



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 2020**

Contents

1. About the Report.....	4
Basis for Report Preparation	4
Reporting Scope	5
Reporting Statement	5
Response to the Report.....	5
2. Preface.....	6
3. About Yurun Food	8
Business Profile.....	8
Corporate Value	8
Governance of ESG Issues	8
Awards and Honours	10
4. Stakeholder Engagement	11
Communication Channels	11
Materiality Assessment	12
5. Leading with High Quality	14
Management System.....	14
High Quality Raw Materials	16
Hygiene Standards.....	17
Production and Inspection	18
Cold Chain Management	19
6. Customer First	21
Digital Shopping.....	21
Leading with Innovation	22
Healthy Food	22
Feedback.....	23
Product Traceability and Recall	24
Privacy Protection	24

Product Labelling and Responsible Promotion	25
7. Responsible Operation	26
Supplier Management	26
Combating Corruption and Promoting Integrity	28
Intellectual Property Rights	30
Animal Welfare	31
8. People-Oriented	32
Outstanding Team	33
Remuneration and Benefits	34
Development and Training	35
Health and Safety	37
9. Environmental Management	41
Emission Management	41
Use of Resources	43
10. Passion for Philanthropy	46
Fight against the Pandemic	46
School-Enterprise Cooperation	47
Caring for Community	48
11. Performance Indicators	49
12. Appendix 1: Laws and Regulations Complied by the Group during the Reporting Period	56
13. Appendix 2: Index of the SEHK's <i>Environmental, Social and Governance Reporting Guide</i>	58

1. About the Report

Basis for Report Preparation

This is the fifth 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 strategies and management performance and enhance communication with stakeholders. In order to gain a comprehensive view of the Group's ESG performance, this Report should be read in conjunction with the China Yurun Food Group Limited's Annual Report 2020 (in particular the “Corporate Governance Report” contained therein).

This Report was prepared in accordance with the “comply or explain” provisions of 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**”). This Report was prepared in adherence to the reporting principles of materiality, quantitative, balance and consistency. Appendix 2 to this Report provides detailed information about the content index of the *ESG Reporting Guide* for readers' reference.

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

Materiality

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

Quantitative

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

Consistency

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

Balance

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

Reporting Scope

During the Reporting Period, there was no significant change in the nature of the Group's principal activities. The reporting scope of this Report is consistent with that of the 2019 ESG report, which covers the Company and all of its subsidiaries. Unless otherwise specified, this Report covers the Group's businesses that are under the Group's control and have significant environmental and social impacts, including the production and sales of a wide variety of meat (chilled and frozen) and processed meat (low-temperature meat products ("LTMP") and high-temperature meat products ("HTMP")) with a particular focus on pork products.

Unless otherwise specified, this Report covers the period from 1 January 2020 to 31 December 2020 ("**Reporting Period**").

Reporting Statement

All information disclosed in this Report was mainly sourced from the Group's internal documents and statistics. The Board 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 15 July 2021.

Response to the Report

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

Email: ir@yurun.com.hk

2. Preface



“Food is of the utmost importance to the people while food safety comes first”. The Group has been adhering to the core business philosophy of “you trust because we care” since its establishment. The Group values the interests of customers and the public, insisting that the social interest outweighs business interest. We are committed to taking corporate social responsibility and integrating it into our business management strategy to build a trustworthy brand.

The Group has always focused on the production of LTMP and chilled pork, leading the industry to high-quality development. The Group produces high-quality food products with a sincere and pragmatic attitude and creates values for society. As customers' pursuit of product quality increases, the Group firmly believes that scientific research and innovation are the core driving forces of enhancing Yurun Food's competitiveness. The Group will continue to develop more new products with high quality and provide customers with a better customer experience.

In the pursuit of innovation, the Group not only implements stringent control on product quality but also focuses on environmental management. The Group adheres to the development approach of "social interest comes before business interest". We advocate green development by optimising production facilities, introducing advanced production management approaches and adopting environmentally friendly management solutions to minimize the negative impacts of our business operations on the environment while enhancing resource utilisation efficiency.

In the future, the Group will continue to actively respond to the calls of our country and participate in work that will contribute to the development of society. In addition, we will continue to enhance the management standard of sustainable development. While developing our business, the Group is also committed to taking corporate social responsibility and embarking on a journey of sustainable development.

3. About Yurun Food

Business Profile

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

Yurun Food has the leading production equipment and technologies. Yurun Food focuses on the research and development of new mid- to high-end products and has established a research and development team consisting of more than 300 professionals. We are committed to developing new products with market competitiveness. At present, Yurun Food owns four major brands, namely “Yurun”, “Furun”, “Wangrun” and “Haroulian”, providing more than 200 types of chilled pork and frozen pork product as well as nearly 1,000 types of processed meat products, which are highly appreciated by the customers.

Corporate Value

Business Philosophy	Corporate Mission	Corporate Objective	Core Belief	Shared Vision
You trust because we care	Rewarding customers, the society, employees and shareholders	Becoming the most trustworthy food company	Nurturing the community with sincerity and good faith	Making life healthier, more tasteful and more comfortable

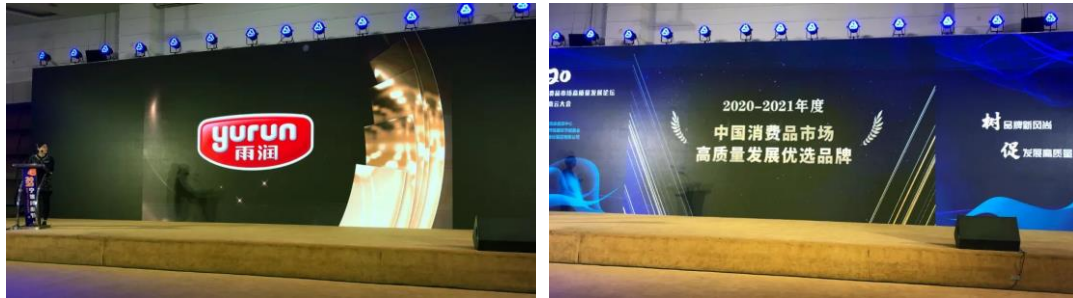
Governance of ESG Issues

The Group officially established an ESG Working Group during the Reporting Period to form a systematic management structure to effectively enhance the Group's ESG performance. The group leader of the ESG Working Group is the vice president of the Group, with group members consisting of senior management of all its subsidiaries. The ESG Working Group is led by the vice president of the Group to assist the Board in coordinating and overseeing ESG-related issues of the Group, formulating ESG management approach and strategy, identifying and assessing ESG issues relating to the Group (including risks), etc. In addition, the ESG Working Group also has to report to the Board on significant ESG issues.

In order to further enhance the Board's understanding of ESG issues, the Group invited an external consulting firm to provide a specialised ESG training for the Board during the Reporting Period. The specialised ESG training covered the latest trend in ESG development, ESG risks and opportunities, green finance development, the Board's responsibilities required by the SEHK in relation to ESG issues, etc. In the future, the Group will continue to improve the management of ESG issues and strengthen its employees' understanding of ESG issues.

Awards and Honours

The Group has won numerous awards over the years and our brand is recognised by various sectors. During the Reporting Period, the LTMP and chilled pork of Yurun Food won the “2020-2021 Excellent Brand for High-quality Development in China's Consumer Goods Market”.



In addition, the Group ranked first in terms of market sales of “LTMP” and “chilled pork” in 2020 for our excellent performance. Yurun Food has received this honour for more than twenty consecutive years, fully demonstrating the quality and reliability of Yurun Food.



4. Stakeholder Engagement

Communication Channels

Stakeholders	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 retailers 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 visit Supplier inspection 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed
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 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

Materiality Assessment

During the Reporting Period, the Group conducted the materiality assessment through surveys. The Group invited internal and external stakeholders to participate in the materiality assessment in order to understand the ESG issues of concern to stakeholders. The materiality assessment can assist the Group in reviewing the ESG management approach, formulating and enhancing the relevant policies and measures to effectively address the concerns of stakeholders.

The followings are the four major steps of materiality assessment:



Identification

The Group took reference from the national and international sustainability reporting guidelines and standards, issues of peers' concern, industry development trend, etc. to refine the Group's pool of ESG issues. During the Reporting Period, the Group's senior management selected 16 ESG issues relevant to the Group from the pool of ESG issues.

Prioritisation

The Group invited internal and external stakeholders to complete online survey to assess the materiality of the 16 ESG issues. Internal stakeholders (the Board and senior management) ranked the ESG issues according to the "Importance to Yurun Food". External stakeholders (employees, government departments, suppliers, food retailers, customers, media, industry associations and communities) ranked the ESG issues according to the "Importance to Stakeholders". During the Reporting Period, a total of 1,057 stakeholders participated in this materiality assessment.

