



China Yurun Food Group Limited

中國雨潤食品集團有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 1068

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2021**

Contents

1. About the Report	4
Basis for Report Preparation	4
Reporting Scope	5
Response to the Report.....	5
2. Letter from the Board	6
3. About Yurun Food	8
Business Profile.....	8
Corporate Value	8
Awards and Honours	9
4. Stakeholder Engagement	10
Communication Channels	10
Materiality Assessment	11
5. Quality Lead.....	13
Management System.....	13
High-Quality Raw Materials.....	15
Hygiene Standards.....	16
Production and Inspection	18
Cold Chain Management.....	19
6. Customer First.....	21
Food Innovation	21
Consumer Rights.....	22
Privacy Protection	22
Product Labelling and Promotion.....	23
Product Traceability and Recall	23
7. Responsible Operation.....	25
Supplier Management	25
Market Management	26

Combating Corruption and Promoting Integrity	26
Intellectual Property Rights Protection	29
Animal Welfare.....	30
8. Together with Employees.....	31
Employment Policy.....	31
Employee Development and Training.....	34
Health and Safety	35
9. Environmental Protection	41
Emission.....	41
Use of Resources	47
Environment and Natural Resources.....	50
Responding to Climate Change	51
10. Devoting to Public Welfare	53
Combating COVID-19 Pandemic.....	53
Enterprise-School Cooperation	54
Caring for Community	54
11. Performance Indicators.....	56
12. Appendix 1: Laws and Regulations Complied by the Group during the Reporting Period.....	64
13. Appendix 2: Index of the SEHK’s Environmental, Social and Governance Reporting Guide	67

1. About the Report

Basis for Report Preparation

This is the sixth Environmental, Social and Governance (“**ESG**”) Report (“**Report**”) issued by China Yurun Food Group Limited (“**Yurun Food**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”). The purpose of this Report is to report the Group’s ESG strategies and management performance and enhance communication with stakeholders. In order to gain a comprehensive view of the Group’s ESG performance, this Report should be read in conjunction with the *Annual Report 2021 of China Yurun Food Group Limited* (in particular the “Corporate Governance Report” contained therein).

This Report was prepared in accordance with the mandatory disclosure requirements and “comply or explain” provisions of the *Environmental, Social and Governance Reporting Guide* (“**ESG Reporting Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**SEHK**”). This Report was prepared in adherence to the reporting principles of materiality, quantitative, balance and consistency. The Appendix 2 of this Report provides detailed information about the content index of the *ESG Reporting Guide* for readers’ reference.

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

Materiality

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

Quantitative

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

Consistency

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

Balance

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

Reporting Scope

During the Reporting Period, there was no significant change in the nature of the Group's principal activities. The reporting scope¹ of this Report is consistent with that of the *Annual Report 2021 of China Yurun Food Group Limited*, which covers the Company and all its subsidiaries. Unless otherwise specified, this Report covers the Group's businesses that are under the Group's control and have significant environmental and social impacts, including the production and sales of a wide variety of raw pork (chilled pork and frozen pork) and processed meat (low-temperature meat products ("LTMP") and high-temperature meat products ("HTMP") with a particular focus on pork products.

Unless otherwise specified, this Report covers the period from 1 January 2021 to 31 December 2021 ("**Reporting Period**").

Response to the Report

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

Email: ir@yurun.com.hk

¹ A substantial consolidated restructuring process was commenced against the 44 Relevant Subsidiaries since 30 April 2021, and the administrator took over of the 44 relevant subsidiaries on 25 May 2021 and the accounts of the 44 relevant subsidiaries and the 68 non-taken-over subsidiaries have been deconsolidated from the Group's consolidated accounts since 30 April 2021 (for details, please refer to the *Annual Report 2021 of China Yurun Food Group Limited*). Therefore, the Reporting Scope in the Reporting Period has removed the above mentioned 112 subsidiaries compared to 2020.

2. Letter from the Board



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

The Group understands the importance of good corporate governance, including governance of ESG-related matters that are crucial to sustainable development. The Group continued to improve its ESG governance structure and strived to enhance the performance of ESG work. We have established an ESG Working Group headed by our Vice President and composed of senior management members of our subsidiaries to assist the Board in coordinating and supervising the Group's ESG-related matters, establishing ESG management policies and strategies, and identifying and assessing ESG matters (including risks) related to the Group. In addition, the ESG Working Group is required to report to the Board on significant ESG matters.

