

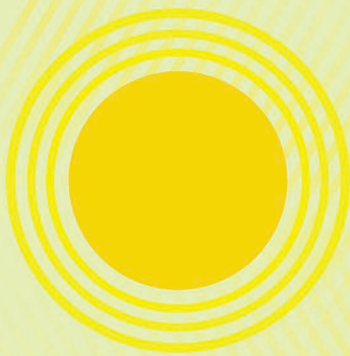


# 嘉士利集團有限公司 JIASHILI GROUP LIMITED

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

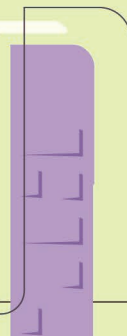
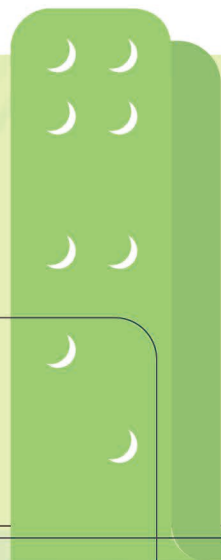
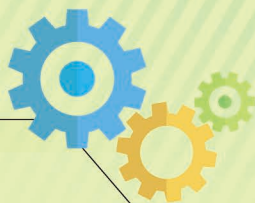


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021



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## CHAIRMAN'S STATEMENT

Dear valued stakeholders,

We are delighted to present our Environment, Social and Governance Report (the “Report”) for 2021. This Report is the sixth report related to corporate social responsibility published by Jiashili Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”, “we”, or “Jiashili”) to summarize Jiashili’s initiatives, plans and performance in environmental, social and governance (“ESG”) and present its commitment to sustainable development.

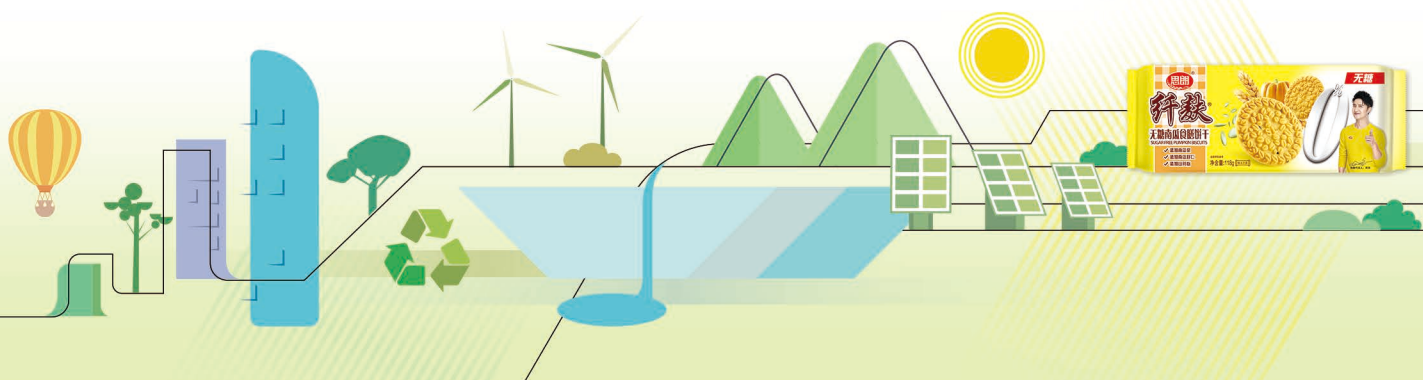
Over the years, Jiashili has been adhering to the business philosophy of “Jiashili benefit the Nation and benefit to all People” “嘉士利、利國家、利大家”, and is committed to integrating sustainable development into its daily operation to achieve long-term prosperity in business development, while improving benefits 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 “Outstanding Enterprise and Outstanding Person in the Baked Food Products Industry in the 40th Anniversary of China’s Reform and Opening Up” (Huang Xianming, chairman of the Board of Directors (the “Board”) of the Company), and as “Top 10 Enterprises in China’s Light Industry Baked Food and Sugar Products Industry (Biscuits)”, “Top 10 Time-honored Enterprises in Guangdong”, “Clean Production Enterprises in Guangdong Province” and “High-tech Enterprise”. This year, we continued to get different awards and certificates including “2021 Guangdong Time-honored Brand Most Vital Award”, the “Integrity Management System Certificate” and the “Kaiping Caring for the Next Generation Advanced Unit”. In addition, the Group also continued to become the post-doctoral innovation practice base of South China University of Technology. These achievements proved the correct decision-making of the Board of the Group, the tacit cooperation of all departments, and the hard work of all employees. I would like to take this opportunity to thank all departments and our important team for their valuable contributions to this Report.

The Board of the Group has the major responsibility for overseeing the Group’s corporate governance and ESG-related issues. The Board has an oversight role in various areas including data collection, report review and approval, target setting and performance review. Information on the Group’s governance structure is set out in the section headed “Governance for Sustainability”.

### Huang Xianming

*Chairman of the Board*



## 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. Until now, Jiashili owns more than 2,000 retailers in China. 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 strives to create 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:

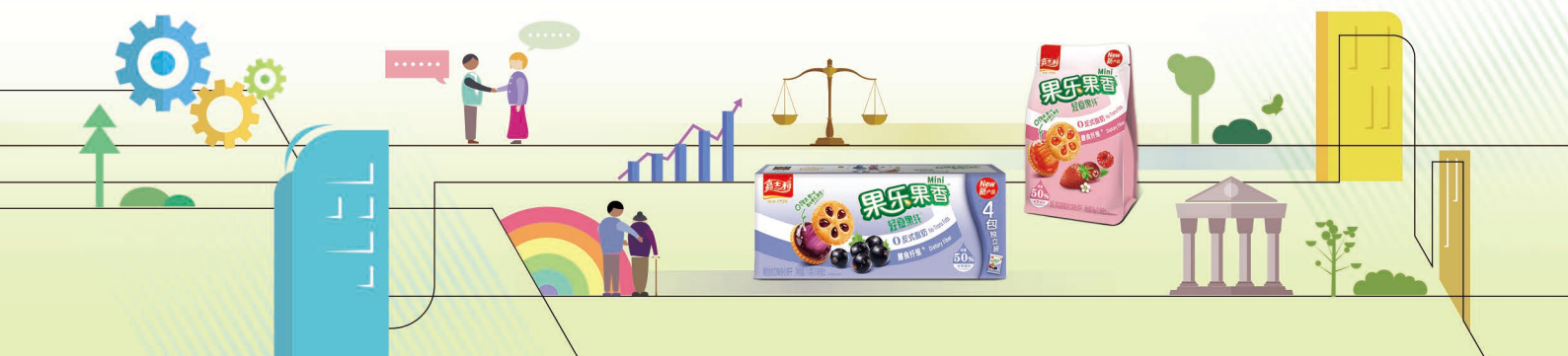
- Be the employer of choice by providing employees with an exciting and fulfilling work environment;
- Create values to the shareholders with transparent governance and enhanced risk management system;
- Be stewards of environmental consciousness and social responsibility in all business places; and
- 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' nutritional status by providing them with quality products that they have been asking for.

### Governance for Sustainability

While striving to create value for its shareholders, the Group also strives to fulfill its corporate social responsibility. The Group has established an ESG structure to ensure that the ESG strategy is consistent with the Group's business strategy and to integrate ESG management into its business operations and decision-making process.

The Board is primarily responsible for formulating the overall vision, objectives, direction and strategy of the ESG aspects, monitoring and reviewing performance, and reviewing its performance and progress against relevant objectives. The Board is also responsible for determining the relevant risks and ensuring the effective implementation of risk management and internal control systems. In addition, the Board will closely monitor and pay attention to the latest relevant laws and regulations, keep the Board informed of any changes in these laws and regulations, and update its own ESG measures to ensure that the Group complies with the latest regulatory requirements. To ensure compliance with the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Board is responsible for overseeing the compilation of this Report and for reviewing the content and quality of this Report.



In order to conduct issue management on ESG issues under the authority of the Board, the Group has established an environmental, social and governance working group (the “Working Group”). The Working Group consists of core members from different departments of the Group and is responsible for collecting relevant information on the Group’s ESG aspects to compile this report. The Working Group regularly reports to the Board to assist in identifying and assessing the Group’s ESG risks and assessing the effectiveness of internal control mechanisms. The Working Group will also examine and evaluate the performance of the Group in various aspects such as environment, safe production, labor standards, product responsibility, etc. in the ESG areas. The Board will set the general direction of the Group’s ESG strategy and be responsible for ensuring the effectiveness of ESG risk control and internal control mechanisms.