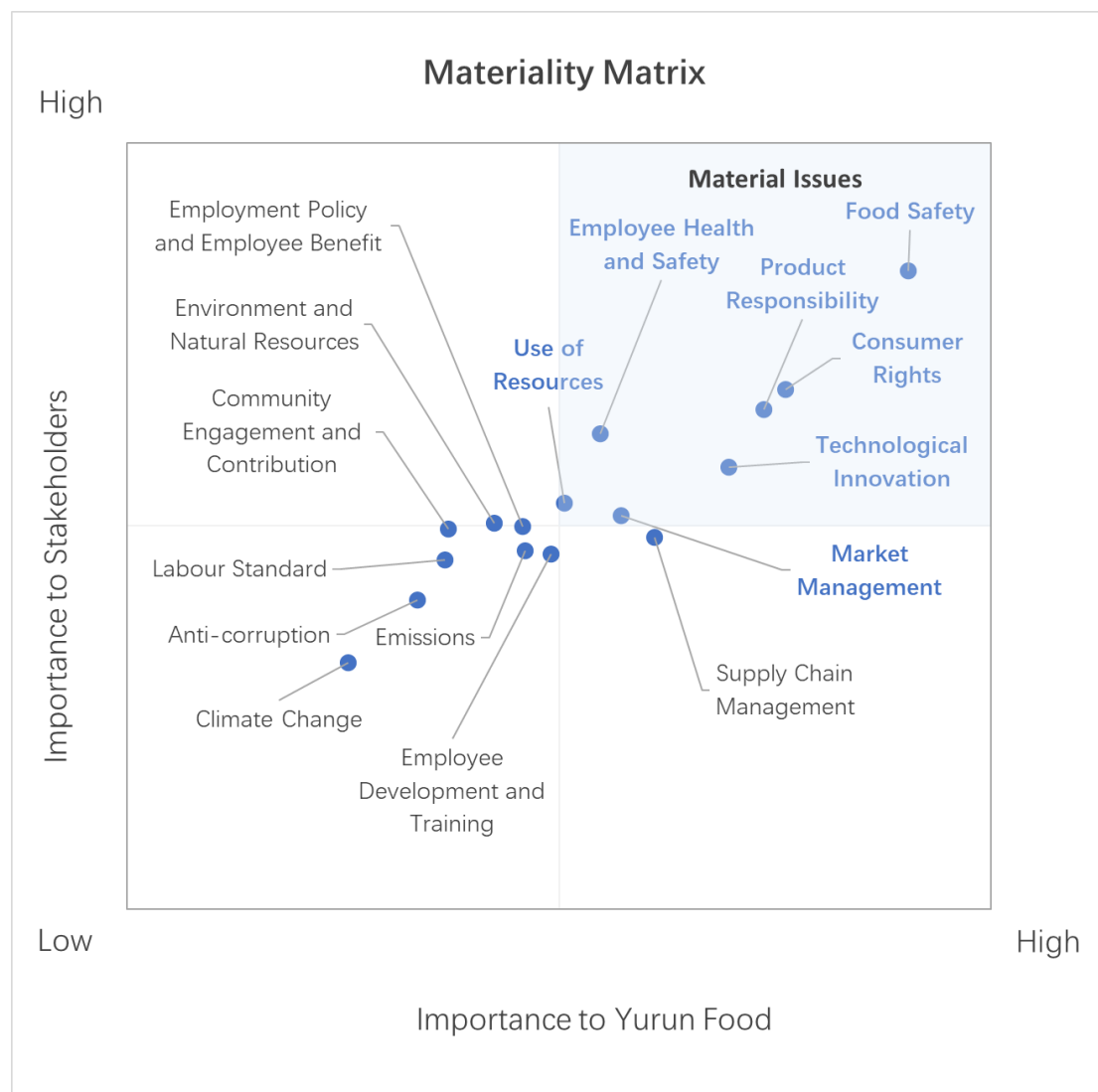
Analysis

The Group analysed the survey results and constructed a materiality matrix to identify issues with higher scores on the dimensions of "Importance to Stakeholders" and "Importance to Yurun Food" as material issues.

Verification

The Board reviewed and verified the results of the materiality assessment and confirmed the 2020 material issues.

The following matrix shows the results of the 2020 materiality assessment.



Material Issues (Materiality from the Relevant Section(s) Highest to the Lowest)	
1. Food Safety	Leading with High Quality
2. Customer Rights	Customer First
3. Product Responsibility	Leading with High Quality, Customer First
4. Technological Innovation	Customer First
5. Employee Health and Safety	People-Oriented
6. Market Management	Leading with High Quality
7. Use of Resources	Environmental Management

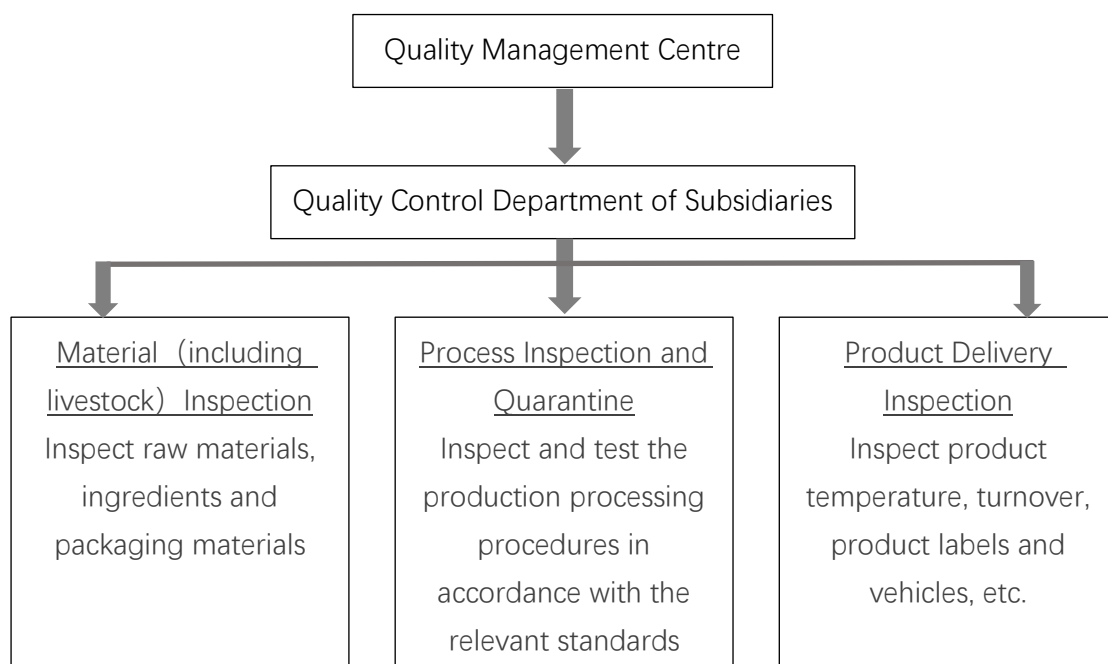
5. Leading with High Quality

As a responsible and ethical corporate, Yurun Food is committed to providing high-quality products to customers. The Group treats every detail and every process with 100% dedication. We continuously improve the quality of our products and services to provide the customer with safe, guaranteed, healthy and delicious products.



In September 2020, the China Association for Quality Inspection awarded ten honours in total to Jiangsu Yurun Meat Product Co., Ltd, including "National Quality Inspected and Reputation Guaranteed Product", "National Excellent Quality and Credit Enterprise", "National Trustworthy Quality Enterprise" and "National Benchmarking Enterprise with Integrity". These honours are undoubtedly a strong affirmation of the quality of Yurun's products.

Management System



GB/T 19001-2016/ ISO 9001: 2015 <i>Quality management system – requirements</i>	GB/T 27341-2009 <i>Hazard analysis and critical control point (HACCP) system – general requirement for food processing plant</i>
23	8
production plants obtained/ maintained valid certifications during the Reporting Period	production plants obtained/ maintained valid certifications during the Reporting Period
GB/T 22000-2006/ ISO22000: 2005 <i>Food safety management system – requirements for any organisation in the food chain</i>	ISO 22000: 2018 <i>Food safety management system – requirements for any organisation in the food chain</i>
6	21
production plants obtained/ maintained valid certifications during the Reporting Period	production plants obtained/ maintained valid certifications during the Reporting Period

The Group will progressively improve its quality and food safety management system by applying for the certification of ISO 22000:2018 *Food safety management system – requirements for any organisation in the food chain* for its subsidiaries. In addition, Yurun has been working closely with national and local quality supervision authorities at various levels to achieve product safety and quality. Each of the Group's subsidiaries has a quality management team that is responsible for the strict implementation of standards set by the headquarters.

We manage the four key components, namely raw materials, hygiene, production and inspection, and cold chain with the highest standards.



Four Keys to Food Safety

High Quality Raw Materials

The Group attaches great importance to the quality of raw materials. We carefully select suppliers and conduct rigorous inspections of all raw materials to prevent the inflow of substandard materials.

Live Hogs	Ingredients
<p>The Group strictly complies with the <i>Quarantine Requirement for Livestock and Poultry at the Places of Production</i> and conducts health screenings on all live hogs. Our <i>21 Procedures on Inspection and Quarantine</i> lists out all the details on inspection items to ensure the health of live hogs. The Group conducts stringent ELISA tests and hormones tests such as clenbuterol test for each incoming hog. Each hog is marked with a unique barcode so that information such as inspection and quarantine records of the hogs can be traced.</p>	<p>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 Control Department as a gatekeeper for the quality of ingredients and raw materials. Raw materials are used in the production processes only after sampling inspections of sensory and physiochemical indicators. We will return substandard ingredients to ensure that all ingredients used in the production meet the Group's requirements.</p>

To effectively respond to the outbreak of African swine fever, the Group has formulated the *African Swine Fever Prevention and Control Plan* and established working groups for the prevention and control of African swine fever at the Group and subsidiary levels respectively. The *African Swine Fever Prevention and Control Plan* sets out the responsibilities of the working groups at each level to effectively mitigate the impact of African swine fever. The Group has strengthened the inspection of live hogs and ceased the procurement of live hogs from unknown sources.

The followings are the Group's measures to prevent and control African swine fever:

- Conduct African swine fever virus nucleic acid test
- Require suppliers to provide proofs that the raw materials came from uninfected regions
- Require suppliers to provide animals quarantine inspection certificates
- Require suppliers to provide African swine fever inspection report for each batch of ingredients

Hygiene Standards

The Group has stringent requirements on the hygiene of production plants to avoid food contamination incidents. We have established policies such as the *Cleaning and Disinfection Management Rules* and the *Sanitation Standard and Operating Procedures*, etc. to ensure that the sanitary conditions of the production plants are up to standard. These policies set out the scope, methods, procedures and frequency of cleaning and disinfection. The Group conducts regular sanitation inspections of production plants to ensure that the sanitation policies established by the Group are strictly implemented by the relevant personnel.