Based on the sustainable development strategy, the Group conducts annual materiality assessment of ESG issues and prioritise management and promotion of material issues as its annual focus. The Board reviews and confirms the results of the materiality assessment, considering material issues as part of the overall strategic development of the Group, and oversees the management and performance of these issues.

In terms of ESG risks, the Board ensures that the Group has an appropriate and effective ESG risks management and internal control system in place. The Group carried out the 2021 ESG risks identification and assessment by analysing the potential risks and related impacts of material ESG issues on the Group's business strategy. We identified and assessed four ESG risks that could have significant impacts on the Group, namely policy risks, social risks in supply chain management, infectious disease risks and food safety risks. At the same time, the Group will continue to manage and improve its internal management gaps identified during the ESG risks review from time to time.

In relation to the management of ESG-related targets, the Board is responsible for approving the Group's ESG-related targets and reviewing the progress of achievement. During the Reporting Period, the Group selected some fresh and processed meat production plants and set targets in five environmental areas: air pollutant emissions, greenhouse gas emissions, waste generation, energy use efficiency and water resource efficiency, and formulated indicators and countermeasures to track the achievement of the targets so as to help reduce the negative impact on the environment during the Group's operations.

Looking forward to the future, with the brand revitalization of Yurun Food, we will continue to produce high-quality food with a sincere and pragmatic attitude, provide a better experience for consumers, create value for society, and continuously improve the governance level for sustainable development of the Company.

This Report discloses the progress and achievement of Yurun Food's ESG work in 2021, and the information disclosed is mainly derived from the Group's internal documents and statistics. The Board is solely responsible for the Group's environmental and social strategy and reporting, and has reviewed and approved this Report to check its reliability, truthfulness, objectivity, and completeness of the information disclosed. The Board reviewed and approved this Report on 27 May 2022.

3. About Yurun Food

Business Profile

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

As one of the earliest leading enterprises in the development of western style low-temperature meat products in China, Yurun Food possess the leading production equipment and technologies. Yurun Food focuses on the research and development of new mid- to high-end products and has established a professional research and development team. We are committed to developing new products with market competitiveness, and successfully established a great corporate image of food safety and high quality among consumers.

The brand slogan of "low temperature maintains freshness, cold chain preserves freshness, products taste delicious" is the three major quality standards brought by Yurun Food to consumers, and it is also a solemn quality commitment to consumers. Yurun Food will maintain a diligent and persevering craftsman attitude to ensure food safety, assure customers, and achieve the social responsibility and moral quality guarantee that a "national brand" should fulfil.

Corporate Value

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

Awards and Honours

The Group has won numerous awards over the years and our brand is recognised by various sectors and consumers. During the Reporting Period, Harbin Dazhong Roulian Food Co., Ltd ("Haroulian") won the honorary titles of "Advanced Enterprise" and the "Most Valuable Brand" in the 2021 China Meat Product Development Conference.



In addition, in the "2021 Safe Food into Ten Thousand Homes Activity", Haroulian won "Trusted Brand of the People" award. Moreover, Heilongjiang Food Circulation Association also awarded Haroulian the honorary title of "Advanced Unit" in 2021.



4. Stakeholder Engagement

Communication Channels

Stakeholders	Issues of Concern	Communication Channels	Communication Frequencies
Shareholders/ Investors	<ul style="list-style-type: none"> Business performance Compliance 	<ul style="list-style-type: none"> General Meeting Public announcement Press release 	<ul style="list-style-type: none"> Annually/ as needed Ad hoc Ad hoc
Government Departments	<ul style="list-style-type: none"> Food safety Environmental compliance 	<ul style="list-style-type: none"> On-site inspection Online monitoring 	<ul style="list-style-type: none"> Ad hoc Real-time
Food Retailers	<ul style="list-style-type: none"> Food safety Marketing management 	<ul style="list-style-type: none"> Questionnaire Food retailers trade show On-site audit 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed Annually/ as needed
Consumers	<ul style="list-style-type: none"> Food safety Consumer rights Marketing management 	<ul style="list-style-type: none"> Trade fair and promotional activity Factory tour Customer service hotline Questionnaire 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed As needed Annually/ as needed
Suppliers	<ul style="list-style-type: none"> Supply chain management Food safety Environmental compliance 	<ul style="list-style-type: none"> On-site visit Supplier inspection 	<ul style="list-style-type: none"> Annually/ as needed Annually/ as needed
Employees	<ul style="list-style-type: none"> Employment and labour policy Employee development and training Remuneration and welfare 	<ul style="list-style-type: none"> Employee union Employee representative symposium 	<ul style="list-style-type: none"> As needed Annually/ as needed
Communities	<ul style="list-style-type: none"> Food safety Community Investment Consumer rights 	<ul style="list-style-type: none"> Factory tour Press release Public announcement 	<ul style="list-style-type: none"> Annually/ as needed As needed As needed
Media	<ul style="list-style-type: none"> Food safety Consumer rights Environmental Performance 	<ul style="list-style-type: none"> Media interview Press release Public announcement 	<ul style="list-style-type: none"> As needed As needed As needed