In order to prioritize the handling of major ESG-related issues, the Board takes into account the opinions of different stakeholders, continuously communicates with the Group’s stakeholders, and regularly invites them to participate in materiality assessments to assess the importance of various ESG issues and the risks they pose to the Group’s operations. Information on stakeholder communication channels and materiality assessments conducted by the Group are set out in the sections headed “Stakeholder Engagement” and “Materiality Assessment” respectively. In order to have a better understanding of stakeholders’ expectations for the sustainable development of the Group, the Group will further strengthen communication with stakeholders, and formulate relevant sustainable development policies and measures with reference to their opinions, so as to improve the Group’s ESG performance.

## ABOUT THIS REPORT

### Reporting Framework

This Report has been compiled in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange.

During the compilation of this Report, the Group has adopted the reporting principles set out in the aforementioned ESG Reporting Guide, as follows:

**Materiality:** The Group has carried out a materiality assessment to identify material issues, and has identified material issues as the focus of the preparation of this Report. The materiality of the issues has been reviewed and confirmed by the Board and the Working Group. For further details, please refer to the sections “Stakeholder Engagement” and “Materiality Assessment”.

**Quantitative:** The criteria and methodologies used to calculate the key performance indicators (“KPIs”) data and the applicable assumptions have been supplemented in the notes.

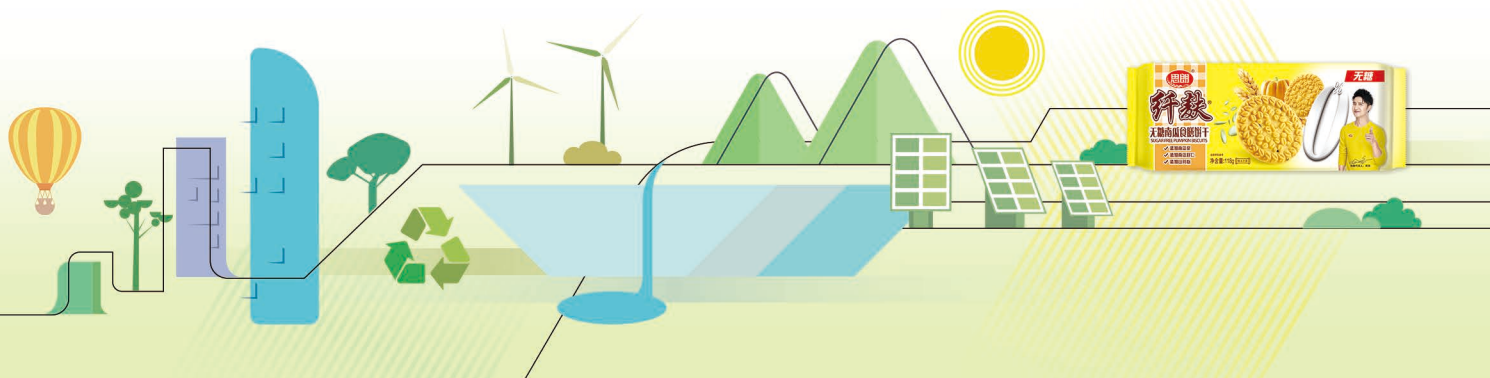
**Consistency:** Unless otherwise stated, this Report has been prepared in the same way as the previous year for comparison purposes. If there is any change in the reporting scope and calculation method, which may affect the comparison with previous reports, the Group will explain the corresponding data.

### Scope of Reporting

The scope of the Report covers the Group’s efforts and contributions to the environment and society. The environmental and social KPIs cover five production plants of the Group in the mainland China, located in Kaiping, Guangdong Province, Guangzhou, Guangdong Province, Henan Province, Hunan Province and Anhui Province, which represent the Group’s main sources of revenue. The Group will expand its scope of disclosure in the future along with improved data collection system and deepened sustainability work.

### Reporting Period

This Report details ESG activities, challenges and measures taken by the Group during the year ended December 31, 2021 (“2021”).



## STAKEHOLDER ENGAGEMENT

The Group and its stakeholders communicate with and support each other through two-track communication modes 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, 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 the latest information through email, telephone, on-site visits, and communication meetings.



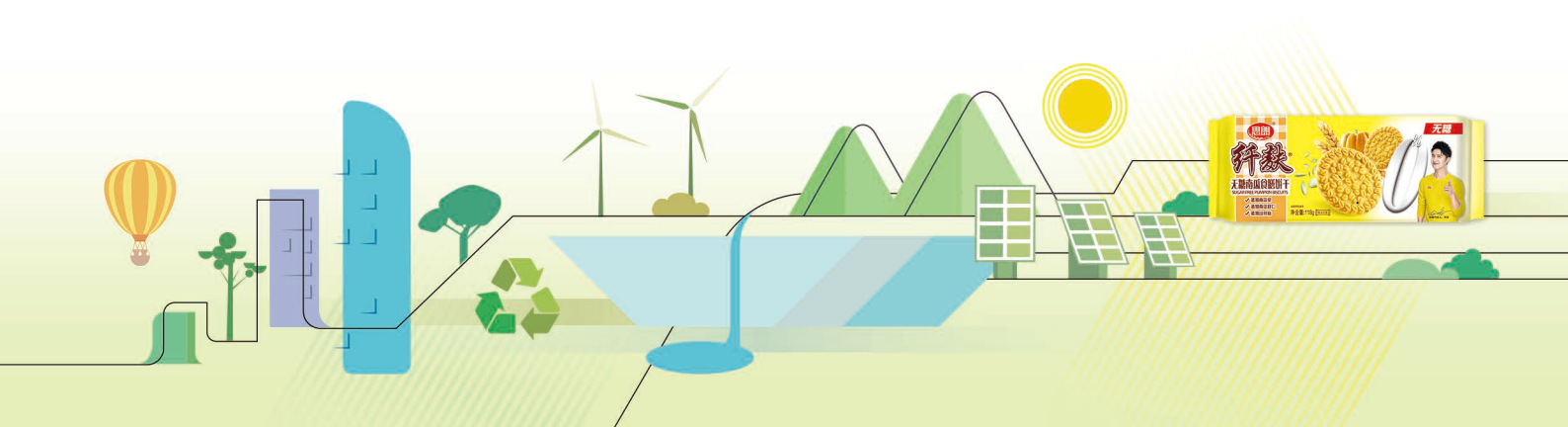
Through engagement of different stakeholders and various communication channels, the Group will integrate their expectations into its operation and ESG strategies. Communication channels for stakeholders, and their expectations and concerns are as follows:

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



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

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.

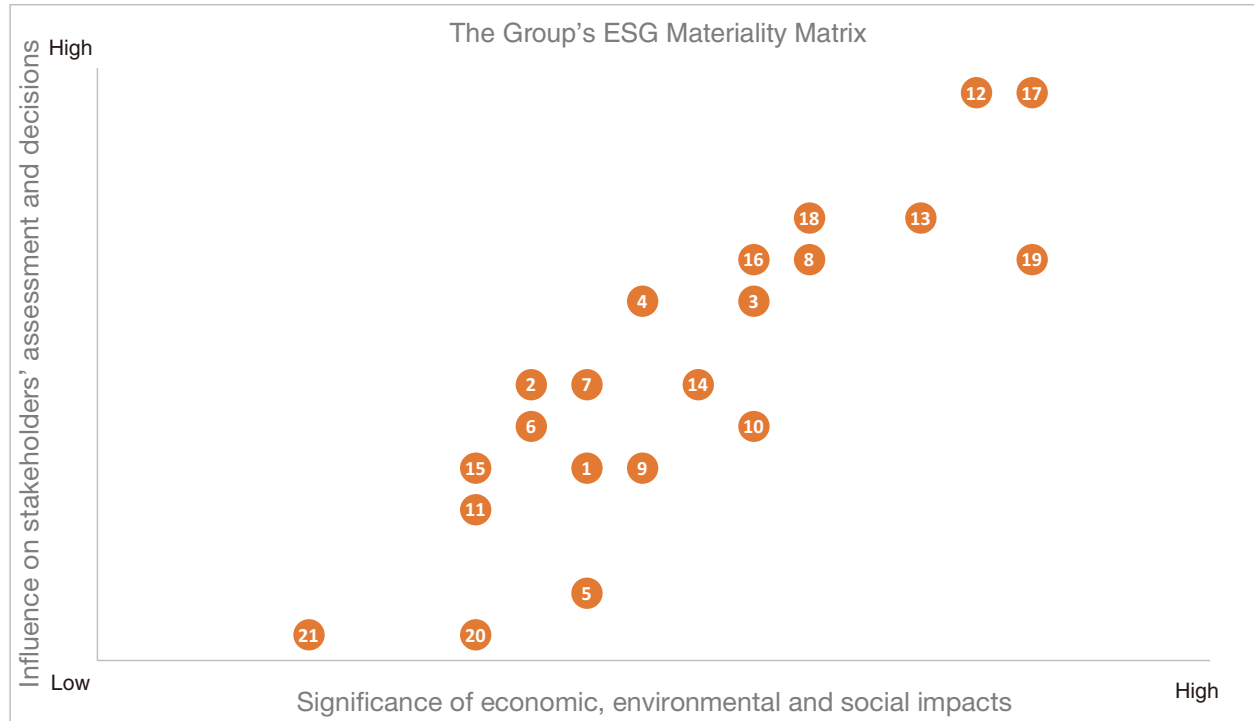




### MATERIALITY ASSESSMENT

The Group collects opinions from the management of each major function through a questionnaire to assist the Group in compiling this Report, 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.

