire safety in the plants, designs and carries out production factory construction in accordance with national fire control standards for engineering construction, and has formulated fire safety work measures and established fire control systems. There are fire-fighting facilities including fire sprinkler systems, fire extinguishers, fire hoses, in warehouses, production workshops and offices, which are regularly maintained by external professional companies. "No Flames" signs are posted in a conspicuous area of all gates and workshops. In addition, all the Group's warehouses are equipped with automatic fast shutter doors whose design provides a fire protection function and realizes the automatic closing of shutter doors when employees enter and leave the warehouse, so as to prevent pests from entering the warehouse. The Group also regularly provides fire training and emergency drills for its employees, to constantly remind employees not to treat potential fire risks carelessly, reduce fire hazards and improve the fire protection awareness of all employees. The Safety Office will conduct a regular inspection of all fire extinguishers and fire hydrants of the Group every month, fill fire extinguishers in a timely manner, and properly check the signs.

Other Health and Safety Measures

With the outbreak of the COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. As at the publication date of this Report, the Group has established the crisis management team led by the member of the Board of Directors, assessing how much the virus and efforts to contain its spread will affect the company's supply chain, sales forecast, employee health and productivity, and key strategic initiatives. There are frequent conversations between the Board of Directors and the crisis management team to ensure everyone knows the parts they play, and ensures the management stays up to date on fast-changing information and adapts its response to the virus's impact.





B3. Development and Training

The Group adopts a long-term employee development mechanism, and continuously provides job skill courses based on the needs of employees, to enhance their performance and enable them to have a smoother career path for promotion. Through a diversified training model, the Group meets different needs of employees at all levels and enhances employee skills, which helps achieve its sustainable development and at the same time promotes individual growth and development of employees.

Training Management and Courses

The Group attaches great importance to the professional development of its employees, providing extensive training and continuous professional development programs for employees at all levels. According to the human resources policy, all new employees will receive orientation training to understand the Group's supervision system, as well as posts, professional skills, rights and benefits. The Human Resources Department arranges career development training annually based on the needs of employees.

The Group provides employees with irregular trainings, such as orientation training, on-the-job training, public training and professional training, to enhance their professional skills and professional quality. All trainings are required to be recorded by date. The Human Resources Department arranges career development trainings annually based on the needs of employees, including internal and external technology and management training plans covering system and mechanical operations, health and safety, food quality inspection, leadership and business management, anti-corruption, teamwork and strategy development, etc., so as to enhance the skill level and management skill of employees, and the competitiveness of the Group, thus supporting the Group's sustainable development objective. In addition, the Group will base on the development needs of the Group and its employees, arrange for employees holding a relevant position with professional quality and potential to take a refresher course, providing various training and learning opportunities for employees to enhance their overall quality, skills and level. In order to develop the Group into a learning-based organization, the Group encourages employees to undertake continuous learning to strengthen their professional level.

The Group also focuses on systematic education of employees on food safety, including but not limited to training in the Hazard Analysis Critical Control Points ("HACCP") Management Manual, the Supportive Safety Measures ("SSM") Program (Good Manufacturing Practice "GMP", Sanitation Standard Operating Procedures "SSOP" and Standard Operating Procedures "SOP"), HACCP Proposals and other knowledge and skills related to food safety production and hygiene, which helps enhance employees' quality awareness and professional skill, ensures that quality system requirements and objectives are met, and ensures the edible safety of food. Relevant training methods include but not limited to, off-job training, pre-shift and post-shift lecture, watching videos, on-site guidance and posting leaflets.

The Group also attaches great importance to safety production training to protect the personal safety of employees. Relevant policies have been detailed in aspect B2 "Safety Production".

The Group pays great attention to employee training, with the percentage of employees trained reaching approximately 92%. Specific information of employee training is as follows:

Employees Trained	Number of Trained Employee	Total Training Hours of Employees	Average Training Hours per Employee (Hours)
Managers	70	1,750	25
Office staff	320	9,600	30
General staff	2,320	26,700	12



B4. Labour Standards

The Group has strictly complied with the Convention concerning the Abolition of Forced Labour in relation to labour employment, the Labour Law of the People's Republic of China, and the Provisions of the People's Republic of China on Prohibition of Using Child Labour. During 2019, the Group was not aware of any violations of laws and regulations on child and forced labour prevention.