Materiality Assessment

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

The followings are the four major steps of materiality assessment:



Identification

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

Prioritisation

The Group invited internal and external stakeholders to complete online survey to assess the materiality of the 16 ESG issues. Internal stakeholders (the Board and senior management) ranked the ESG issues according to their "Importance to Yurun Food". External stakeholders (employees, government departments, suppliers, distributors, customers, media, industry associations and communities) ranked the ESG issues according to their "Importance to Stakeholders". During the Reporting Period, a total of 633 stakeholders participated in the materiality assessment.

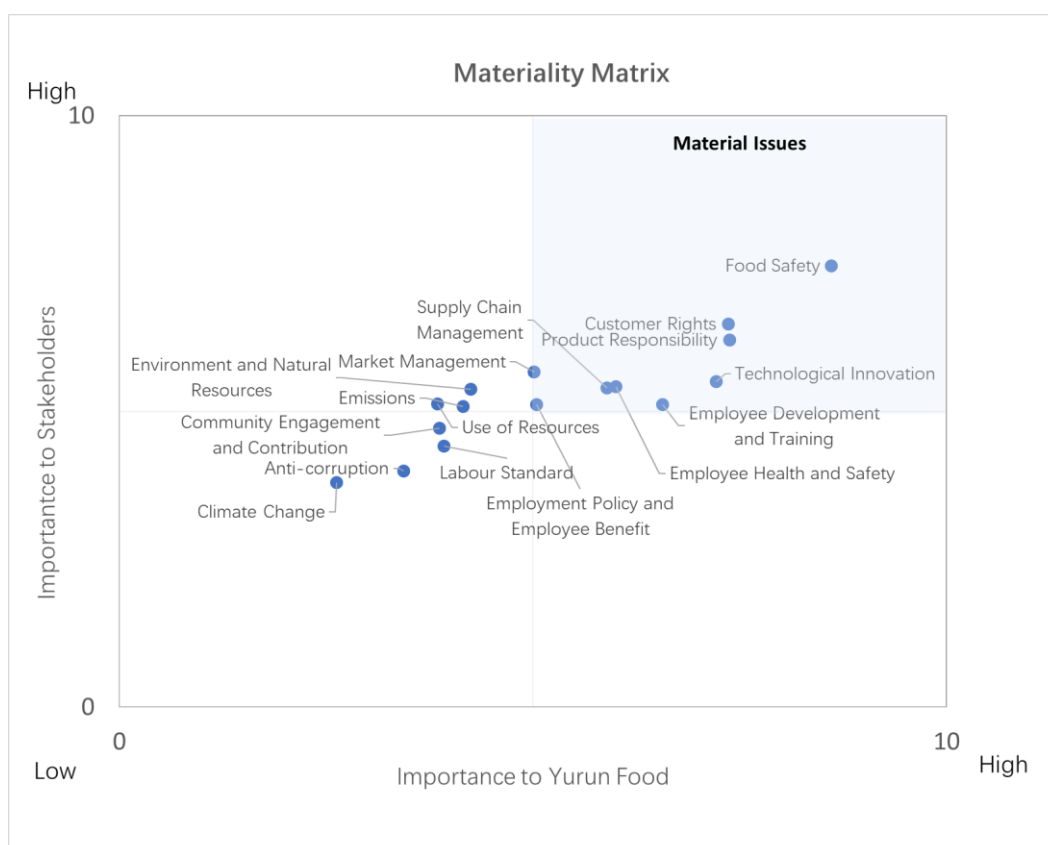
Analysis

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

Verification

The Board reviewed and verified the results of the materiality assessment and confirmed the 2021 material ESG issues.