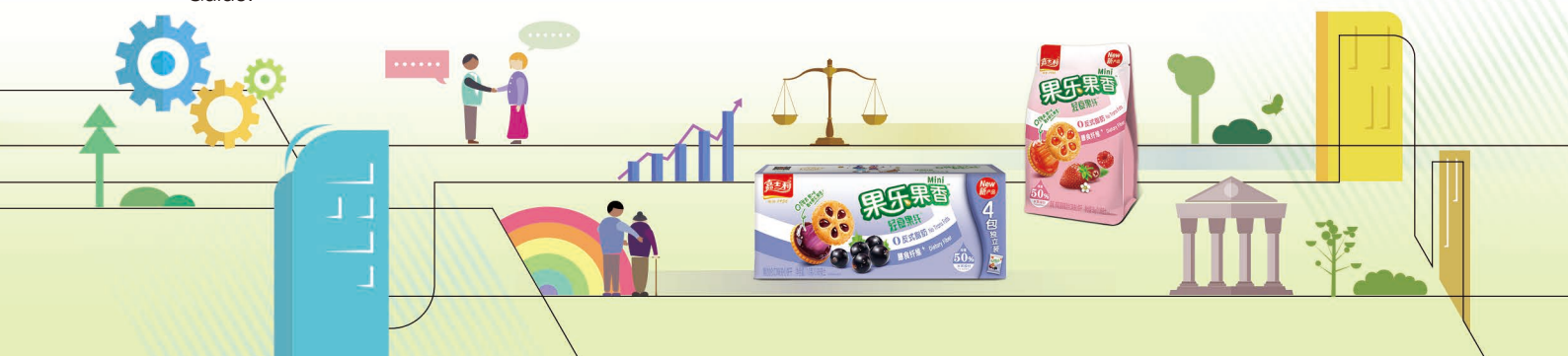
The following table sets forth the Group’s materiality matrix:



### Material ESG issues relating to the Group

Number	ESG Issues	Number	ESG Issues
1	Emissions Management	12	Production Safety
2	Waste Management	13	Compliant Operation
3	Energy Consumption	14	Employee Training and Development
4	Water Management	15	Prevention of Child Labour and Forced Labour
5	Use of Packaging Materials	16	Supply Chain Management
6	Indoor Air Quality Management	17	Quality Control
7	Raw Materials Management	18	Customer Service and Privacy
8	Responding Actions to Climate Risks	19	Product Labelling and Promotion
9	Employee Remuneration and Benefits	20	Anti-Corruption Policy and Systems
10	Recruitment, Promotion and Dismissal	21	Social Benefit
11	Equal Opportunity		

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 the Group

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: [sales@gdjsl.com](mailto:sales@gdjsl.com)

## A. ENVIRONMENTAL

### A1. Emissions

Jiashili attaches great importance to good environmental management, and strives to protect the environment to fulfil the Group's social responsibilities. 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.

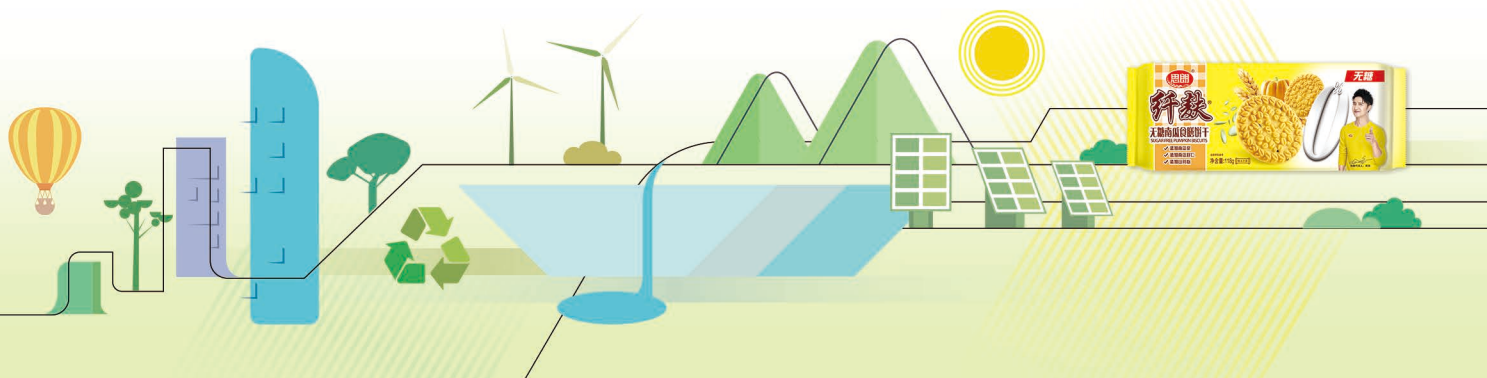
The Group has established environmental protection policies, including the Procedures for Environmental Identification and Evaluation Control, the Procedures for Monitoring, Measurement, Analysis and Evaluation Control, etc. The Group will identify relevant environmental factors in the activities, products 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.

In 2021, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The relevant laws and regulations include, but are not limited to, 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 Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste.

#### **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 2021, nitrogen oxides, sulphur oxides and particulate matters generated by vehicle exhaust were approximately 899.0 kg, approximately 2.6 kg and approximately 87.0 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 strived to minimize these emissions. Most of the machinery is powered by electricity, and only a few boilers are powered by natural gas. These new machines 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 conferences to reduce carbon emissions generated by business travel.

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. In 2021, the Group's total GHG emissions intensity decreased by approximately 5.7% to 33 tCO<sub>2</sub>e/million RMB revenue (2020: 35 tCO<sub>2</sub>e/million RMB revenue). The decrease in the total GHG emissions intensity was mainly due to the effective implementation of the Group's carbon emissions reduction measures. The Group's GHG emissions and its intensity performance were as follows:

Indicators <sup>1</sup>	Unit	2021	2020
Direct GHG Emissions (Scope 1)	tCO <sub>2</sub> e	7,271	9,592
Energy Indirect GHG Emissions (Scope 2)	tCO <sub>2</sub> e	45,317	43,782
<b>Total GHG Emissions (Scope 1 &amp; 2)</b>	tCO <sub>2</sub> e	<b>52,588</b>	53,374
<b>Intensity<sup>2</sup></b>	tCO <sub>2</sub> e/million RMB revenue	<b>33</b>	35

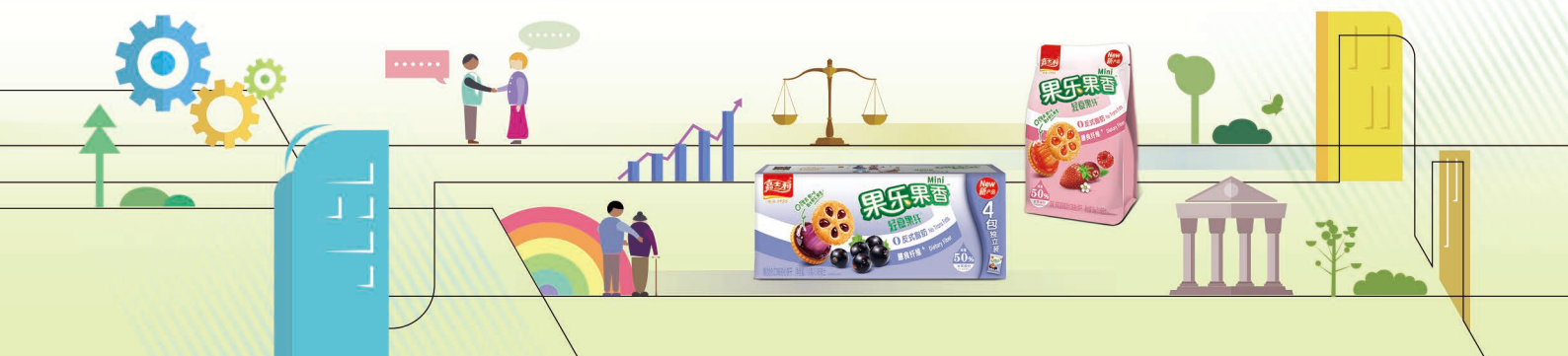
Notes:

1. GHG emissions data are presented in terms of CO<sub>2</sub> 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 an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the Baseline Emission Factors for Regional Power Grids in China for 2019 Emission Reduction Projects issued by the Ministry of Ecology and Environment of the People's Republic of China, "Global Warming Potential Values" from the IPCC Fifth Assessment Report.
2. The Group's total revenue was approximately RMB1,597,132,000 in 2021. The Group's total revenue was approximately RMB1,518,545,000 in 2020. This data is also used for the calculation of other intensity data.