Production Plants	<ul style="list-style-type: none">• Employees have to turn on the UV lamps and ozone sterilisers when they are off duty• Thorough cleaning and disinfection of ceilings, walls, floors, production equipment and utensils, etc. are carried out
Production Workers	<ul style="list-style-type: none">• All production workers shall wash and sanitise their hands and put on work clothes, work boots, headwear and masks before entering the production area of a production plant
Vehicles	<ul style="list-style-type: none">• Debris removal, rinsing and sanitation of vehicles are carried out for vehicles prior to loading
Warehouses	<ul style="list-style-type: none">• Regular cleaning and disinfection of flash chiller rooms, freezer rooms and storage rooms for finished goods is carried out



Disinfection of the Production Plant by Workers

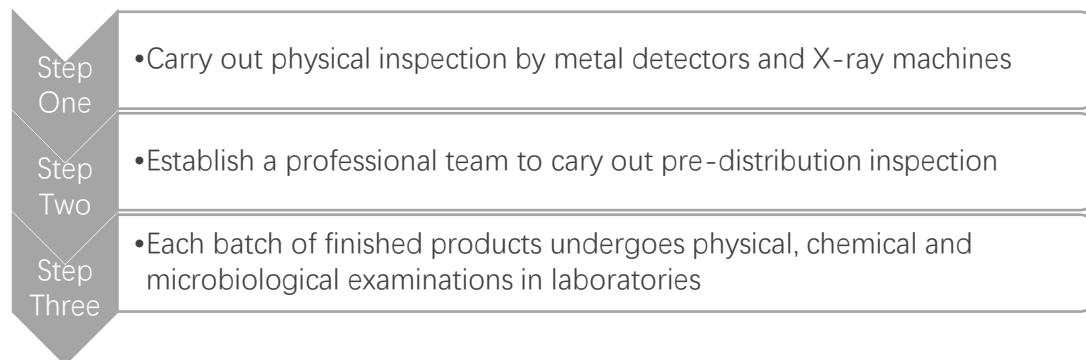
Production and Inspection

Yurun attaches great importance to product quality throughout food production process. The Group has a set of strict food production standards, with separate and customerized production requirements, inspection items and indicators for each product. We require production plants to strictly implement the Group's food production standards to ensure that all food products manufactured by the production plants are standard compliant.

In addition, the Group installed surveillance devices in production plants to monitor the entire production process in real-time. If there is any issue, we will take corrective and preventive measures in a timely manner. With regard to food processing, the Group has introduced advanced meat processing equipment from overseas to achieve a closed and automatic operation for pre-treatment of raw materials, seasoning, filling, cooking, packaging, etc., to minimise product quality issues caused by manual operation.

The Group has professional testing equipment and testing teams, which can conduct testing and research in nutrition analysis testing, microbiology testing pesticide and veterinary drug residues, elemental analysis testing and food additive testing, etc. The Group's Meat Industry Research Institute has more than 400 sets of various testing and research analysis instruments and facilities and has obtained the certification from inspection and testing institution (CMA certification).

The Group has established a set of inspection standards that is higher than the industry and national standards. All the products must pass the following “three steps” in advance of distribution:



Cold Chain Management

The Group's main products are chilled pork, frozen pork and LTMP. Cold chain management is a very important part of product quality assurance as the ambient temperature directly affects product quality. We have formulated the *Cold Chain Management System* to ensure that the cold chain management of products at different stages from production, storage, transportation to sales are in compliance with the standards.

The Group requires production plants, logistics teams, supermarkets and other distributors to ensure that products are produced, transported and stored at appropriate temperatures. We strictly monitor the temperature across our production lines, regulate the refrigeration equipment of the transportation vehicles and require retailers to comply with the requirements of product quality assurance.

Production and Storage	The Group strictly monitors the temperatures across the production lines to ensure that the temperatures of raw meat from cutting, marinating to processing meet the Group's standards. The Group has formulated the <i>Cold Storage Management System</i> to record incomings and outgoings of product inventory and to keep track of it. The Group conducts proper maintenance of the freezer on a regular basis to prevent any equipment failure that may affect product quality.
Transportation	The Group has formulated internal policies such as the <i>Logistics Management Code</i> and the <i>Cold Chain Management System of Logistics</i> , which set out the requirements for the logistics teams to ensure that the transportation of products meets the cold chain logistics standards. The Group adopts a full cold chain transportation mode. Through the network of production plants across the country, we link up all production plants and markets within a distance under a three-hour cold chain coverage. We control the temperature inside each transportation vehicle. The temperature inside vehicles with chilled products is controlled at 0-4 °C while that with frozen products is controlled at -15°C. During the transportation process, information such as GPS location and ambient temperature, etc. is automatically recorded by the automatic recorders and monitored in real-time by the control centre.
Sales	The Group sets freezer requirements for food retailers, supermarkets and other retailers and conducts regular inspections to ensure that the products are stored in accordance with the Group's requirements.

The Group values the quality management of products after distribution onto the market. We provide product handling guidelines to our retailers to ensure that they understand the methods of product handling and the rules that they are required to follow. During the Reporting Period, the Group's Quality Control Department conducted random inspections on retailers monthly to ensure the retailers comply with the product handling guidelines set by the Group.

6. Customer First

With the core value of "Focus on Customer Interests", the Group is committed to delivering a high-quality shopping experience. We pay close attention to customer preferences and needs, introduce digital shopping experience and develop different types of products to meet different needs of our customers. Meanwhile, we are committed to protecting the rights of our customers in order to win their trust.

Digital Shopping

Yurun Food established an online integrated shopping platform as early as in 2015 and introduced new concept stores in 2019, moving towards digital shopping. The Group caters for consumers' spending preferences and needs, leveraging the advantages of our online and offline platforms to provide consumers with better and more convenient shopping experience. We have been actively adopting new marketing strategies such as community group purchase, O2O, live streaming e-commerce, etc. to attract young consumers.



Live Streaming E-Commerce

Leading with Innovation

The Group regards product innovation as the core driving force for transformation and upgrading. Our excellent research team focuses on upgrading key food technologies, providing a constant impetus for the Group's development and further enhancing our market competitiveness. Yurun has been keeping abreast of the industry development trends and implemented a series of reform measures, including product innovation, packaging innovation, flavour innovation, etc.

Since 2019, the Group has put more effort into product development and developed nearly 300 new products in the areas of LTMP, Chinese pot stewed products, HTMP, snacks, internet-famous food, etc. In addition, we have leveraged our technological advantages to develop a series of reconstituted meat products using active-enzyme-catalysed crosslinking technology, integrated flavouring technology and pre-forming cutting technology.



Healthy Food

The Group has been devoted to developing healthy products to meet consumers' pursuit for healthy life. We have actively developed a series of plant-based meat which is cholesterol-free, hormone-free, trans-fatty-acid-free and antibiotic-free. During the Reporting Period, the Group developed products such as charcoal-broiled chicken breast and low-fat chicken breast sausages. We select premium grain-fed chickens as raw materials for charcoal-broiled chicken breast, creating a healthy product with high protein, low fat and zero hormones. The Group will continue to actively develop low-salt, low-sugar and low-fat food products to provide consumers with more healthy choices.



In order to ensure food safety, the Group strictly follows the requirements of the *Standards for the Use of Food Additives* and never uses food additives prohibited by the country or adds excessive preservatives and food additives. In addition, during food processing, we do not add any non-edible chemicals other than food additives or such other substances that may be hazardous to human health.

Feedback

The Group actively listens to the customers and protects their rights at all times. We conduct regular consumer satisfaction surveys, interviewing consumers of different age groups and regions to understand their satisfaction rate and opinions regarding our products. In addition, we have formulated the *Customer Complaint Handling Manual* to ensure customer complaints are resolved in an effective way. The *Customer Complaint Handling Manual* stipulates the responsibilities of departments and personnel at all levels, the types of complaints and the process for handling various types of complaints. Customers can make their complaints through the customer service hotline, supermarkets or food retailers. We handle customer complaints based on the principle of "timely response, serious investigation, reasonable communication and proper handling". When our customer service officers receive complaints from customers, they will record the details of the complaints and provide feedback to the customers within 24 hours. We investigate customer complaints seriously, analyse the underlying causes, take corrective measures and improve preventive measures to avoid recurrence of similar issues. During the Reporting Period, the Group received a total of 50 product-related complaints, with a 100% complaint handling rate and all complaints were resolved properly.

Product Traceability and Recall

To ensure that consumers can enjoy the Group's products with confidence, the Group makes use of information technology to manage and control the whole production process, achieving "traceable source, trackable destinations, and accountable liability". The Group has established the product traceability system and introduced electronic scanning and tracking technology to ensure that products are trackable at any point from production, sales and after-sales. In the event of product recall, we can quickly identify the batches of affected products and the scope of the product recall through our product traceability system.

To protect consumer rights, the Group has a well-established product recall mechanism. We have formulated the *Product Recall Management Procedures*, which sets out the responsibilities of the product recall team and the product recall procedures. The product recall team, which consists of senior executives, technicians, sales representatives and production workers, is responsible for product recalls. The Group classifies product recalls into three major levels according to the severity of food safety hazards. With respect to different levels of product recalls, the Group formulates and takes corresponding measures. We will promptly disseminate information about product recalls to consumers through various media such as newspapers, radio, television, the Internet, etc.