The following matrix shows the results of the 2021 materiality assessment. Compared with the previous reporting period, there were three new material issues selected for the Reporting Period, namely “employee development and training”, “supply chain management”, and “employment policies and employee benefits”. Based on the assessment results, the Group will also actively adjust its ESG work and respond to concerns of stakeholders in a timely manner.



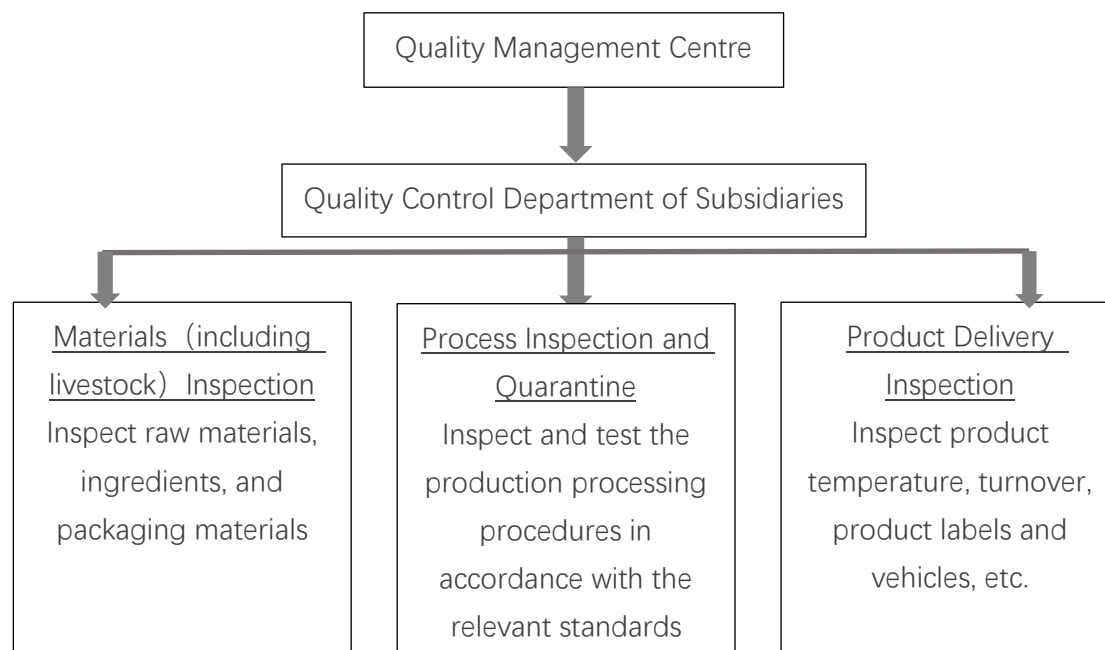
Material Issues (Materiality from the Highest to the Lowest)	Relevant Section(s)
1. Food Safety	Quality Lead
2. Customer Rights	Customer First
3. Product Responsibility	Quality Lead, Customer First
4. Technological Innovation	Customer First, Environmental Protection
5. Employee Development and Training	People-Oriented
6. Employee Health and Safety	People-Oriented
7. Supply Chain Management	Responsible Operation
8. Market Management	Responsible Operation
9. Employment Policy and Employee Benefit	People-Oriented

5. Quality Lead

Yurun Food always puts consumer health as its first priority, and adheres to the quality principle of "Survival by quality. Development by innovation. Quality determines the life of the enterprise. One-vote veto system for quality" and has formulated the quality policy of "Nurturing the community with sincerity and good faith; Continuous innovation, surpassing the first-class". Yurun Food has continuously been improving its product quality and food safety management system. We carry out food safety self-inspection for no less than 2 times a year and cooperate with national and local quality supervision agencies at all levels to ensure product safety and quality control at the same time, and always maintain the industry-leading level in various quality inspection and testing, providing consumers with safe, assuring, healthy and delicious meat products.