The Group's GHG emissions mainly come from the use of automobiles and the use of electricity in offices. The Group has set a target of maintaining its total GHG emissions intensity in 2022 to be not more than the 2021 baseline. In order to pursue this emission target, the Group has implemented multiple energy-saving measures. Please refer to the section headed "Use of Resources" for the measures for energy-saving and emission reduction.

### 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 has installed sewage sedimentation tanks of 120 m<sup>3</sup> with a daily sewage treatment capacity of up to 250 m<sup>3</sup>.





The picture above shows the sewage sedimentation tank (left) and the sewage facility (right).

In 2021, the Group's total sewage discharge intensity decreased by approximately 4.7% to approximately 281 m<sup>3</sup>/million RMB revenue (2020: approximately 295 m<sup>3</sup>/million RMB revenue). The total intensity of sewage discharge decreased mainly due to the effective implementation of the Group's water saving measures. The Group's sewage discharge and its intensity performance were as follows:

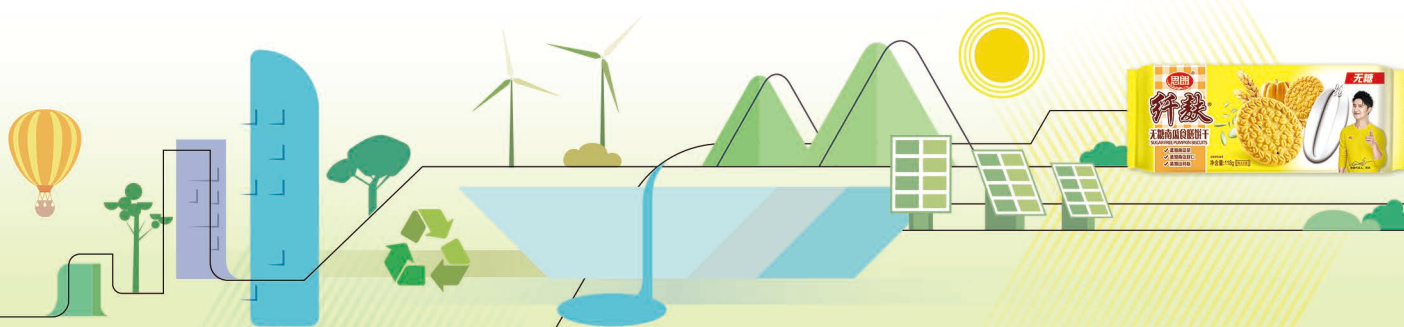
Type of Wastewater	Unit	2021	2020
Domestic Sewage	m <sup>3</sup>	448,739	447,801
<b>Intensity</b>	m <sup>3</sup> /million RMB revenue	<b>281</b>	295

**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 the requirements of the procedures. The Production Department is responsible for 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 non-hazardous wastes produced by the Group are mainly bakery by-products, packaging waste and office paper. The Group has set a target of maintaining its total non-hazardous wastes intensity in 2022 to be not more than the 2021 baseline. In order to pursue the above-mentioned target, the Group has implemented various waste reduction measures. These measures are described below:

#### 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 service providers to collect these by-products and upcycle them into pest control baits and animal feed.

#### Packaging Wastes

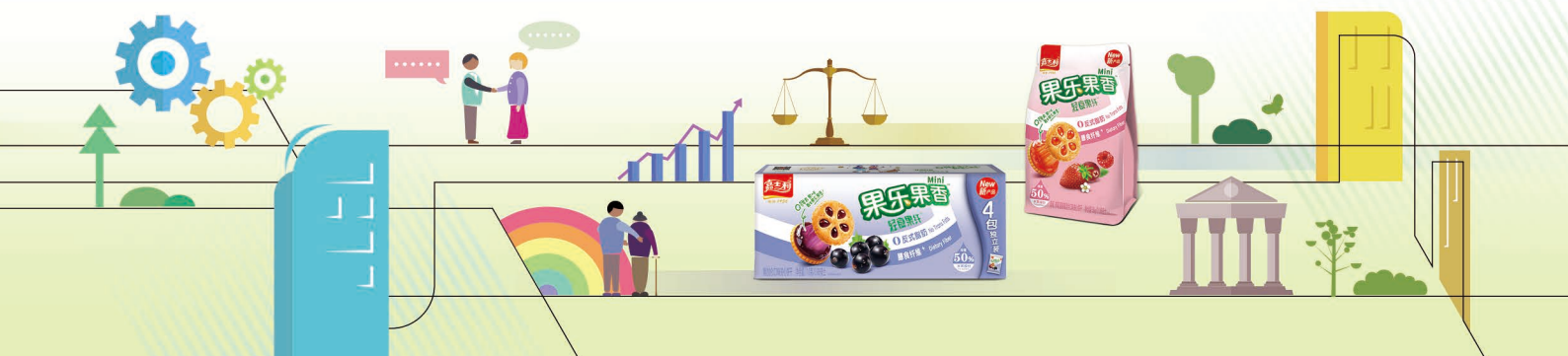
Packaging wastes are mainly plastic bags that have been used for packaging the raw materials. The packaging wastes are sorted into different categories according to their reusability. Intact packaging materials in good condition will be returned to suppliers for re-use. Damaged but recyclable packaging 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 strives to improve the efficiency of the use of production material and raise employees' awareness of waste management and reduction. In 2021, the Group's non-hazardous waste intensity was approximately 0.71 tonnes/million RMB revenue (2020: 0.48 tonnes/million RMB revenue). The Group's non-hazardous wastes discharge and their intensity performance were as follows:

Types of Non-hazardous Waste	Unit	2021	2020
General Garbage	tonnes	112	49
Plastic	tonnes	154	43
Biscuit Crumbs and Defected Products	tonnes	708	532
Paper	tonnes	159	98
<b>Total Non-hazardous Waste</b>	tonnes	<b>1,133</b>	722
<b>Intensity</b>	tonnes/million RMB revenue	<b>0.71</b>	0.48

#### *Hazardous Wastes*

Due to the nature of business, the Group did not use toxic or hazardous production materials, so there were 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 in 2021. 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 the 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 of 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. The Group has set a target of maintaining its total energy consumption intensity in 2022 to be not more than the 2021 baseline. 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:

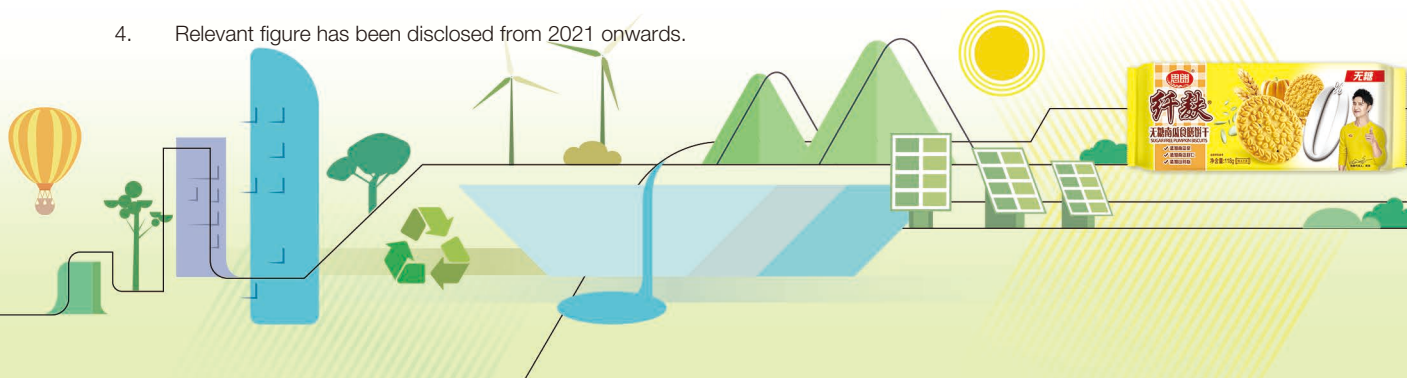
- Develop a good habit of turning off lights after use;
- Unplug electrical equipment that will not be used for a long time to save power during standby time; and
- Strictly control the temperature of air conditioner, which will avoid overconsumption of energy, extend the use life of the air conditioner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

In 2021, the Group's total energy consumption intensity was approximately 56.57 MWh/million RMB revenue (2020: 66.45 MWh/million RMB revenue). The Group's energy consumption and its intensity performance are as follows:

Types of Energy	Unit	2021	2020
<b>Direct Energy Consumption<sup>3</sup></b>	MWh	<b>35,085.24</b>	47,300.48
Natural Gas	MWh	<b>33,169.22</b>	46,805.07
Petrol	MWh	<b>1,361.26</b>	292.98
Diesel	MWh	<b>506.89</b>	202.43
Liquefied Petroleum Gas	MWh	<b>47.87</b>	Not applicable <sup>4</sup>
<b>Indirect Energy Consumption</b>	MWh	<b>55,264.94</b>	53,605.84
Purchased Electricity	MWh	<b>55,264.94</b>	53,605.84
<b>Total Energy Consumption</b>	MWh	<b>90,350.18</b>	100,906.32
<b>Intensity</b>	MWh/million RMB revenue	<b>56.57</b>	66.45

Notes:

3. The unit conversion calculation is based on the conversion factors in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange. Due to revision of the calculation method, there may be some discrepancies between the data reported and those stated in the previous years.
4. Relevant figure has been disclosed from 2021 onwards.