In addition, the Group has also formulated the *Food Safety Contingency Plan* to handle food safety emergencies. The Group has set up emergency management teams at both the Group and subsidiary levels to ensure that the impact of food safety emergencies can be effectively minimised when they occur. We require our subsidiaries to organise regular product tracing and recall drills to assess the effectiveness of the product traceability system and the recall procedures. During the Reporting Period, the Group did not recall any products for health and safety reasons.

Privacy Protection

The Group attaches great importance to protecting customer privacy and strictly complies with the laws and regulations relating to privacy and data protection. The Group has established the *Customer Privacy Policy*, which stipulates that all the involved departments and personnel must handle customer information carefully in strict accordance with the relevant regulations and keep it strictly confidential. The Group will not disclose customer information to third parties without the permission of the customers. In addition, the Group has set up limited access to customer information in such a way that only designated employees can access customer information.

Product Labelling and Responsible Promotion

The Group clearly discloses information about the ingredients of food products on the product labels so that customers can choose the products that meet their needs based on the product labels. The Group prepares product labels in strict compliance with the *Regulations on Food Labelling Management* and the *General Principles on the Labels of Pre-packaged Food* to ensure that consumers can receive true and accurate product information. The product labels include the date of manufacture, the expiration date, a list of ingredients and the nutritional facts. The Group conducts internal review before printing product labels to ensure that the information of product labels is true and accurate. In addition, the nutritional facts on product labels must undergo internal and external checks to ensure that they are not false, misleading or deceptive.

In addition, the Group strictly complies with the laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Interim Measures for the Administration of Internet Advertising*, etc., and strictly follows the requirements for the production and publication of advertisements on relevant media platforms to ensure that advertisements are not misleading or deceptive to consumers. In addition, the Group adopts the *Brand Culture and Connotation of Yurun* as the standard and guidance for brand building and has strengthened the supervision of the Group's advertisements based on it.



7. Responsible Operation

The Group operates its business and builds a trust-worthy brand in a responsible manner. The Group has formulated and strictly implemented the corresponding internal policies on responsible procurement, integrity and legal compliance, intellectual property rights and animal welfare.

Supplier Management

The Group has a well-established supplier management system. In order to effectively manage the suppliers, we have established the *Procurement and Supplier Management System*. The system clearly sets out the procurement process, the responsibilities of different departments, etc. The followings are the main phases of the Group's supplier management:

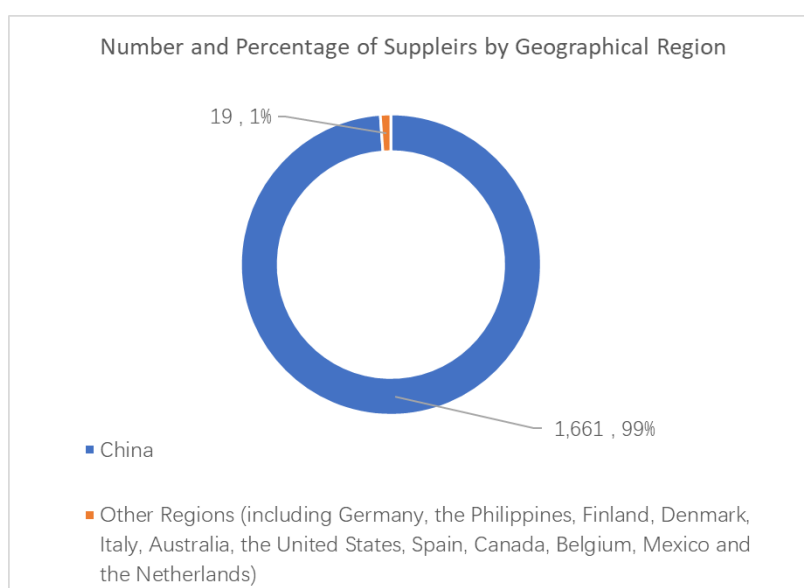
Shortlisting Phase	Procurement officers will assess the qualifications of suppliers and short-list the qualified suppliers, which will be evaluated by the supplier evaluation team. The Group sets the standards for shortlisting suppliers and specifies the quality standards of raw materials, ingredients and packaging materials.
Evaluation Phase	The supplier evaluation team is composed of employees from the Procurement Department, the Quality Control Department, the Legal Department and the Technical Department. The supplier evaluation team conducts rigorous evaluations of qualified suppliers in accordance with the <i>Procurement and Supplier Management System</i> and is required to reach a consensus on the decision of engaging suppliers.
Assessment Phase	The Group conducts annual appraisals of its suppliers and assesses their performance in terms of product quality, price, service, etc. The Group also evaluates the ESG performance of its suppliers in accordance with the <i>ESG Assessment Framework for Yurun Food Suppliers</i> . We categorize suppliers into three levels and implement corresponding management based on the results of the annual appraisals. If a supplier is found to have breached any laws and regulations, the Group will blacklist the supplier and prohibit its subsidiaries from working with it.

The Group encourages suppliers to take up environmental, social and ethical responsibility together to build a responsible supply chain. The *ESG Assessment Framework for Yurun Food Suppliers* clearly sets out the codes that suppliers have to comply with in their business operations to reduce their environmental and social risks. The followings are some of the supplier's ESG assessment criteria:

Environmental Management	Social Responsibility
<ul style="list-style-type: none"> • Dispose of hazardous and non-hazardous wastes properly • Dispose of wastes, wastewater and residues properly 	<ul style="list-style-type: none"> • Establish a sound mechanism to collect the opinions of local residents and take appropriate measures to mitigate the negative impact of our business operations on the community
Employee Rights and Interests	Anti-corruption Management
<ul style="list-style-type: none"> • Provide a safe working environment • No child labour or forced labour • Employees will not experience any form of harassment, abuse or threat 	<ul style="list-style-type: none"> • No bribery or bribe-taking

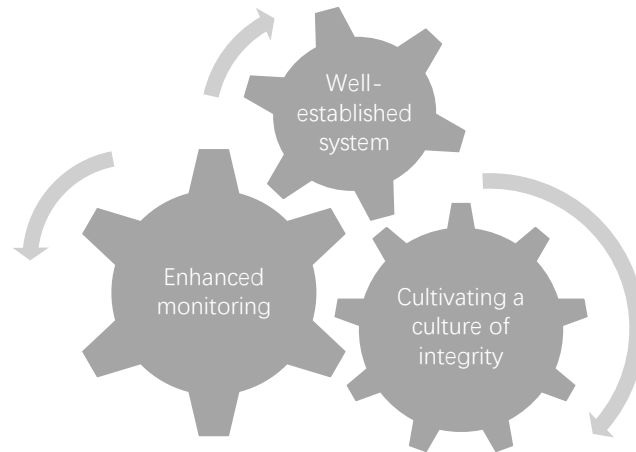
As of the end of the Reporting Period, the Group had 1,680 suppliers. The Group has implemented the practices relating to engaging suppliers to all suppliers.

The number and percentage of suppliers of the Group by geographical region are as follow:



Combating Corruption and Promoting Integrity

The Group recognises that corruption can severely damage the interests and reputation of a company and therefore we have adopted a zero-tolerance approach to corruption. We have adopted a three-pronged strategy, which includes well-established system, enhanced monitoring and cultivation of a culture of integrity, to combat and prevent corrupt practices such as bribery, extortion, fraud and money laundering and to promote a corruption-free corporate culture.



Well-Established System

The Group's Supervision Department is responsible for anti-corruption work, and formulating and revising the relevant policies to combat corruption. The Group's *Anti-Corruption Management System* sets out the definition of corrupt practices, procedures for handling corruption cases and the relevant internal organisations. The Group's Audit Committee is responsible for monitoring and reviewing the effectiveness of the reporting policies and systems on a regular basis.

In order to crack down corrupt practices, the Group encourages employees to actively report any form of corrupt practices. We have established the *Anti-Corruption Management System*, which sets out the channels for reporting corrupt practices, protection measures and incentives for whistle-blowers. Whistle-blowers can report corrupt practices through the reporting hotline, email, letter, fax, face-to-face meetings, etc. The Group handle all corruption reports carefully and keep the personal information of the whistle-blowers strictly confidential in order to protect their legitimate rights. If a corruption report is substantiated, the Group will reward the whistle-blower in accordance with the *Anti-Corruption Management System*. Depending on the seriousness of the cases, we take disciplinary actions against the relevant employees or departments, including but not limited to warnings, penalties, demotions, dismissals, etc. In the event of serious cases, we transfer the cases to the judicial authorities for handling.

During the Reporting Period, the Group did not receive notification of any concluded legal cases regarding corrupt practices brought against the Group or its employees.

Enhanced Monitoring

Procurement is linked with a higher risk of corruption, and therefore the Group attaches great importance to anti-corruption work related to procurement. We require our suppliers to sign the *Letter of Undertaking of Integrity* to ensure that they understand the code of conduct and their responsibilities to prevent corruption. In addition, we conduct regular on-site visits to our business partners in retail and raw material markets to enhance communication and conduct financial reconciliation with business partners in order to reduce the risk of corruption.

Cultivating a Culture of Integrity

In order to build a corruption-free, fair and just corporate culture, the Group launched the "Four-Anti" campaign with the theme of "anti-corruption, anti-gangs, anti-fraud and anti-laziness". We have launched educational activities about anti-corruption throughout the Group (including our subsidiaries) and enhanced the anti-corruption awareness of our employees through banners and exhibition display boards. In addition, we held a speech contest with the theme of the "four-anti campaign" and organised a competition for calligraphy, poster designs, cartoons creation and short videos with the theme of the four-anti campaign. We encouraged our employees to take part in cultivating and promoting a corruption-free culture through participating in various competitions. Meanwhile, the Group makes announcements about corruption cases within the company to its employees through internal platforms and emails on a regular basis. We also conduct anti-corruption training for the Board and our employees to enhance their awareness of anti-corruption. During the Reporting Period, the Group's anti-corruption training coverage reached 100%.