Prevention of Child Labour and Forced Labour

The Group expressly specifies in the recruitment brochure that only employees over the age of 18 can be recruited, and that new employees are required to provide true and accurate personal information upon recruitment. Recruiters strictly check the entry information including certificate of physical examination, academic certificate, ID card and registered permanent residence. The Group has established a perfect recruitment process to check the background of candidates and the formal reporting procedures to deal with any exceptions, and conducts regular reviews and inspections to prevent child and forced labour in the operation.

In addition, employees work overtime on a voluntary basis, the Group is committed to not forcing employees to work overtime, so as to avoid violation of labour standards and effectively safeguard the rights and interests of employees. All work outside working hours should be reported directly to the superior, and can be calculated as overtime work with the approval of the person in charge of the organization and upon review by the President's Office. In principle, for overtime work on ordinary days, executive employees are given compensatory time off, based on the actual number of hours, if it is unable to arrange compensatory time off, overtime payments will be made in accordance with relevant national regulations, so as to ensure that employees obtain corresponding remuneration.

B5. Supply Chain Management

The Group is known for its high-quality biscuits. In order to continuously produce high-quality products, the premise is to purchase high-quality, safe and healthy materials. With regards to this, the Group has formulated strict supplier evaluation criteria and detailed purchase guidelines to manage the supply chain and has imposed environmental and social risk control requirements on suppliers.

In the selection of materials, the Group also attaches great importance to the management of potential environmental and social risks in the supply chain, in addition to the purchase of raw materials according to the specifications of required products, the price trends of raw materials and the demand for products. It has a considerable number of considerations in terms of the sources of products and sustainability, so as to ensure that the use of these materials will not result in resource depletion, loss of biodiversity or a variety of social problems. The Group has maintained a List of Qualified Suppliers which is subject to regular assessment for a long time, so as to ensure a consistent quality level and identify any potential problems. If problems happened to certain suppliers but do not hinder the normal operation of the Group, sufficient time will be allowed to identify more suitable and qualified suppliers.

Supply Chain Management

The Group manages and regularly reviews suppliers according to the Supplier Selection and Evaluation Criteria to ensure that the raw materials purchased and delivered to the plants meet the requirements. It clearly specifies the process of investigation, evaluation and selection of suppliers, as well as factors to be considered and otherwise. After taking back the Supplier Survey and Evaluation Form, the purchase centre will, together with relevant departments, evaluate the supply quality, price and reputation of suppliers (including delivery date and supply). The evaluation results are reviewed and approved by the Purchasing Director, who determines whether the suppliers are listed as qualified suppliers. The records of the survey, evaluation and selection are reflected in the Supplier Survey and Evaluation Form.





In addition, the Group will also assess whether suppliers comply with relevant laws and regulations and other required standards in terms of health, safety, forced labour and child labour, and will assess the awareness of suppliers in all of the above respects, and will consider the social and environmental impact of suppliers and otherwise, in determining whether the suppliers meet the standard of the Group. The Group maintains a List of Qualified Suppliers which is subject to regular assessment, so as to ensure a consistent quality level and identify any potential problems. Suppliers who are rated as qualified are listed by the purchase centre in the List of Qualified Suppliers. In 2019, there were 94 qualified suppliers, representing a decrease of 4 qualified supplies as compared with 98 in 2018.

Fair and Open Procurement

The Group's purchase process is carried out strictly in accordance with relevant laws including the Law of the People's Republic of China on Tenders and Bids, and in an open, fair and just manner without discrimination against any supplier, and employees and other persons who have an interest in relevant suppliers will not be allowed to participate in relevant purchase activities. The Group also pays close attention to the integrity of suppliers and partners, has a zero tolerance of bribery and corruption, and strictly forbids suppliers and partners to obtain purchase contracts or partnerships through any form of benefit transfer.

B6. Product Responsibility

The Group regards the quality and safety of its products and its corporate reputation as its core competitiveness. It has always believed that only high-quality products can help create an enterprise with a place in the market, therefore the Group ensures the product and service quality actively through strict and cautious internal control, and strictly monitors the compliance and safety of the products sold, so that there are no health hazards to customers after eating products of the Group. The Group also maintains communication with its customers and provides after-sales service to ensure the understanding and satisfaction of customer needs and expectations, and wants to understand customer satisfaction, so as to continuously improve its products and services.