Notes:

5. The Group used a total of approximately 9,643 tonnes of packaging materials in 2021, including approximately 6,821 tonnes of cartons, approximately 811 tonnes of plastic bags, approximately 2,000 tonnes of plastic containers and approximately 11 tonnes of cans. The consumption intensity of the Group's packaging materials in 2021 was approximately 6 tonnes per million RMB of revenue.
6. Relevant figures have been disclosed from 2021 onwards.

### 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 properly protecting the natural environment by complying 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 airbags, 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 the working environment.

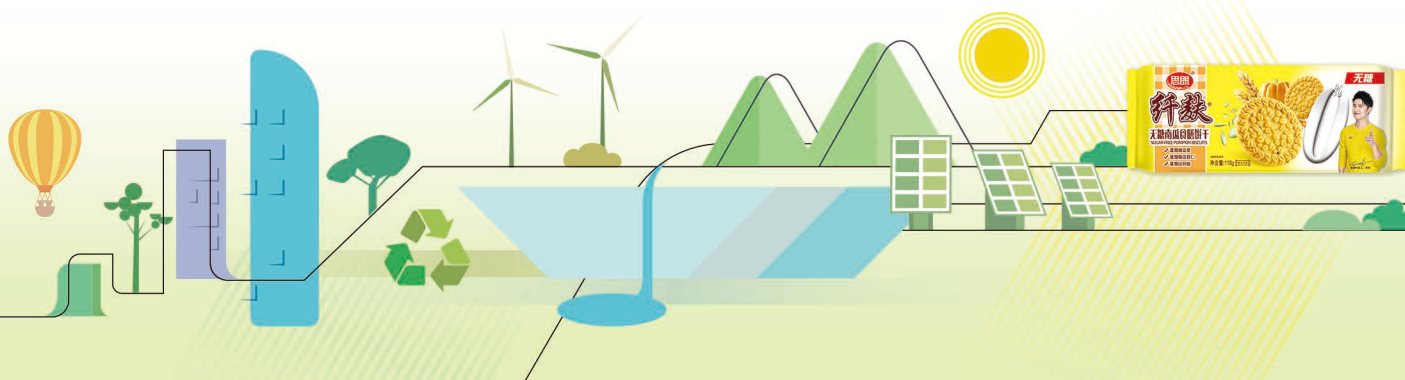
#### **Raw Materials Management**

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 has minimal impact on the environment, the Group has established standard operating procedures ("SOP") 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.

### A4. Climate Change

#### **Identify and Respond**

The Group recognises that climate change has been affecting the Group's stakeholders, business operations and communities at different levels. The Group has formulated a "Climate Change Policy" to enhance the ability to cope with climate impacts and mitigate the risks and impacts of climate change on the Group, thereby helping the Group adapt to and resist climate change. In 2021, the Group has been closely monitoring the impact of climate change as described below.

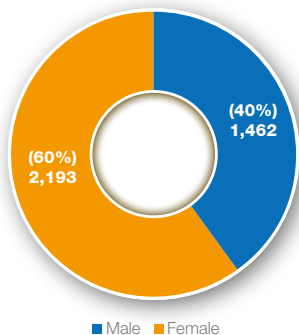




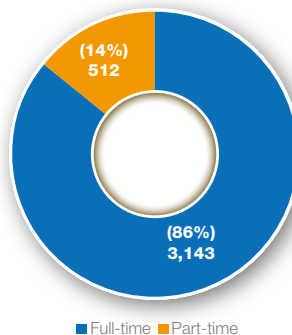


As at December 31, 2021, the total number of employees of the Group was 3,655 (December 31, 2020: 3,044). The specific information about employees of the Group is as follows:

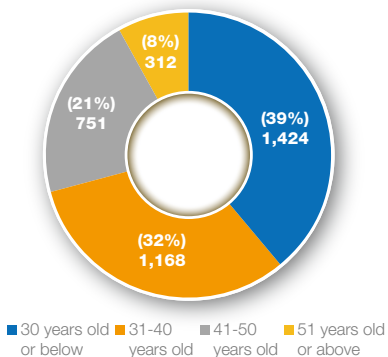
**BY GENDER**



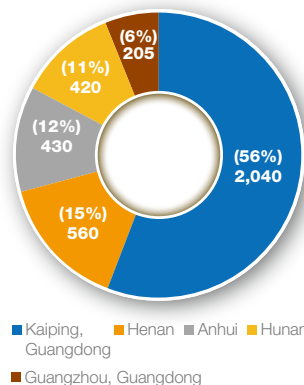
**BY EMPLOYMENT TYPE**



**BY AGE GROUP**



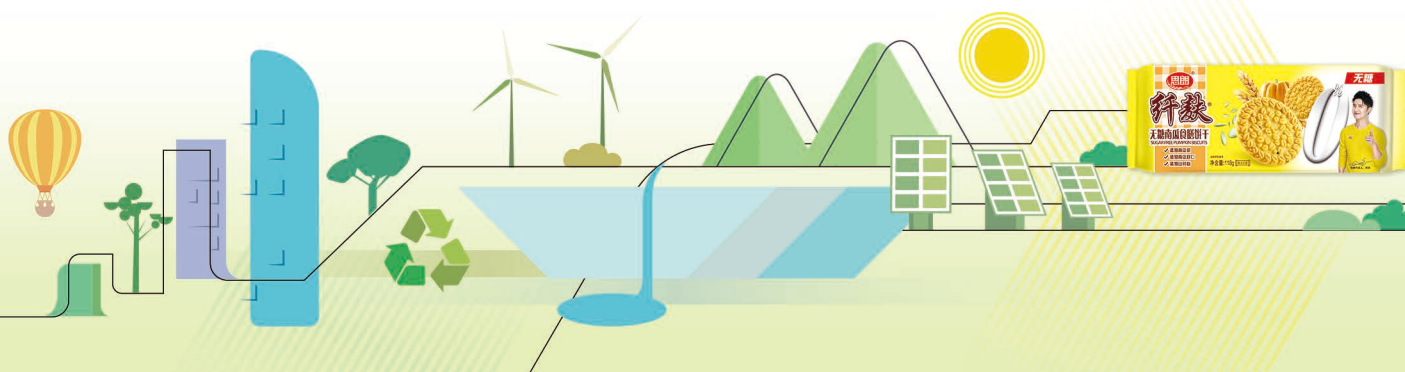
**BY GEOGRAPHICAL REGION**



**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 leaves 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 2021, the Group has delivered 40 awards for outstanding departments and 200 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 lunches 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 2021, these activities included the winter solstice dinner; celebration of Women’s Day; team participation in the Sanbu Street Basketball Tournament; employee family day and employee mid-autumn welfare activity.

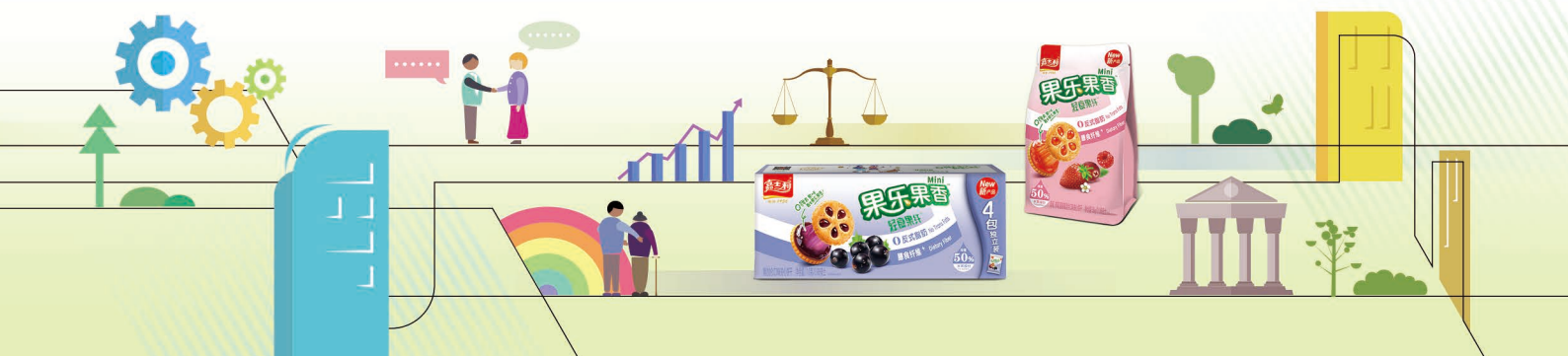
In 2021, our employment practices was recognized by the Kaiping Caring for the Next Generation Committee and the Group was rated as the “Kaiping Caring for the Next Generation Advanced Unit”.