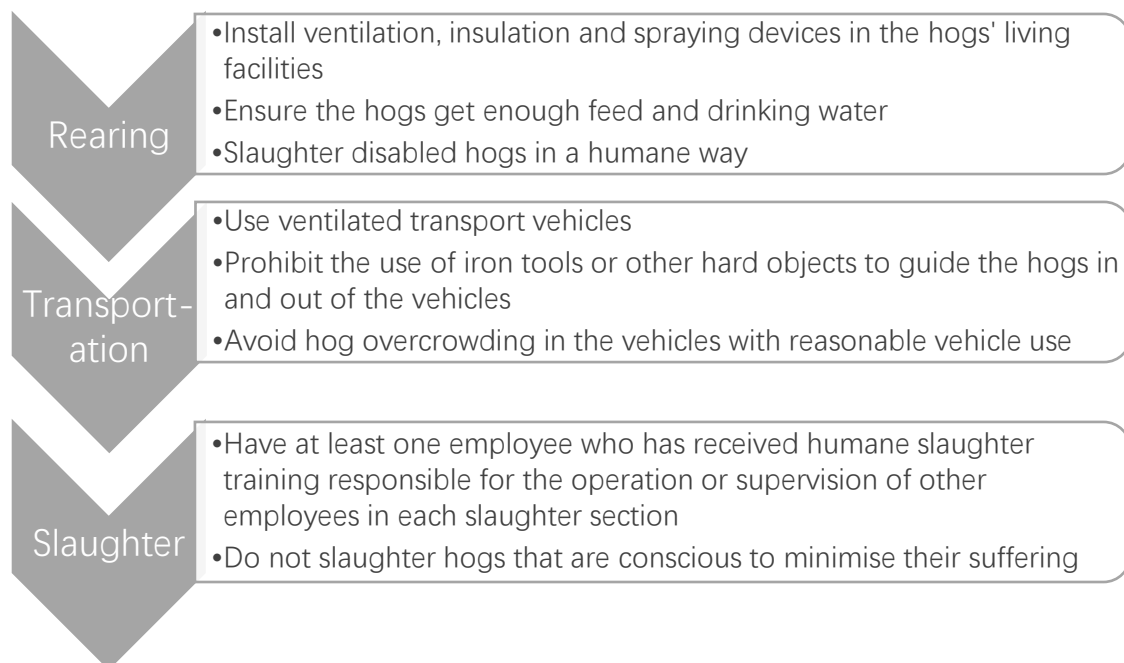
Training relating to the "four-anti campaign"

Intellectual Property Rights

The Group understands that the effective protection of intellectual property rights can motivate a company to continue innovation and protect its innovation achievements and efforts. The Group has established the Intellectual Property Management Department during its early establishment. It is responsible for the management of intellectual property rights such as trademarks and patents, and applying for patent rights for the technologies and products developed by the Group. We have also established the management systems relating to intellectual property rights, including the trademark management system, the patent management system and the product development system, etc. to regulate the work related to intellectual property. In addition, we enter into confidentiality agreements with our employees to ensure that they understand their responsibilities in protecting the Group's intellectual property rights. While protecting our own intellectual property rights, we do not infringe the intellectual property rights of others.

Animal Welfare

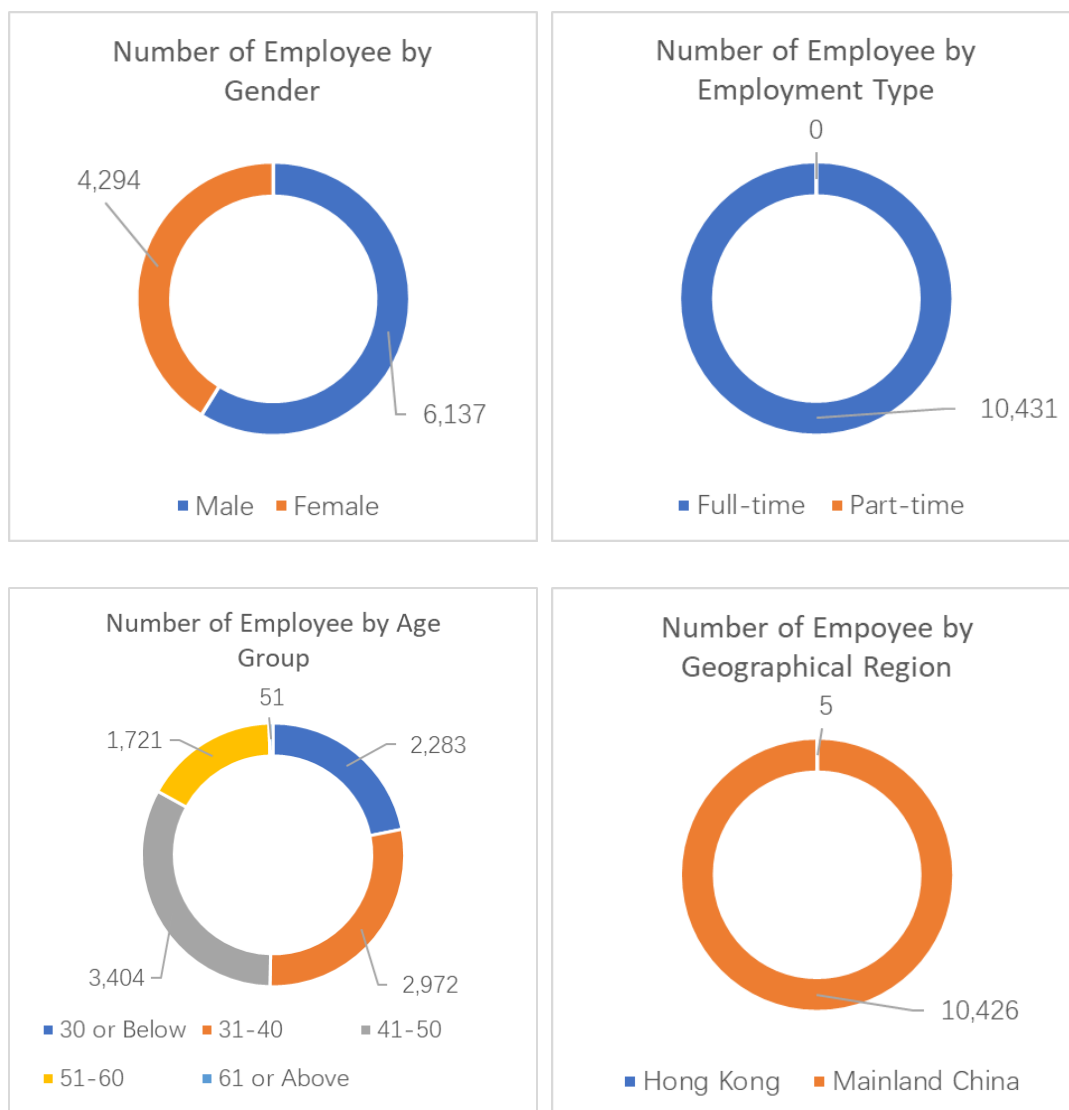
The Group has established the *Regulations on Animal Welfare* to regulate the handling of animals at different stages from rearing to slaughter. Our concern for animal welfare is not only for humane reasons, but also to guarantee our product quality. The Group has established specific guidelines for the key stages such as rearing, transportation and slaughter to ensure that animals receive humane treatment. In addition, the Group's subsidiaries regularly organise training on humane slaughter to ensure that the relevant employees minimise the suffering of the animals during the slaughter process.



8. People-Oriented

Yurun Food upholds the philosophy of "respect individual, personal development and proper deployment" in human resource management. The Group understands that talent is the key to business development. We treat every employee with sincerity and strive to be the ideal employer for our employees.

As of the end of the Reporting Period, the Group had a total of 10,431 employees. The Group's team profile for 2020 is as follows:



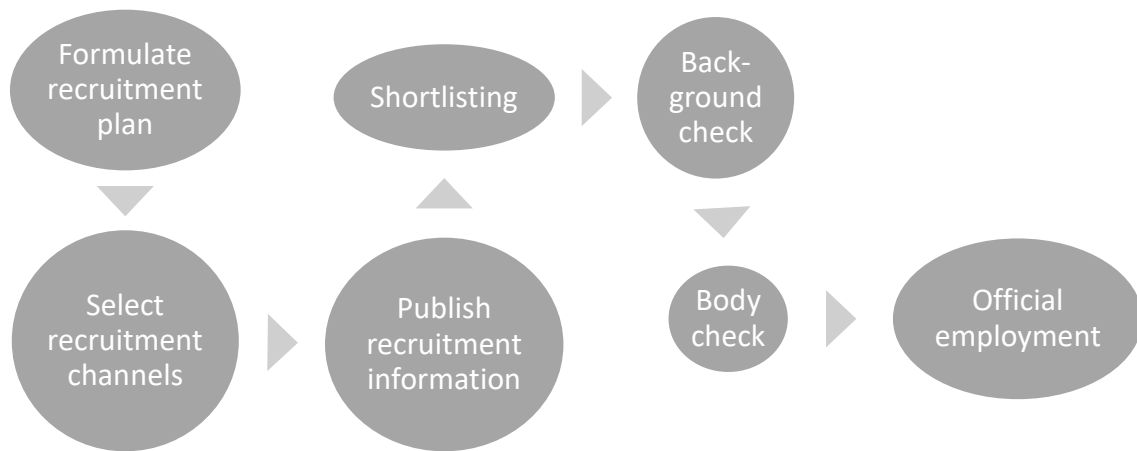
Outstanding Team

The Group strives to be the best employer in the eyes of its employees. To attract talents, we offer competitive remuneration and benefits, different types of training and development opportunities. We hope to grow with our employees and create a win-win situation.