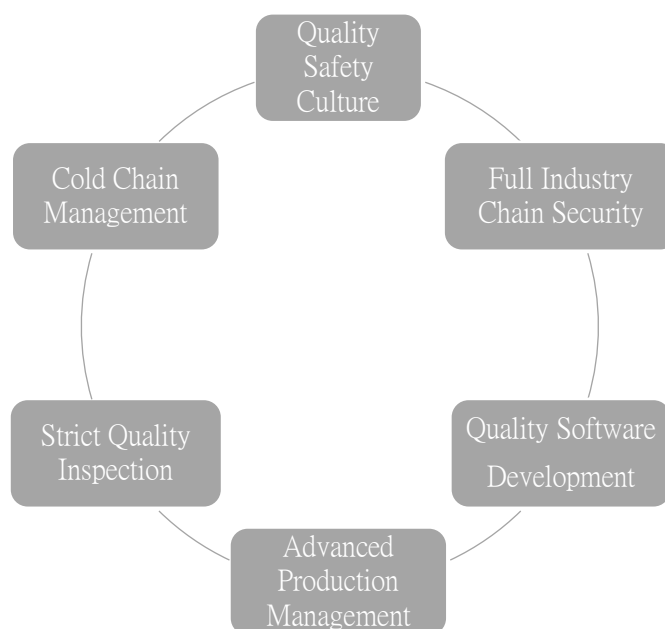
Management System



<p>GB/T 19001-2016/ ISO 9001: 2015 <i>Quality management system – requirements</i></p>	<p>GB/T 27341-2009 <i>Hazard analysis and critical control point (HACCP) system – general requirement for food processing plant</i></p>
<p>7</p> <p>production plants obtained/ maintained valid certifications during the Reporting Period</p>	<p>2</p> <p>production plants obtained/ maintained valid certifications during the Reporting Period</p>
<p>GB/T 27301-2008 <i>Food safety management system – requirements for meat and meat product establishments</i></p>	<p>GB/T 22000-2006/ ISO22000: 2005 ISO 22000: 2018 <i>Food safety management system – requirements for any organisation in the food chain</i></p>
<p>4</p> <p>production plants obtained/ maintained valid certifications during the Reporting Period</p>	<p>5</p> <p>production plants obtained/ maintained valid certifications during the Reporting Period</p>

During the Reporting Period, the Group formulated and improved a number of food safety management systems to provide all-rounded protection from raw material procurement, production and processing, product transportation and other aspects. With the continuous expansion of the scale of the upstream business, to ensure the quality of fresh products and accelerate the technological progress of the system of chilled and frozen meat products, we have issued the *Compilation of Product Quality and Food Safety Standardization Documents*, covering the whole process of quality management from raw materials being processed in the factory to the transportation and market management of finished product. In addition, we have been working closely with national and local quality supervision agencies at all levels to ensure product safety and quality. Each subsidiary of the Group has a quality management team responsible for the strict implementation of the unified standards set by the headquarters.

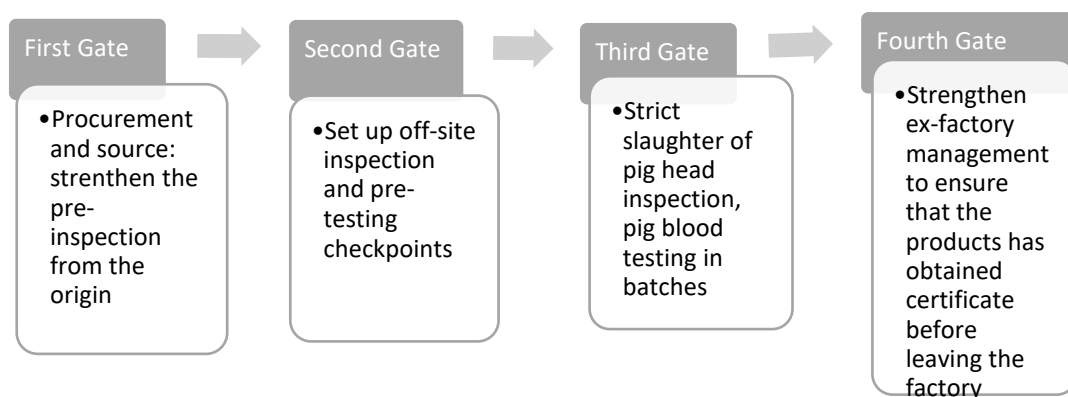
We apply the concept of quality and safety environment, through a set of closed-loop quality control systems. Each part of the product procurement, production, transportation, and sales are linked closely to each others, to achieve a preventable, traceable, guaranteeable and effective safety management model.



The Circle of Quality and Safety

High-Quality Raw Materials

The Group attaches great importance to the quality of raw materials. We carefully select suppliers and conduct rigorous inspections of all raw materials to prevent the inflow of substandard materials, and carry out 21 inspection and quarantine processes for hogs to eliminate the inflow of unqualified raw materials. During the Reporting Period, we formulated the *Operating Procedures for the Acceptance and Inspection of Raw Materials* to standardize the acceptance and inspection of raw materials. We also revised the *Quality Assurance Agreement for the Purchase of Hogs* to strengthen the prevention and control of the African swine fever epidemic from four “Gates”.