### **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.



In 2021, the employee turnover rate of the Group was approximately 19%. The following is the basic information of the Group's employees by gender, age group and geographical area:

Indicators	2021
Total employee turnover and rate <sup>7</sup>	712 (19%)
<b>By gender</b>	
female	511 (23%)
male	201 (14%)
<b>By age group</b>	
30 years old or below	368 (26%)
31–40 years old	213 (18%)
41–50 years old	125 (17%)
51 years old or above	6 (2%)
<b>By geographical region</b>	
Kaiping, Guangdong	365 (18%)
Henan	98 (19%)
Anhui	151 (35%)
Hunan	76 (19%)
Guangzhou, Guangdong	22 (9%)

Note:

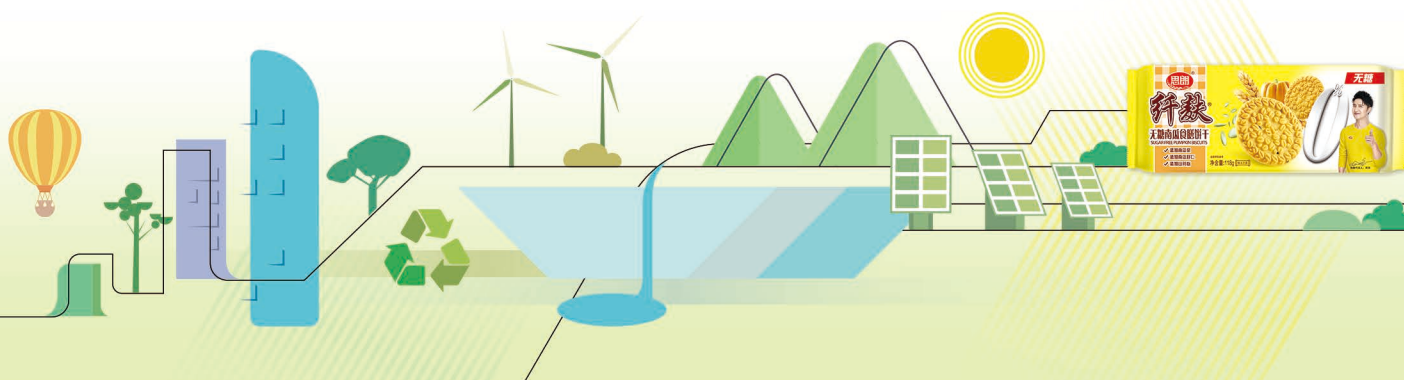
7. Calculation method of turnover rate: (total number of departures in that year ÷ total number of employees at the end of the year) × 100%

### **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 forbids 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 production safety management system, employee health management, fire safety management and other policies, so as to ensure the health and safety of employees.

In 2021, the Group was not aware of any non-compliance with the health and safety-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, the Labour Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Fire Protection Law of the People's Republic of China. In 2021, the Group recorded a total of 25 working days lost due to work-related injuries. In the past three years including 2021, the Group has achieved zero work-related fatality cases. The Group will continue to strive to minimize the chances of potential work-related injuries and ensure the safety of employees.

### ***Production Safety Management System***

The Group creates a good working environment and safe 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 2021, the number of employees receiving physical examinations was approximately 1,560.

### **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**

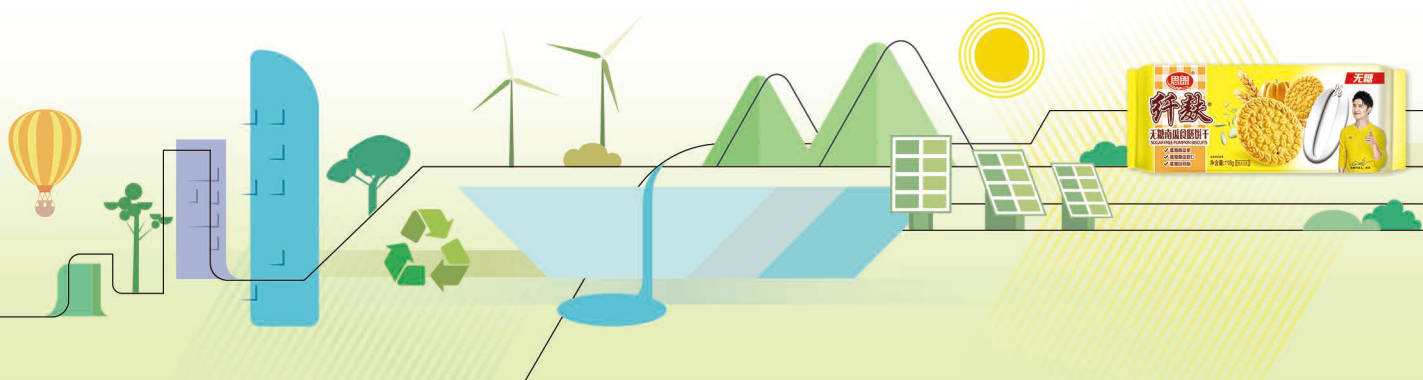
With the outbreak of the COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. The Group has established the crisis management team led by the member of the Board, assessing how much the virus and efforts to contain its spread will affect the company’s supply chain, sales forecast, employee health and productivity, and key strategic initiatives. There are frequent conversations between the Board 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. In addition to enhancing the hygiene of the Group’s premises, the Group has taken a series of preventive measures, such as conducting temperature checks at the entrance of the office premises and providing employees with adequate anti-epidemic supplies (including masks and hand sanitizers).

## **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.





10. Training hours calculation method:  $\text{total training hours} \div \text{total number of employees}$
11. Calculation of training hours by category:  $\text{total training hours of employees in that category} \div \text{number of employees in that category}$

In 2021, the percentage of female employees receiving training, the percentage of male employees receiving training, the average training hours of female employees and the average training hours of male employees were 67.5%, 32.5%, 8.8 hours and 6.4 hours respectively.

#### B4. Labour Standards

In 2021, the Group was not aware of any non-compliance with the relevant laws and regulations relating to preventing child and forced labour. The relevant laws and regulations include, but are not limited to, the Convention concerning the Abolition of Forced Labour, the Labour Law of the People's Republic of China and the Provisions on the Prohibition of Using Child Labour of the People's Republic of China. If it is found that the Group's employment procedures were not strictly followed, which leads to employment of child labor or forced labor, the Group will immediately stop the work of the child labor or forced labor and investigate the situation.

##### ***Prevention of Child Labour and Forced Labour***

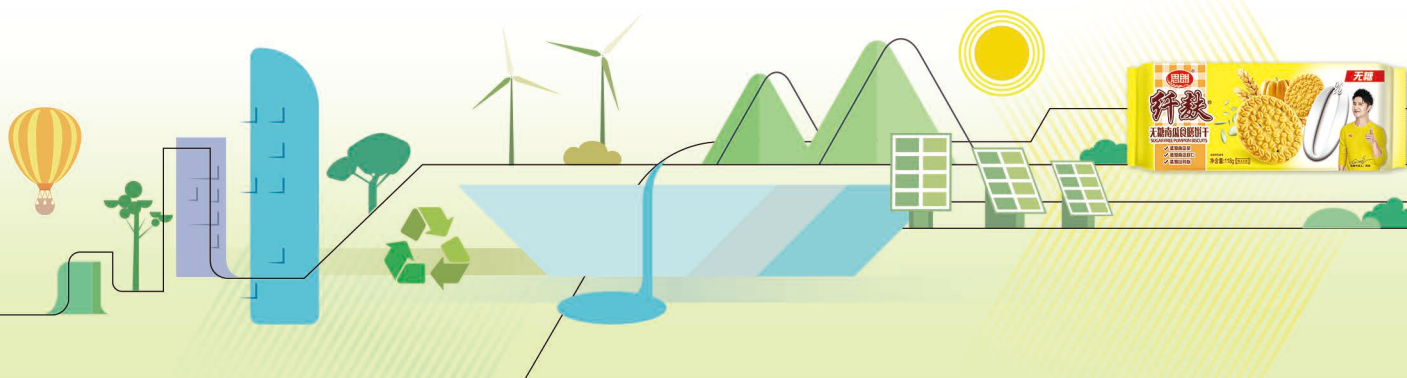
The Group expressly specifies in the recruitment brochure that only employees over the age of 18 can be recruited, and that new employees are required to provide true and accurate personal information upon recruitment. Recruiters strictly check the entry information including certificate of physical 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.