In 2019, the Group was honoured to be awarded as the 40th Anniversary of China's Reform and Opening-up Outstanding Enterprise and Outstanding Person (Huang Xianming, Chairman of the Group's Board of Directors), the Top 20 China Food Industry in 2019, the Top 10 Bakery and Confectionary Enterprises (Biscuit) in China's Light Industry, Guangdong Top 10 Time-honoured Enterprises, Guangdong High-tech Enterprises, 2019 Guangdong Science and Technology Progress Award First Prize. These achievements reflect the years of efforts of the Group in good faith operation and sound development with the spirit of "JIASHILI-benefit the Nation and benefit to all people ("嘉士利 • 利國家 • 利大家"), and recognise its operation and quality control models.

The Group actively complies with the laws and regulations including the Product Quality Law of the People's Republic of China, the Law of the People's Republic of China on Protection of Consumer Rights and Interests and the Advertising Law of the People's Republic of China, etc. During 2019, the Group was not aware of any violations of laws and regulations on product and service quality.

Quality Control

The Group adheres to the principle of "Quality First" and has established a quality control system to monitor purchase, manufacturing, customer health and safety. The Group conducts on-site inspections on a regular basis to ensure that all facilities and equipment meet established standards. The Group also monitors real-time data through an online quality control system to support off-site real-time monitoring, and effectively carry out data collection and measurement.



Quality Management System ("QMS")

The Group has formulated an internal quality management policy which complies with national GB/T 19001–2008. The QMS also complies with the ISO 9001:2008 international quality standard and the Good Manufacturing Practice ("GMP") standard. The continuous efforts to improve the quality standards prove that the Group is committed to becoming an internationally recognized and responsible manufacturer. The Group has formulated an internal quality management policy which complies with national GB/T 19001-2016. The QMS also complies with the ISO 9001:2015 international quality standard and the GMP standard. The continuous efforts to improve the quality standards prove the determination of the Group to become an internationally recognized and responsible manufacturer.

Food Safety Committee

The Group has established the Food Safety Committee responsible for analysing the food safety situation, researching, deploying, planning and guiding the food safety work of the Group, proposing major policy measures for food safety supervision, and supervising the performance of food safety supervision responsibilities. It vertically directs the work of the food safety team, so as to ensure the compliance of the Group's production material load and products with food safety requirements, reasonable transportation and storage, avoid cross-contamination, and ensure that food production processes meet food safety requirements and that production is conducted in strict accordance with HACCP plans and process instructions. The employees in charge of network evaluate purchase, raw materials, production processes and final products. The committee adopts a hierarchy method to monitor food safety issues at different levels of the value chain.

Food Safety Management System

As a large food processing and manufacturing enterprise, the Group has the commitment and responsibility to ensure the food safety throughout the product shelf life for customers. The Group's food safety management policy is "Safety and customer first; Pursuit of quality, continuous improvement, and provision of totally safe food for customers." The Group has formulated a food safety management system, reviewed its strategies and objectives, the applicability, adequacy and effectiveness of the system, and provided sufficient resources to promote and improve system operations, so as to improve customer satisfaction. GMP certificates are issued by the World Health Organization for all of its products. The certificates confirm that, to meet the Group's food safety requirements, each product should pass a rigorous hygiene process.

The Group has policies including the Food Safety Procedure Document, the Good Manufacturing Practice, the Emergency Preparation and Response Procedure, and has formulated a series of hygiene measures according to GMP standards, so as to ensure food safety. The Group's hygiene measures include avoidance of cross-infection, pest control, cleaning and disinfection plans and personal hygiene requirements on employees. The Group provides appropriate training for all employees to raise their awareness of hygiene management and establishes a routine hygiene inspection and monitoring system to adequately ensure hygiene. In addition, the Group will conduct a comprehensive analysis of the potential hazards for each step of the product processing process, take measures to prevent or control the hazard, and will also specify hygiene requirements for plant design and facilities, the production process, and storage and transportation of finished products.