Employment Management

The Group has a well-established human resources management system. The Group's *Recruitment Management System*, *Compensation Management System*, *Benefits Management System*, *Performance Management System* and *Employee Handbook* set out the requirements in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfares, prevention of child labour and forced labour.

The Group's recruitment process is as follows:



The Group employs people on their merit and welcomes people of different backgrounds to become part of us. The Group insists on recruiting employees in a fair and just manner and implements equal pay for equal work to ensure that employees are not discriminated on the ground of gender, age, ethnicity, religion, etc. We promote a diverse and inclusive corporate culture.

The Group has put in place a stringent recruitment process, strictly complies with laws and regulations relating to employment and does not employ child labour or forced labour. To effectively prevent employing child labour, the Group scrutinises the identity documents of the perspective employees during the background checks to ensure that they are at least 16 years old. In addition, the Group has an internal system to eliminate the possibility of employing child labour. Our human resource management system prohibits the input of information of persons below the age of 16. The Group does not force employees to work involuntarily. The working hours of our employees are clearly stated in our *Employee Handbook*. If employees have to work overtime, they are required to submit a request to their supervisor. In the event of employing child labour and forced labour, the Group will hold the relevant personnel accountable.

Dismissal

The Group's *Employee Handbook* sets out the handling methods for various types of termination of employment. The employment contracts signed with our employees also clearly stipulate the provisions relating to termination of employment, including the notice period and compensation, to protect the rights and interests of both employer and employees. Employees are required to properly complete handover and exit procedures before leaving the Group to ensure the normal business operations of the Group.

Remuneration and Benefits

The Group has a well-established remuneration system. To attract and retain talent, the Group offers competitive remuneration packages. We adjust the remuneration of our employees based on different factors such as the job nature, job performance, business performance, operations position, consumer price indices and the labour market. Employees can refer to the *Employee Handbook* for further details about the remuneration system. The Group has established a reward system to recognise the efforts and contributions of our employees. In addition to salary adjustments and year-end bonuses, awards are presented to outstanding employees in recognition of their contribution to the Group.

The Group is committed to safeguarding the legitimate rights of its employees and offers a wide range of employee benefits to retain talent. The Group's *Welfare Management System* sets out the standards and items of welfare to make welfare management more systematic. The Group provides statutory benefits to its employees, including social insurance, housing provident fund and statutory holidays. In addition to statutory benefits, the Group also provides festive benefits, birthday benefits, communication allowances, transportation allowances, meal allowances and accommodation benefits to its employees.

To enhance our employee's sense of belonging to the Group, each department organises its own team-building activities such as sports, competitions, trips and buffets every year. We believe that team-building activities are effective in promoting communication and cooperation among employees and enriching their lives. Each department can reimburse team building expenses via the Finance Department in accordance with internal standards.



Basketball Competition among Employees



Departmental Team Building Activities

Development and Training

The Group values the growth of our employees. We have a clear promotion system and offer a wide range of development opportunities for our employees. Employees can refer to the *Employee Handbook* for promotion eligibilities for different positions. In the event of vacancies in management positions, the Group conducts an open internal recruitment and employees can apply for the management positions. We encourage our employees to continuously upgrade themselves and to get promoted through their own strengths and competence.

In addition, the Group conducts a series of training activities every year to enhance the professional knowledge and skills of our employees. Training is mainly divided into internal training and external training. The Group has established the *Control Procedures for Training Management* to regulate training-related work and enhance the effectiveness of training.

The Group's Human Resources and Administration Department is responsible for the management work relating to employee training. Its responsibilities include, without limitation:

- Formulating and implementing annual training plans
- Selecting, compiling and revising internal training materials
- Evaluating the effectiveness of training

The Group provides comprehensive training programmes for its management. Training topics include finance, administration, quality management, marketing, factory management, human resources, etc. To enhance the effectiveness of the training, the Group has introduced case studies to enhance the practicality of the training.

The followings are the different types of training organised by the Group.

- Training on general system
- Induction training for new hires
- Safety knowledge training
- Training for employee back-up
- Professional technical training
- Professional knowledge training
- Training on management system
- Training on management knowledge



Business Operation Training



Management Training

Health and Safety

The Group is committed to creating a safe working environment for its employees by adhering to the principle of "safety first, prevention-oriented, integrated management". The Group has a production safety leading group to promote production safety. The leading group is responsible for establishing safety policies and regulations, formulating safety measures and labour protection plans and conducting educational activities relating to safety knowledge. The Group's *Safety Production Liability System* stipulates the safety-related responsibilities of leaders at all levels. The general manager of each subsidiary, who is the person-in-charge with primary responsibility for work safety, is responsible for overseeing and instructing personnel at all levels to perform safety-related duties.

Safe Production

The Group attaches great importance to production safety and has put in place various safety measures based on potential production safety risks to prevent any safety incidents from occurring. Safety signs are posted in our production plants to remind our employees to stay alert to safety at all times. Preventive measures have been put in place to address various safety risks. In addition, all production plants are required to maintain a clean and tidy environment at all times, place items properly and have non-slip flooring installed to minimise the risk of slipping or tripping.

The Group organises safety inspections on a regular basis to ensure that safety measures are implemented effectively. If any issue is identified during the inspections, the inspectors are required to provide timely advice to rectify the issues and urge the relevant employees to eliminate the safety hazards as soon as possible. Safety inspection activities include, without limitation:

- Inspecting, maintaining and repairing safety facilities
- Checking the use of various protective equipment and facilities
- Evaluating employees' performance of carrying out safety-related duties

The Group provides protective equipment to its employees for their occupational health and safety and to prevent and reduce the occurrence of production safety incidents. Our *Code of Conduct for the Distribution of Protective Equipment* sets out the types of protective equipment, the personnel who use them and the frequency of distribution. Protective equipment includes, without limitation:

Head protection	Safety helmets
Respiratory protection	Gas masks, dust masks
Eye and face protection	Chemical resistant goggles, welding masks
Hand protection	Plastic gloves, steel gloves, cut-resistant gloves, heat-resistant gloves
Foot protection	Insulated shoes, anti-smash plastic shoes, cotton shoes
Body protection	Anti-static workwear, flame-resistant workwear, plastic aprons, steel mesh aprons

The Group keeps the records of work-related injuries and statistics in accordance with the *Regulation on Work-related Injury Insurances*. During the Reporting Period, there was no work-related fatality of the Group and there were 42 employees who injured at work and 297 lost days due to work-related injuries. The Group provided immediate medical assistance to the injured employees and provided them with financial compensation in accordance with the *Regulation on Work-related Injury Insurances*. We perform in-depth investigations into each safety incident and continuously improve preventive measures for safety incidents to avoid recurrence.

Safety Training and Drills

The Group organises different types of safety training for its employees every year to enhance their awareness of production safety and their emergency responsiveness. In order to avoid accidents relating to production equipment and machinery, the Group requires its employees to attend adequate operational training before using various types of production equipment and machinery.

To effectively respond to emergencies, the Group organises annual emergency drills such as fire drills to enhance the Group's emergency responsiveness. The Group will evaluate the effectiveness of the drills and improve the emergency plan based on the drills to ensure its effectiveness and appropriateness. In the event of an emergency, the Group will activate the emergency plan and promptly take effective measures to carry out rescue work and minimise the loss of life and property caused by the incident.



Safety Production Knowledge Training



Fire Drills



Fire Safety Training

Prevention and Control of Pandemic

In the face of the challenges arising from the COVID-19 pandemic, the Group deployed pandemic prevention and control in a timely manner to protect the health and safety of all employees. The Group has formulated the *Notice on the Strict Enforcement of Pandemic Prevention and Control Measures*, requiring all subsidiaries and departments to strictly enforce the pandemic prevention and control measures. The pandemic prevention and control measures include, without limitation:

- All personnel entering the workplace must wear masks and have their body temperature checked
- Remind employees to be aware of personal hygiene
- Encourage employees to monitor one another and report any breaches of anti-pandemic measures
- Reduce group activities

Physical and Mental Health

The Group also places great importance to physical and mental health of our employees. We invite external experts to conduct training for our employees to enhance their health awareness from time to time. In addition, the Group has a psychological counselling room and regularly invites psychologists and counsellors to provide psychological counselling service for employees who are in need so as to help them resolve various psychological problems. To help our employees to relieve their stress, we encourage them to do more exercise and get enough rest. The Group has the lounge, the gym room and the activity rooms to provide employees with places for exercise and rest.



The Lounge



Psychological Counselling Room



Cafe in the Office Building

9. Environmental Management

The Group actively takes various measures to minimise the negative impact of our operations on the environment. We attach great importance to environmental compliance and strictly comply with laws and regulations relating to the environment. In addition, some of our subsidiaries have obtained the ISO14001 environmental management system certification. We will gradually apply for such certification for other subsidiaries to enhance our environmental management system. In addition, the construction and site selection of each production plant are subject to a rigorous environmental assessment. All production plants are subject to comprehensive assessment and investigation by the Environmental Protection Department and the Land Planning Department to ensure they are in compliance with national standards before they are allowed to open for operation.

Emission Management

The Group's main pollutants are wastewater, exhaust gases, greenhouse gases, and hazardous and non-hazardous wastes. The Group strictly complies with national emission standards and has established an environmental management system to identify and manage environmental risks in its operations. We keep abreast of the updates and changes in environmental laws and regulations and improve our environmental measures to ensure the environmental compliance of each production plant.