Hog Acquisition Quality Assurance Four "Gates"

To effectively respond to the outbreak of African swine fever, the Group has formulated the *African Swine Fever Prevention and Control Plan* and established working groups for the prevention and control of African swine fever at the Group Headquarters and subsidiary levels. The working group is responsible for (i) collecting relevant laws and regulations and various policy requirements of African swine fever; (ii) arranging the deployment of African swine fever epidemic prevention and control; (iii) establishing and implementing the African swine fever epidemic prevention and control system and emergency implementation plan to ensure effective operation; (iv) coordinating production, supply, transportation and marketing in all aspects; (v) collaborating with animal husbandry, epidemic control and other departments; (vi) and properly handling various issues concerning African swine fever epidemic prevention and control. Important matters are reported to the leader of the working group in a timely manner. The working group will also organize external inspections and reporting meeting related to the prevention and control of African swine fever.

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

- Construct the layout of the production site and equip it with necessary facilities to reduce the risk of cross-contamination
- Strengthen the management structure of "people, vehicles, animals and pests" and improve the biosecurity factor
- Maintain good management in hog herd to ensure the hogs are healthy
- Strict pollution management to ensure compliance and safe disposal
- Implement the assessment and acceptance of production expansion and daily environmental monitoring in order to preserve the breeding environment

Hygiene Standards

The Group has stringent requirements on the hygiene of vehicles, factories, enclosures,

production plants, warehouses, and personnel, and conducts effect verification and assessment to avoid incidents of food contamination. We have established policies such as the *Cleaning and Disinfection Management Rules*, the *Sanitation Standard and Operating Procedures*, the *Hog Slaughtering Industry Cleaning and Disinfection Specification*, the *Vehicle Cleaning and Disinfection Hygiene Specification* and other policies to specify the scope, methods, procedures and frequency of cleaning and disinfection.

Production Plants	<ul style="list-style-type: none"> • Employees must turn on UV lamps and ozone sterilisers when they are off duty • Thorough cleaning and disinfection of ceilings, walls, floors, production equipment and utensils, etc. • In order to ensure that relevant policies are strictly implemented, regular hygiene inspections for production plants are carried out
Production Workers	<ul style="list-style-type: none"> • All production workers shall wash and sanitise their hands and put on work clothes, work boots, headwear and masks before entering the production area of a production plant
Vehicles	<ul style="list-style-type: none"> • Debris removal, rinsing and sanitation of vehicles are carried out for vehicles prior to loading
Warehouses	<ul style="list-style-type: none"> • Cleaning and disinfection of rapid chilling rooms, freezer rooms and finished goods storage rooms are carried out regularly



Disinfection of the Transportation Vehicle by Workers

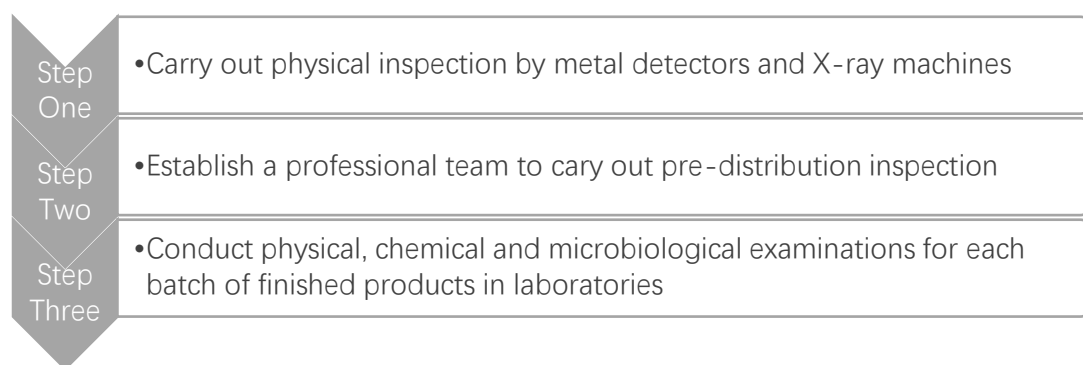
Production and Inspection

We attach great importance to product quality throughout food production process. The Group formulates food production standards that are higher than the national standards, standardizes the products production process, product quality criteria and other indicators, and implements self-inspection and quality review the quality to ensure high product qualification. We require production plants to strictly implement the Group's food production standards to ensure that all food products manufactured by the production plants comply with relevant standards.