The Quality Control Department regularly carries out hygiene inspection of the air and water quality in the production area of the workshop. If the air and water quality does not meet requirements, the Production Department will sterilize and purify the workshop, and the production will not be carried out until the quality meets requirements, and the Quality Control Department will organize food safety assessment of produced products. The Group also takes notice of possible potential accidents and emergencies affecting its food safety and environmental management, so it has the Emergency Preparation and Response Procedure. The Group makes a response when necessary, to prevent and deal with possible food safety and environmental accidents, thus ensuring the its food and environmental safety. Each responsible department organizes regular drills in emergency preparation and response plans, records the drills, reviews the plans, and modifies them if necessary. The food safety team is responsible for supervising the implementation.





Product Recall

In order to prevent food safety defects in products, the Group has formulated the Product Recall and Control Procedures, to ensure that products circulating in the market can be quickly withdrawn from sale and the market and effectively recalled from the market to safeguard the health of consumers, if such recall is required at any time. Based on the confirmed recall level, each department decides whether the target of the recall is a dealer or a terminal consumer, and accordingly develops a recall plan, notifies and carries out the recall to ensure that consumers will not hold unsafe and unrecalable products, which pose a safety threat to customers. The Group has included a traceability plan section in the Standard Operating Procedures, and established and carried out management of batches, codes and otherwise to ensure that items ranging from raw and auxiliary materials to finished products are clearly identified and traceable. The following information may be indicated on the packaging of products in the form of printing, spray printing and affixation of a seal to ensure traceability in the case of any problem: product name and specification, date of manufacture or batch number, shelf life, production unit, manufacturer and other relevant information.

Product Development

Innovation has made Jiashili a leading biscuit manufacturer in China. The Group continuously improves its workflow through research and reference materials. From automation to digitalization, the Group actively carries out all aspects of work through international cooperation to provide high-quality products. In terms of product innovation, the Group also introduces emerging research and development instruments to operate its own production test laboratories, in order to develop new products. This enables the Group to improve continuous research and development as well as the quality of various products.

The Group has the Quality and Environmental Management Manual that describes factors to be considered at each stage of design and development of a plan and in implementing control. Product design and development include project establishment, program planning, technical design, product sampling, trial production and mass production preparation, which are led by the Science and Technology Research Department and jointly participated by the project team comprising representatives from marketing, production, quality control and other departments. When necessary, customers and external suppliers will also participate in product design and development. In addition, the Group has documents and procedures including the Product Design, the Design Specification and the Design and Development Control Procedures to manage matters in relation to product design and development.

Protection of Intellectual Property Rights and Data Privacy

In order to protect the efforts of the product development team of Jiashili in improving products and manufacturing processes, the Group actively applies for patents for suitable products and technologies. As employees of the Group have the spirit of innovation and adventure, the Group has applied for patents for 4 new inventions and 25 utility models, including biscuit manufacturing, recycling systems and production optimization equipment. For the Group, patented products represent the important right and competitiveness promoting the uniqueness and innovation of the industry, and help maintain a fair competition environment and the utmost good faith in the industry.

The Group has Non-disclosure Agreements with all employees. Employees should keep confidential customer data and the Group's intellectual property rights during or after employment. All operations in relation to intellectual property rights and the protection of customer data fully comply with relevant laws and regulations.



Customer Service and Privacy

The Group believes that good customer service and standardized service management can help bring a high quality and considerate service experience to consumers and customers. With the spirit of "quality first", the Group establishes, implements and maintains the monitoring of customer satisfaction and determines information required to be obtained, as well as monitoring and review methods. The Marketing Department should monitor and measure customer experience through customer satisfaction survey, customer feedback, market analysis, etc. and evaluate customer satisfaction by monitoring measurement results, so as to identify improvement directions. The Group strictly and cautiously manages customer files to avoid leakage of customer privacy, and requires relevant business personnel to sign the Non-disclosure Agreement when they join the Group, so as to strengthen the protection of the Group's business secrets.

The Group understands that effective communication is the reason for the success of an enterprise, and understanding and meeting the needs of customers is the focus of the Group. Through regular training courses, promotion and seminars, the Group educates employees on the importance of understanding customer satisfaction and regulatory requirements. After the successful sale of products, the Group will also provide after-sales services for customers to facilitate customer enquiries. If there is a problem with products, the Group will actively consult with customers to discuss a product recall.

Advertising and Labelling

The Group has guidelines on advertising and labelling to standardize the advertising and labelling of products. In selling products, the Group will certainly provide customers with true product description to prevent customers from being misled. The Group also regularly carries out random inspection of products to ensure that the product quality is the same as indicated on the label.