### **Supplier Quality Control**

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 2022, the Group evaluated 124 major suppliers in accordance with its standards, representing an increase of 4 qualified supplies as compared with 120 in 2021. The Group's 124 major suppliers in 2021 were all in Mainland China.

In addition, the Group is committed to supporting the local economy by prioritizing the procurement of local suppliers to reduce the carbon footprint during transportation. The Group will also give priority to suppliers who use environmentally friendly products and services during the selection process, and strive to minimize potential environmental and social risks in the supply chain. The Group will continue to regularly review the performance and environmental and social standards of suppliers in its supply chain. If it finds any serious violation of laws and regulations, the Group will terminate the contract with these suppliers.

### **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.

The Group continues to pay close attention to the policies implemented by the local governments where it operates. If the Group finds information on environmentally friendly products or services published by the official authorities, the Group will actively consider adopting the recommendations of the official authorities to procure goods and services that have less impact on the environment during the product cycle.



**B6. Product and Service 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 2021, the Group did not have any products sold or shipped subject to recall due to product quality, safety or health reasons.

In 2021, the Group won the “2021 Guangdong Time-honored Brand Most Vibrant Award”, was issued the “Integrity Management System Certificate” by Guangdong Southern Food and Pharmaceutical Industry Evaluation Center and awarded the “Guangdong Province Cleaner Production Enterprise” by the Guangdong Provincial Department of Industry and Information Technology and the Guangdong Provincial Department of Ecology and Environment. The Science and Technology Department, the Guangdong Provincial Department of Finance, and the Guangdong Provincial Taxation Bureau of the State Administration of Taxation rated the Group as “High-tech Enterprises”. In addition, the Group has also become one of the sixth batch of post-doctoral innovation practice bases in Guangdong Province. 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.

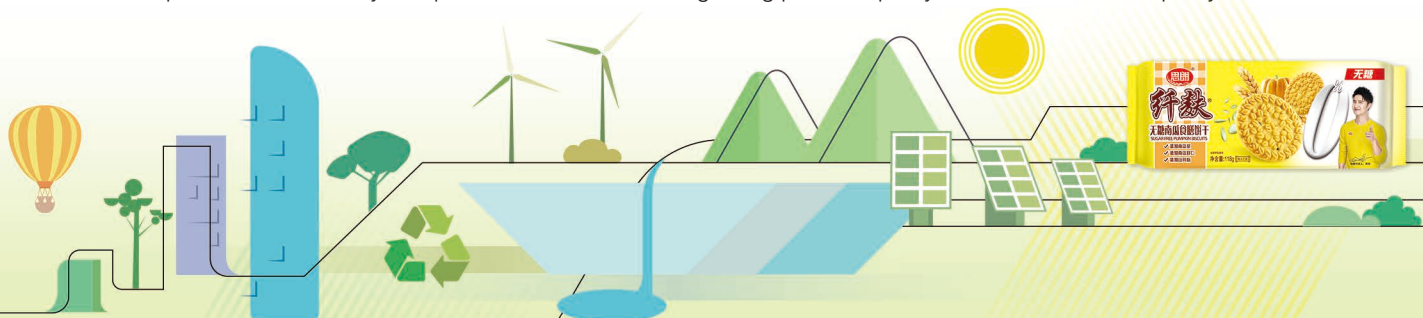


In 2021, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to, the Product Quality Law of the People’s Republic of China, the Law of the People’s Republic of China on the Protection of Consumer Rights and the Advertising Law of the People’s Republic of China.

**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.

If a complaint is received, the Group will immediately assess the complaint and conduct an internal investigation into the incident to trace the cause of the incident. If customers are dissatisfied with the quality of products and services or have safety concerns for products and services, the Group arranges sufficient channels and personnel to communicate with customers in a timely manner and resolve relevant issues as soon as possible. In 2021, the Group did not receive any complaints from customers regarding product quality or customer service quality.



### Quality Management System (“QMS”)

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. In addition, The Group actively participates in quality management system and food safety management system certification activities. The Group has established the food safety management system (ISO22000:2018), and has passed the certification of third-party. In addition, 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 GMP, 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 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.

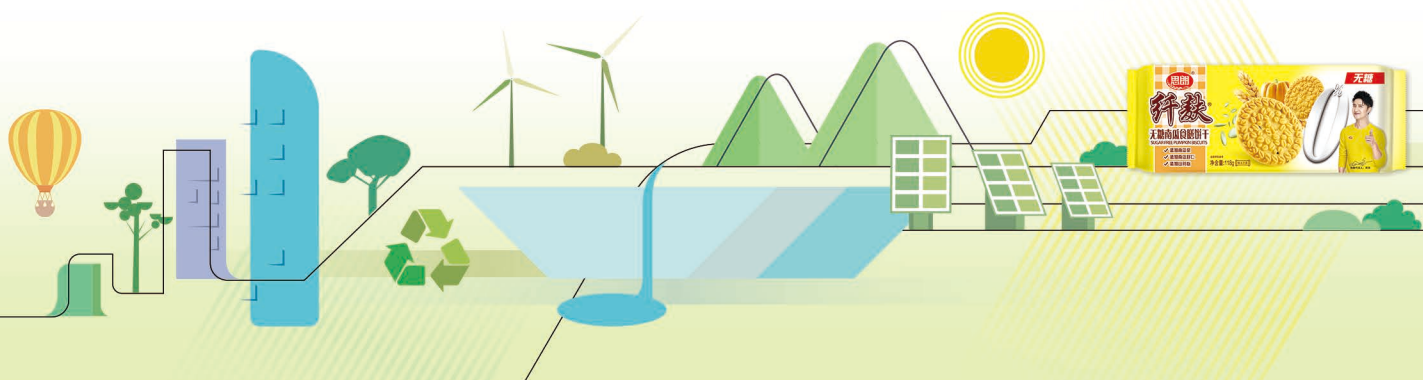
### **Product Recall**

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 unrecallable products, which pose a safety threat to customers. The Group has included a traceability plan section in the SOP, 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 Schemes, 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***

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 owned 2 invention patents and 7 utility models as at December 31, 2021, 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.

The Group regularly evaluates whether the products and/or services of all its suppliers and partners infringe the intellectual property rights of any third parties. If any party is found to be infringing intellectual property rights, the Group will terminate the cooperation with the organization. In 2021, the Group did not find any infringement of intellectual property rights.

### ***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. Complaints can be submitted by clients via mail, phone or in person, and the process is confidential to protect the interests of all parties involved and to ensure that the complaint process is conducted fairly and properly documented.

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. In 2021, the Group was not aware of any incidents of non-compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, Regulation of the People's Republic of China on the Administration of Company Registration, the Law of the People's Republic of China on Bid Invitation and Bidding and Interim Provisions on Prohibiting Commercial Bribery. In 2021, the Group was not aware of any concluded cases of corruption brought against the Group's issuers or their employees.

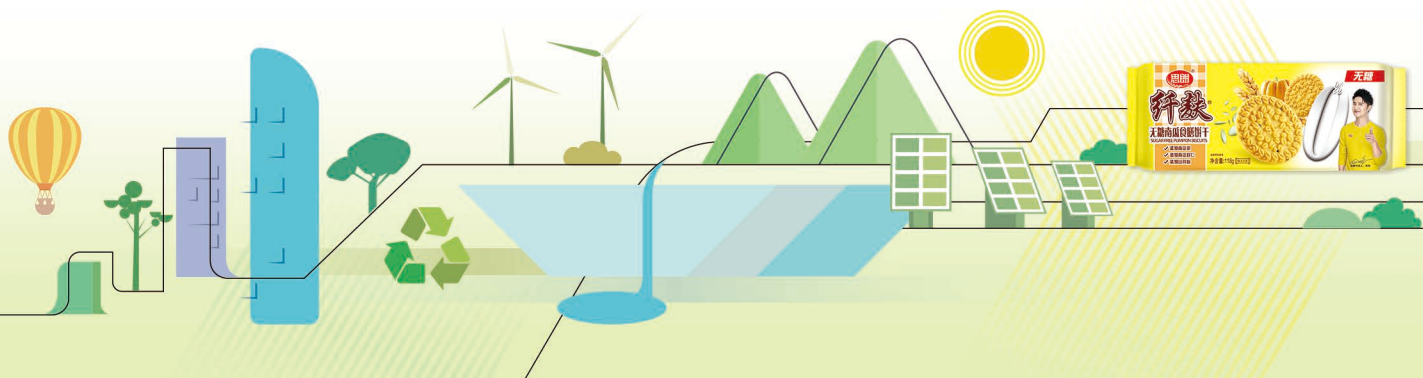
The Group requires all employees to comply with the code of business ethics, undertakes not to commit corruption or bribery and will not engage in fraud, extortion and money laundering activities. The Group expects each employee to adhere to the principle of good faith and integrity in all aspects of 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.