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

The Group has professional testing equipment and testing teams, which can conduct examination and research in nutrition analysis testing, microbiology testing, pesticide and veterinary drug residues testing, elemental analysis testing and food additive testing, etc.

The Group has established a set of inspection standards that is higher than the industry and national standards. All the products must pass the following “three steps” before they can be distributed:



Cold Chain Management

The Group's main products are chilled pork, frozen pork and LTMP. Cold chain management is a very important part of product quality assurance as the temperature directly affects product quality. We have formulated the *Warehouse Control Procedures*, the *Cold Chain Management System for Processed Meat Production Systems*, and the *Management System for Transportation of Fresh Products* to ensure that the cold chain management of products at different stages from production, storage, transportation to sales follow the standards.

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

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

The Group values the quality management of products after launching in the market. We provide product handling guidelines to our retailers to ensure that they understand the methods of product handling and the rules that they are required to follow. During the Reporting Period, we formulated the *Regulations for the Management of Unsalable Products of Distributors*, which provides a different level of support for expired unsalable products according to the maturity of the market in which the distributor is located, the structure of the distributor's sales channels, etc. We also provide guidance on cash management by distributors and clarify the treatment of the unsalable products to ensure food safety.

6. Customer First

Yurun Food adheres to the core value of "Focus on Customer Interests". We pay close attention to customer preferences and needs, focus on the research and development of healthy food and food innovation to meet different needs of our customers. Meanwhile, we are committed to protecting the rights and interests of our customers to win their trust.

Food Innovation

The Group regards product and technology innovation as its core driving force for transformation and upgrading. Our excellent research team focuses on upgrading food technologies, researching and developing new products that are popular in the market, and further enhancing our market competitiveness. Yurun Food has been keeping abreast of the industry development trends and has implemented a series of new measures, including product innovation, packaging innovation and flavour innovation, etc.

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



New Products Developed during the Reporting Period

The Group is committed to researching and developing health products, focusing on food health, nutrition, and savoury technology research, to meet consumers' pursuit of healthy life. During the Reporting Period, the Group launched low-fat and high-protein products such as charcoal grilled chicken breast and low-fat chicken breast sausage. We are also actively developing low-salt products and have launched a new 25% salt reduction ham sausage to provide consumers with more healthy choices. In addition, we have obtained organic product certificate for the chilled pork produced by Haroulia .

To keep food healthy, the Group strictly abides by the provisions of the *Standard for the Use of Food Additives* (GB 2760-2014) and does not use food additives prohibited by the PRC or adds excessive food additives and preservatives. In addition, during the production process, we do not add substances that may endanger human health and non-edible chemicals other than food additives.

Consumer Rights

The Group actively listens to the opinions of customers and always safeguards their rights and interests. We have formulated the *Customer Complaint Handling Work Specification*, which clearly lists out the responsibilities of departments and personnel at all levels, the types of complaints, and the handling process of various types of complaints to ensure complaints from customers are effectively resolved. Customers can make complaints through customer service hotlines, supermarkets, or distributors. We uphold the principles of “timely response, careful investigation, reasonable communication, and proper handling” to handle customer complaints. In case we receive complaint from customer , our customer service officers will record the complaint in detail and give feedback to customers within 24 hours. We will carefully investigate the complaint, analyze the cause and take corrective actions, as well as improve preventive measures to avoid recurrence. During the Reporting Period, the Group received a total of 43 complaints about products, with a complaint handling rate of 100% and all of them were properly handled.

Privacy Protection

The Group attaches great importance to protecting customer privacy and strictly complies with the laws and regulations relating to privacy and data protection. The Group has established the *Customer Privacy Policy*, which stipulates that all the involved departments and personnel shall receive training and sign a confidentiality agreement, and must handle customer information carefully in strict accordance with the relevant regulations and keep it strictly confidential. The Group will not disclose customer information to third parties without the permission of the customers. In order to ensure

privacy of customer is protected, if there is a complaint, except for internal relevant personnel, consumer's contact information and full name would not be disclosed to the public. In addition, the Group has set up limited access to customer information in such a way that only designated employees can access customer information.