Wastewater Discharge

The Group strictly complies with the requirements of the *Discharge Standard of Water Pollutants from Meat Packing Industry* and the *Technical Specifications for Slaughterhouse and Meat Processing Wastewater Treatment Projects* to treat wastewater. The Group has formulated the *Operation Guide for Wastewater* to regulate the management of wastewater treatment plants. In order to enhance the efficiency of wastewater treatment, the Group renovated the wastewater treatment plants of 12 production plants during the Reporting Period.

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



- Cover up the wastewater treatment areas
- Apply deodorants to wastewater and sludge
- Install deodorisation facilities like spray towers, activated carbon system and biofilters to centrally clean up the collected foul gases

Waste Generation

The Group has well-established waste disposal procedures in place and strictly complies with national regulations in handling all types of waste. Our main hazardous waste is sludge generated from our wastewater treatment plants. We have designated areas for the storage of hazardous wastes and have engaged qualified entities to collect and dispose of them. The Group conducts qualification checks on these entities prior to engaging them. For non-hazardous wastes, the Group will hand over the disposal to the Environmental and Hygiene Department of the locations where we operate for further handling.

The Group's major non-hazardous wastes are domestic waste, food waste, sludge generated from sewage treatment plants and waste grease from grease traps. Our production plants in Hefei and Weinan have adopted automatic detoxification treatment equipment to process the wastes from production process, including waste grease, fur, branded skin and PSE (pale, soft, exudative) meats, into organic fertilisers, easing the burden on landfills and thereby reducing greenhouse gas emissions from waste disposal. As of the end of the Reporting Period, the Group produced over 52 tonnes of organic fertilisers.

In order to effectively handle the disposal of sludge and livestock manure, the Group's production plants are equipped with sludge dewatering equipment and solid-liquid separator to reduce the water content and weight of sludge and livestock manure. As of the end of the Reporting Period, approximately 61.9% of the Group's production plants were equipped with solid-liquid separators.

Emissions of Air Pollutants and Greenhouse Gases

The Group's major air pollutants come from the exhaust gas emissions from boilers. The Group has implemented the "coal-to-natural-gas" policy in its production plants, gradually phasing out coal-fired boilers and consuming natural gas to reduce air pollutants and greenhouse gas emissions in the course of operation. As of the end of the Reporting Period, all the Group's production plants completely phased out coal-fired boilers, except one production plant in Yunnan Province which has one standby coal-fired boiler.

The Group actively adopts various air pollutant emission reduction and treatment technologies. The production plants of the Group's meat processing business segment have replaced their conventional burners with low-nitrogen-oxides burners to reduce the emission of nitrogen oxides. During the Reporting Period, the Group installed 10 low-nitrogen-oxides burners to further reduce the emission of air pollutants. In addition, some of the Group's production plants have installed exhaust gas treatment devices to reduce the emission of air pollutants by using wet dust-removal methods.

During the Reporting Period, the Group fully deployed electric transportation equipment such as electric forklifts to reduce the consumption of diesel fuel and the emission of air pollutants and greenhouse gases during its combustion process.

Use of Resources

Energy Use

The primary sources of the Group's major energy consumption are natural gas, purchased electricity and steam. In order to effectively enhance the efficiency of energy use, the Group has formulated the *Energy Management System*. The Engineering Department is the Group's department for energy management, which is responsible for formulating and implementing energy plan and energy management system. The Engineering Department also oversees and examines the energy management of each subsidiary. The Group's subsidiaries conduct energy-saving promotion activities and training on a regular basis to raise employees' awareness of energy saving by using publicity boards and posting energy-saving slogans. The Group's subsidiaries analyse the energy consumption on a regular basis to identify potential energy-saving opportunities and study energy-saving measures.

The followings are the energy-saving measures adopted by the Group's production plants:

- Monitor the energy consumption of the production plants to detect and eliminate abnormal energy consumption
- Use highly efficient dehairing machines to reduce steam consumption
- Reduce product sterilisation temperature and energy consumption through technological advancement
- Replace traditional tube lights with energy-saving light bulbs and solar lamps
- Replace dryers with highly efficient air coolers

During the Reporting Period, the Group implemented the above measures to reduce energy consumption and enhance energy efficiency.

Water Use

The Group's production processes require the use of water and steam. To ensure compliance with strict hygiene standards, the Group has to thoroughly clean its production plant equipment and transportation vehicles on a daily basis. In order to effectively manage the water use efficiency, the Group checks the water consumption on a regular basis and formulates water conservation measures.

In order to effectively enhance water efficiency, the Group keeps promoting water reuse in its production plants. Water reuse is an effective way to conserve fresh water resources and reduce the discharge of wastewater. We centralise the wastewater treatment in the wastewater treatment system and turn it into reusable water. We use the reclaimed water for non-potable purposes such as car washing, irrigation and toilet flushing. During the Reporting Period, the Group reused approximately 86,000 tonnes of water.

In addition, a production plant of the Group located in Jiangsu utilises an unused water recirculation tank with a cooling tower and corresponding piping and pumps to create a recirculating cooling system. The reclaimed water is circulated for cooling and then transported to the production plant for cooling purposes. This technology can effectively enhance water efficiency.

The Group sources water from municipal water supply and underground water for its business operation. The extraction of underground water is subject to strict regulations of the local government authorities. During the Reporting Period, the Group did not have any issue in sourcing water.

Use of Raw Materials and Packaging Materials

The Group's subsidiaries have implemented various measures to enhance the efficiency of the use of raw materials and packaging materials.

The followings are the measures to enhance the efficiency of raw material use:

- Properly divide and trim raw materials and reasonably utilise food scraps to enhance the utilisation rate of raw materials
- Make full use of raw pork, such as minced pork for producing processed sausages
- Control water loss of raw materials during thawing to avoid excessive water loss which results in low utilisation rate of raw material

The followings are the measures to enhance the efficiency of the use of packaging materials:

- Recycle cartons
- Reuse plastic turnover baskets to transport products with a shorter production period, shelf life and delivery time to reduce the use of cartons
- Reuse refrigerated incubators to transport frozen meat of short-distance deliveries to reduce the use of cartons
- Strengthen the training on employees' packaging skills to reduce packaging material waste caused by packaging skills

10. Passion for Philanthropy



Since its establishment, Yurun Food has actively participated in various social and charitable activities. The Group helps the underprivileged with a grateful heart and upholds its corporate social responsibility. Yurun Food focuses on charitable education and charity for underprivileged. We actively maintain close communication with different universities and charitable organisations to understand the needs of education development and the community.

Fight against the Pandemic

In early 2020, the COVID-19 pandemic spread rapidly. The Group held an emergency meeting with the Technical Department to explore the design and production of healthy meals to support the frontline workers in the fight against the pandemic. In January 2020, the Group donated 100,000 sets of healthy meals to Wuhan to express our gratitude to the frontline workers who worked hard to fight against the pandemic. The Group is committed to upholding corporate social responsibility and has joined hands with the community in the fight against the pandemic. Our employees also voluntarily organised donation events to support the fight against the pandemic.



School-Enterprise Cooperation

Since 2013, Yurun Food and Jiangnan University have implemented the "Excellent Engineer" training program. Both parties have collaborated closely in talent cultivation and technological development. In addition, the Group established the "Joint Research Institute for Innovative Food" with Jiangnan University in July 2020 to enhance our cooperation and development in the field of innovative food. We have planned to launch in-depth and comprehensive strategic cooperation in the areas of plant-based meat sausages, snacks. The Group expects to cultivate more talents through school-enterprise cooperation and focus on research and development of technology to promote the development of the meat processing industry in China.



Opening Ceremony of the "Joint Research Institute for Innovative Food"

Caring for Community

Yurun Food has taken the initiative to perform its corporate social responsibility. In early 2020, the Group responded to the call of the Nanjing Municipal Bureau of Commerce to implement a frozen pork reserve scheme. We distributed pork to the market in batches at a below-market price to stabilise the market supply and price of frozen pork during the New Year's Day and Spring Festival.

With the outbreak of the COVID-19 pandemic in 2020, the Group conducted a series of online and offline activities such as offline community sales to stabilise the supply of necessities and facilitate the purchase of household essentials for residents during the pandemic. In addition, the Group held a community event named "Spreading Warmth in the New Year" in January 2020. We prepared gift boxes packed with pork and sent our warm wishes to 50 underprivileged families along with the gift boxes prior to the Chinese New Year.



11. Performance Indicators¹

Annual Product Output²

	Units	2020	2019
Annual Product Output	Tonnes	360,300	636,800

Emissions and Wastes

	Units	2020	2019
Air Pollutant ³			
Nitrogen Oxides	Tonnes	13	21
	Tonnes/ tonnes annual output	3.53×10^{-5}	3.28×10^{-5}
Sulphur Oxides	Tonnes	0.3	4
	Tonnes/ tonnes annual output	7.77×10^{-7}	6.29×10^{-6}
GHG			
GHG (Scope 1 and Scope 2)	Tonnes CO ₂ e	137,103	126,428
	Tonnes CO ₂ e/ tonnes annual output	0.38	0.20
Scope 1: Direct Emissions ⁴	Tonnes CO ₂ e	76,154	51,515
Scope 2: Indirect Emissions ⁵	Tonnes CO ₂	60,949	74,913

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 is consistent with the scope of the Company's annual reports. Since there was a significant decrease in the Group's product output in 2020, there were also a significant decrease in some of the environmental data.

² The annual product output of the Group was used for the calculation of the intensity of environmental KPIs.