The Group regularly provides anti-corruption training, which covers legal knowledge on anti-corruption and the necessary skills to deal with ethical dilemmas in the workplace. Anti-corruption training can help to encourage honesty and integrity, and enable employees to be strict with themselves and perform their duties with due diligence. In 2021, a total of 100 directors and employees of the Group each received approximately 1 hour of anti-corruption training.

### ***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 whistleblowing 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. The staff responsible for the whistle-blowing system will regularly review the complaints received by the Group in order to assess its effectiveness.



**B8. Community Investment**

**Social Benefit**

The Group believes that with the economic development, it should also shoulder the responsibility of giving back to society. The Group implements the Corporate Social Responsibility Policy, 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.

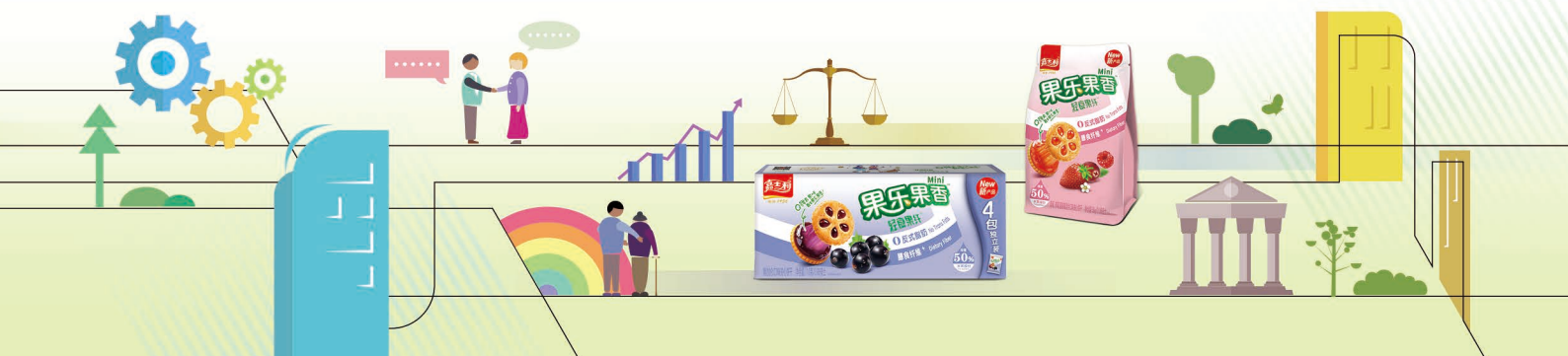
*Philanthropy Management*

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 2021, the Group also participated in various charitable affairs to demonstrate the Group’s support for charitable business and the importance it attaches to different communities in the society. In 2021, the Group made charitable donations of approximately RMB2,800,000, including but not limited to donations of RMB2,000,000 to Kaiping Charity Association and RMB300,000 to Kaiping Center for Disease Control and Prevention for purchasing Novel coronavirus pneumonia nucleic acid detection equipment, donated RMB200,000 to support the “Guangdong Red Cross Fraternity” project in Shazhou Village, Chishui Town, Kaiping City.

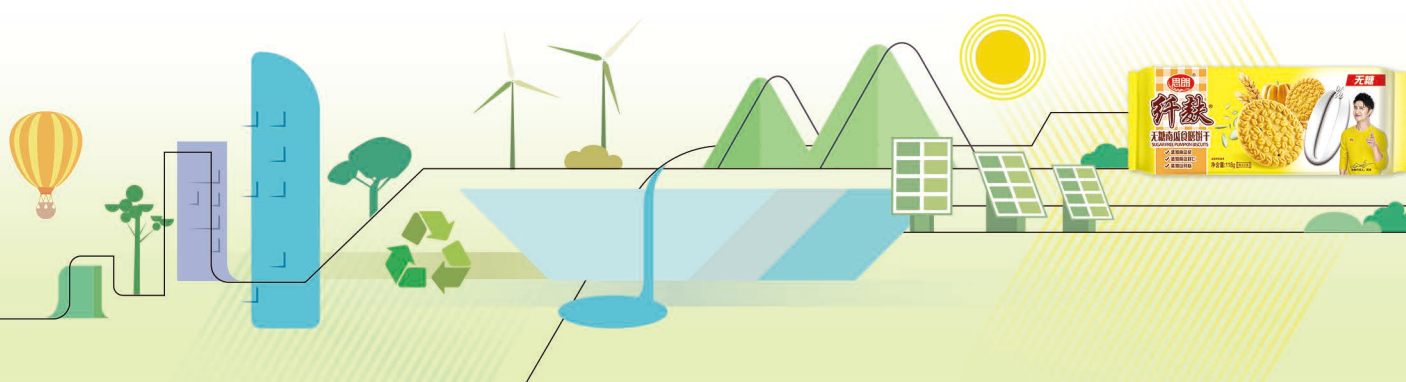
**THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE (i)**

Mandatory Disclosure Requirements	Sections
Governance Structure	Chairman’s Statement; Introduction and ESG Policies — Governance for Sustainability; Stakeholder Engagement; Materiality Assessment
Reporting Principles	About this Report — Reporting Framework
Reporting Boundary	About this Report — Scope of Reporting



## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE (ii)

"Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (a) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions; Emissions – GHG Emissions; Emissions – Sewage Discharge; Emissions – Waste Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Hazardous Wastes (Not applicable and explained); Emissions – Non-hazardous Wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management
<b>Aspect A2: Use of Resources</b>		
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 in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption

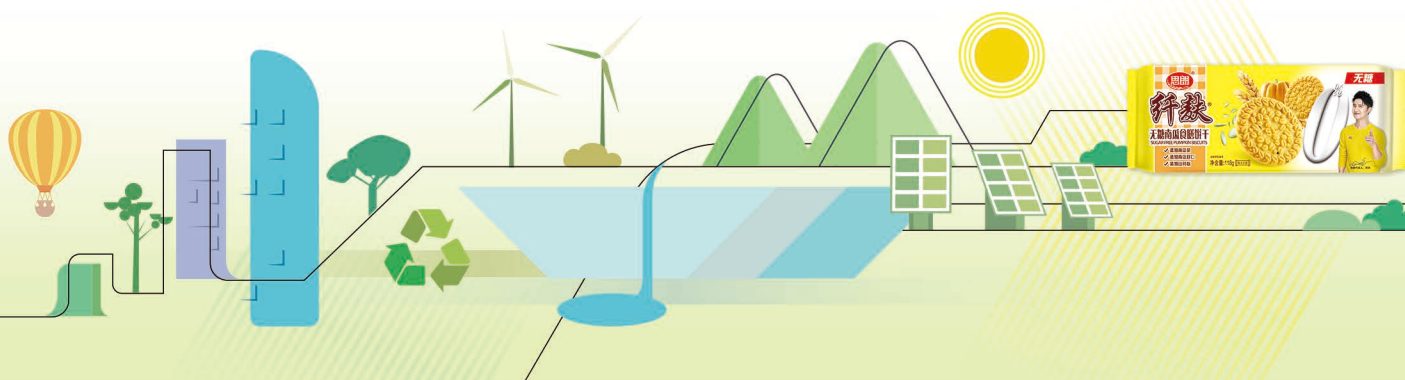




"Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Materials
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	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; The Environment and Natural Resources – Indoor Air Quality Management; The Environment and Natural Resources – Raw Materials Management
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Identify and respond; Climate Change – Physical Risks; Climate Change – Transition Risks
<b>Aspect B1: Employment</b>		
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 (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, Promotion and Dismissal



"Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect B2: Health and Safety</b>		
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 occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Production Safety Management System; Health and Safety – Employee Health Management; Health and Safety – Fire Safety Management; Health and Safety – Other Health and Safety Measures
<b>Aspect B3: Development and Training</b>		
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 – Training Management and Courses
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training Management and Courses
<b>Aspect B4: Labour Standards</b>		
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 – Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards



"Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Supplier Quality Control
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Supplier Quality Control
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Fair and Open Procurement
<b>Aspect B6: Product Responsibility</b>		
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 and Service Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product and Service Responsibility – Quality Control
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Service Responsibility – Product Recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product and Service Responsibility – Customer Service and Privacy



"Comply or explain" Provisions		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect B7: Anti-corruption</b>		
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 — Anti-corruption Policies and Systems
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption — Whistle-blowing System
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption — Anti-corruption Policies and Systems
<b>Aspect B8: Community Investment</b>		
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 — Social Benefit
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment — Social Benefit