B7. Anti-corruption

Anti-corruption Policies and Systems

The Group believes that an honest corporate culture is the key to its continuous success. Therefore, the Group attaches great importance to anti-corruption work and system building, and is committed to building an honest and transparent corporate culture. The Group strictly complies with laws and regulations including the Company Law of the People's Republic of China, the Law of the People's Republic of China on Tenders and Bids, the Anti-Unfair Competition Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery. During 2019, the Group was not aware of any violations of laws and regulations on prevention of bribery, extortion, fraud and money laundering.

The Group requires all employees to comply with the code of business ethics, undertakes not to commit corruption or bribery and will not engage in fraud, extortion and money laundering activities. The Group expects each employee to adhere to the principle of good faith and integrity in all aspects of their work, as one of the core values. The Group has formulated an Anti-corruption Policy that explicitly specifies the expectations of the Group on employees in terms of matters relating to anti-corruption, and hopes that employees can consciously follow the rules, otherwise they will be severely punished.

The Group has the Anti-commercial Bribery Agreement, which expressly sets out the definitions of commercial bribery, kickbacks, discounts and gifts, and prohibits commercial bribery or malpractice, and specifies the punishment for commercial bribery and unfair competition, and the assistance obligation.





Whistle-blowing System

The Group has also formulated a whistle-blowing system to establish and maintain the honest and transparent culture of the Group. The Group has also established a rigorous and safe whistle-blowing mechanism for employees to report any suspected corruption cases. The Group will investigate the case to determine its authenticity. Once such case is confirmed, the Group will take necessary disciplinary and legal actions. The whistle-blowing system also ensures that the whistle-blower will not be subject to unfair treatment due to whistle-blowing. For example, the whistle-blower will not be unreasonably dismissed or subject to disciplinary actions.

B8. Community Investment

Corporate Social Responsibility

The Group believes that with the economic development, it should also shoulder the responsibility of giving back to society. The Group actively fulfils its social responsibility as a corporate citizen, actively cooperates with philanthropic and charitable organizations in organizing social activities for philanthropic and charitable purposes, thus building a good public image while fulfilling its social responsibility.

Philanthropy Management

The Group is committed to serving the community, with the Integrated Management Department handling issues related to contribution to and communication with the community. The Group incorporates environment, labour demands, education, culture, etc., into community discussions, in order to support activities for relevant to the matters. The Group attaches importance to its social responsibility, with a care fund to help families in need. In 2019, the Group also participated in various charitable affairs to demonstrate its support for philanthropies and its attention to different communities in society.

In 2019, the Group made a charitable donation of approximately RMB2,900,000, it included but not limited to donating RMB2,000,000 to the Kaiping Love Charity for social charity and RMB100,000 to the Sanbu Street Elderly Canteen through the Kaiping Charity for the construction of ancillary facilities for the canteen.



ESG Reporting Guide Content Index of The Stock Exchange of Hong Kong Limited

Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions — Emission Management, Exhaust Gas Emission, GHG Emissions; Sewage Discharge; Waste Management
KPI A1.1 ("Comply or Explain")	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emission, GHG Emissions; Sewage Discharge; Waste Management
KPI A1.2 ("Comply or Explain")	Greenhouse gas emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3 ("Comply or Explain")	Total hazardous waste produced (in tonnes) and intensity	Emissions — Waste Management (Not applicable — explained)
KPI A1.4 ("Comply or Explain")	Total non-hazardous waste produced (in tonnes) and intensity	Emissions — Waste Management
KPI A1.5 ("Comply or Explain")	Description of measures to mitigate emissions and results achieved.	Emissions — Exhaust Gas Emission, GHG Emissions; Sewage Discharge
KPI A1.6 ("Comply or Explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources — Energy Consumption; Water Management
KPI A2.1 ("Comply or Explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Consumption
KPI A2.2 ("Comply or Explain")	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3 ("Comply or Explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Consumption
KPI A2.4 ("Comply or Explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5 ("Comply or Explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials





Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources — Clean Production, Indoor Air Quality Management; Raw Material Management
KPI A3.1 ("Comply or Explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Clean Production, Indoor Air Quality Management; Raw Material Management
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training



Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
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.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility





Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