³ During the Reporting Period, the Group's vehicles were idle and did not involve any consumption of gasoline and diesel, and therefore did not generate relevant air pollutant emissions. 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 and the Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC.

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) in 2020 includes purchased electricity and purchased steam while that in 2019 only includes purchased electricity. GHG emissions (Scope 2) were calculated using the 2015 national grid average emission factor of the *Notice on the Establishment of 2018 Carbon Emission Reporting and Verification and*

Units		2020	2019
Wastewater			
	Tonnes	3,060,087	3,816,546
Wastewater	Tonnes/ tonnes annual output	8.49	5.99
Hazardous Waste			
Sludge (Sludge generated from wastewater treatment plants)	Tonnes	46	12
	Tonnes/ tonnes annual output	1.27×10^{-4}	1.92×10^{-5}
Non-hazardous Waste			
Total Non-hazardous Waste	Tonnes	1,326	3,752
	Tonnes/ tonnes annual output	0.004	0.006
Domestic Waste	Tonnes	552	2,997
Food Waste	Tonnes	27	115
Sludge (Sludge generated from sewage treatment plants)	Tonnes	738	593
Waste Grease from Grease Trap	Tonnes	9	46

Use of Resources⁶

Units		2020	2019
Energy ⁷			
	MWh	109,702	122,787
Indirect Energy ⁸	MWh/ tonnes annual output	0.30	0.19

Emission Monitoring Plan issued by the Ministry of Ecology and Environment of the PRC and the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC.

⁶ The Group's implementation of replacing coal with natural gas resulted in a significant decrease in coal consumption, which is therefore no longer included in the scope of disclosure.

⁷ During the Reporting Period, the Group's vehicles were idle and therefore did not involve any consumption of gasoline and diesel.

⁸ During the Reporting Period, the Group added the disclosure of the consumption of purchased steam and included it in the calculation of indirect energy.

	Units	2020	2019
Energy			
Purchased Electricity	MWh	81,771	112,787
Purchased Steam	MWh	27,930	/
Direct Energy (Natural Gas, Gasoline and Diesel)	MWh	73,721	100,056
	MWh/ tonnes annual output	0.20	0.16
Natural Gas	m ³	6,817,034	9,252,313
	m ³ / tonnes annual output	18.92	14.53
Gasoline (for commute)	Litres	0	20,333
	Litres/ tonnes annual output	/	0.03
Diesel (for commute)	Litres	0	1,250
	Litres/ tonnes annual output	/	0.002
Water			
Total Water Consumption	Tonnes	3,549,083	5,583,682
	Tonnes/ tonnes annual output	9.85	8.77
Municipal Water	Tonnes	2,059,123	2,808,299
Ground Water	Tonnes	1,489,960	2,775,383
Packaging Materials⁹			
Total Consumption of Packaging Materials	Tonnes	5,564	7,609
	Tonnes/ tonnes annual output	0.02	0.01
Paper (including carton, paper label)	Tonnes	3,580	5,001
Plastic (including plastic bag, food bag)	Tonnes	1,985	2,608

⁹ The Group updated the relevant data of packaging materials for 2019 to ensure a meaningful comparison. The relevant data of packaging materials for 2019 as shown in this Report shall prevail.

Employee

Number of Employees	Units	2020 (as of 31 December 2020)	2019 (as of 31 December 2019)
Number of Employees	Person	10,431	9,450
By Gender			
Male	Person	6,137	5,504
Female	Person	4,294	3,946
By Employment Type			
Full-time	Person	10,431	9,426
Part-time	Person	0	24
By Age Group			
≤ 30	Person	2,283	1,797
31-40	Person	2,972	2,893
41-50	Person	3,404	3,083
51-60	Person	1,721	1,593
≥ 61	Person	51	84
By Geographical Region			
Mainland China	Person	10,426	9,444
Hong Kong SAR, China	Person	5	6
Employee Turnover Rate¹⁰	Units	2020	2019
Employee Turnover Rate	Percentage	38.29%	23.99%
By Gender			
Male	Percentage	40.92%	25.82%
Female	Percentage	33.96%	21.26%

¹⁰ The formula for calculating employee turnover rate: the number of employees leaving employment in 2020/ (the number of employees as of the beginning of 2020 + the number of new hires in 2020) ×100%

Employee Turnover Rate	Units	2020	2019
By Age Group			
≤ 30	Percentage	51.28%	28.84%
31-40	Percentage	35.40%	21.58%
41-50	Percentage	26.64%	22.24%
51-60	Percentage	36.76%	25.73%
≥ 61	Percentage	67.86%	22.94%
By Geographical Region			
Mainland China	Percentage	38.29%	24%
Hong Kong SAR, China	Percentage	16.67%	0%

Training¹¹

Percentage of Employees Trained by Category ¹²	Units	2020	2019
By Gender			
Male	Percentage	60.61%	60.25%
Female	Percentage	39.39%	39.75%
By Employee Category			
Production	Percentage	70.70%	63.74%
Non-production	Percentage	18.69%	23.51%
Sales	Percentage	10.61%	12.75%
Average Training Hours Completed per Employee ¹³	Units	2020	2019
Average Training Hours Completed per Employee	Hours	18.63	5.65

¹¹ The Group updated the formulas for calculating the training data based on the recommendations of the SEHK. The relevant data of 2019 are recalculated using the updated formulas.

¹² The formula for calculating the percentage of employees trained by category: the number of employees trained in the specified category/ the total number of employees trained ×100%

¹³ The formula for calculating the average training hours completed per employee : the total number of training hours for employees/ the total number of employees as of the end of the Reporting Period

Average Training Hours Completed per Employee			
	Units	2020	2019
By Gender ¹⁴			
Male	Hours	20.43	5.60
Female	Hours	16.05	5.72
By Employee Category			
Production	Hours	15.80	6.46
Non-production	Hours	15.64	6.06
Sales	Hours	28.37	3.22

Safety

Work Injury	Units	2020	2019
Lost Days due to Work Injury	Days	297	2,110
Number of Work-related Fatalities	Person	0	0
Rate of Work-related Fatalities	Percentage	0	0

Suppliers

Number of Suppliers	Units	2020	2019
By Geographical Region			
China	Number of Suppliers	1,661	1,551
Other Regions	Number of Suppliers	19	32

¹⁴ The formula for calculating the average training hours completed per employee by category : the total number of training hours for employees in the specified category/ the total number of employees in the specified category as of the end of the Reporting Period

Products and Service

Products and Service-related Complaints	Units	2020	2019
Number of Complaints	Cases	50	216
Complaints Resolution Rate	Percentage	100%	100%
Product Recall	Units	2020	2019
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons	Percentage	0%	0%

Anti-Corruption

Number of Cases Regarding Corrupt Practices	Units	2020	2019
Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Group or its employees	Cases	0	0

12. Appendix 1: Laws and Regulations Complied by the Group during the Reporting Period

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the <i>ESG Reporting Guide</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Product Responsibility	
<p><i>Food Safety Law of the PRC</i> <i>Animal Epidemic Prevention Law of the PRC</i> <i>Standardisation Law of the PRC</i> <i>Regulation on the Implementation of the Food Safety Law of the PRC</i> <i>Product Quality Law of the PRC</i> <i>Advertising Law of the PRC</i> <i>Interim Measures for the Administration of Internet Advertising</i></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 health and safety, advertising, labels and privacy matters relating to the products and services provided and methods of redress.</p>
Emissions	
<p><i>Environmental Protection Law of the PRC</i> <i>Environmental Protection Tax Law of the PRC</i> <i>Regulation on the Implementation of the Environmental Protection Tax Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Water Pollution</i> <i>Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste</i> <i>Law of the PRC on the Prevention and Control of Air Pollution</i> <i>Law of the PRC on the Prevention and Control of Pollution from Noise Pollution</i> <i>Cleaner Production Promotion Law of the PRC</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 air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the <i>ESG Reporting Guide</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Employment and Labour Practice	
<p><i>Labour Law of the PRC</i> <i>Labour Contract Law of the PRC</i> <i>Law of the PRC on the Protection of Rights and Interests of Women</i> <i>Law of the PRC on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labour</i> <i>Social Insurance Law of the PRC</i> <i>Labour Dispute Mediation and Arbitration Law of the PRC</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 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.</p>
Health and Safety	
<p><i>Production Safety Law of the PRC</i> <i>Prevention and Control of Occupational Diseases Law of the PRC</i> <i>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>Company Law of the PRC</i> <i>Bidding Law of the PRC</i> <i>Anti-unfair Competition Law of the PRC</i> <i>Criminal Procedure Law of the PRC</i> <i>Criminal Law of the PRC</i> <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>

13. 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	Emission Management
KPI A1.1	The types of emissions and respective emissions data.	Performance Indicators
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emission 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
KPI A2.1	Direct and /or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Indicators
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect A2: Use of Resources		
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Performance Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Emission Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emission Management
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.	People-Oriented
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Indicators
Aspect B2: Health and Safety		
General Disclosure	(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.	People-Oriented
KPI B2.1	Number and rate of work-related fatalities.	Performance Indicators
KPI B2.2	Lost days due to work injury.	Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People-Oriented

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	People-Oriented
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Indicators
Aspect B4: Labour Standards		
General Disclosure	(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	People-Oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-Oriented
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-Oriented
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operation
KPI B5.1	Number of suppliers by geographical region.	Responsible Operation
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.	Responsible Operation
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.	Customer First
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Performance Indicators
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Performance Indicators, Customer First
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer First

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B6: Product Responsibility		
KPI B6.4	Description of quality assurance process and recall procedures.	Leading with High Quality, Customer First
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer First
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.	Responsible Operation
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Responsible Operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Operation
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Passion for Philanthropy
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Passion for Philanthropy
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Passion for Philanthropy