Product Labelling and Promotion

The Group clearly discloses information about the ingredients of food products on the product labels for customers. The Group prepares product labels in strict compliance with the *Administrative Provisions on Food Labelling*, the *General Principles on the Labels of Pre-packaged Food* (GB 7718-2011), and the *General Principles Labels of Pre-packaged Food* (GB28050-2011) to ensure that consumers can receive true and accurate product information. The product labels include the date of manufacture, the expiry date, a list of ingredients, food additives and nutritional facts, etc.

The Group focuses on the training of internal standardization personnel related to product labelling and provides at least 2 external training opportunities per year to improve their business knowledge. We have formulated the *Packaging Counter-Signature Specification*, which conducts cross-checks and ensures the information on the label one by one to guarantee that the product label information is accurate, to ensure that the content marked on the food label is not missing or misleading, and to let consumers get the required information.

The Group also strictly abides by the *Advertising Law of the PRC*, the *Trademark Law of the PRC*, the *Interim Measures for the Administration of Internet Advertising* and other laws and regulations, and actively cooperates with partners in the review of advertising content when publishing advertising information, product packaging logos and corporate promotion materials to ensure that brand promotion and commercial promotion activities are legal and compliant. The Group ensures that external publicity is true and accurate, avoids intellectual property rights infringement, and does not falsely publicize and mislead consumers, protecting the legitimate rights and interests of consumers.

Product Traceability and Recall

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

affected products and the scope of the product recall through our product traceability system.

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

In addition, the Group has also formulated the *Food Safety Accident Management System* and the *Food Safety Contingency Plan* to handle emergencies arising from food safety. The Group has set up emergency management teams at both the Group headquarters and subsidiary levels to ensure that the impact of food safety emergencies can be effectively minimised upon occurrence. We require our subsidiaries to organise regular product tracing and recall drills to assess the effectiveness of the product traceability system and the recall procedures. During the Reporting Period, the Group did not recall any products for health and safety reasons. The Group's production bases in Harbin and Gansu successfully organized product recycling drills during the Reporting Period.

7. Responsible Operation

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

Supplier Management

The Group continued to improve its supplier management system, revised the *Procurement and Supplier Management System*, the *Procurement Contract Management System*, the *Raw Material Acceptance and Inspection Operating Procedures*, established a supplier "Shortlisting-Evaluation-Assessment-Phase Out" mechanism, effectively managed supplier resources, and improved the supply guarantee capability. The followings are the main phases of the Group's supplier management:

Shortlisting	Procurement officers will assess the qualifications, production capacity, safety system, and product quality of suppliers. And the supplier fills in the <i>Supplier Questionnaire</i> according to the requirements, and the supplier evaluation team conducts the review.
Evaluation	The supplier evaluation team is composed of employees from the Procurement Department, the Quality Control Department, the Legal Department, and the Technical Department. The supplier evaluation team conducts rigorous evaluations of qualified suppliers as required by the <i>Supplier Evaluation Form</i> , including their performance in terms of ESG. At the same time, we regularly carry out on-site reviews in accordance with the <i>Supplier Inspection Management System</i> . Qualified suppliers are added into the SAP system and the qualified supplier list.
Assessment	The Group conducts annual appraisals of its suppliers and assesses their performance in terms of product quality, price, service, etc. We categorize suppliers into three levels and implement corresponding management based on the results of the annual appraisals.
Phase Out	If the normal supply cannot be provided without a legitimate reason, the Group shall cease to cooperate with the relevant supplier. If it is verified that there is a violation of the rules by the suppliers, the Group will blacklist them and they shall not engage in any business with the Group for 12 months.

The Group attaches great importance to the environmental and social risk management of suppliers throughout the process, incorporates the performance of suppliers in environmental and social aspects into its supplier management process, and works with suppliers to build a responsible supply chain, such as: requiring suppliers to comply with the *Environmental Protection Law of the PRC*, complying with the statutory qualifications of corresponding products, providing pollution treatment certificates or other pollution-related pollutant disposal certificates, and requiring suppliers to sign integrity commitments, quality and safety commitments and information safety commitments when signing procurement contracts.

We attach importance to environmental protection and green production in the procurement process and would require our suppliers to observe such environmental requirements. When a new supplier is under review, the supplier's quality system, environmental protection system and other aspects are being audited; when we purchase packaging materials, we prioritize the procurement of reusable materials, such as turnover boxes, turnover baskets, etc.; when purchasing equipment, we prioritize the selection of equipment with low water, electricity and gas energy consumption, and choose equipment that reduces water pollution or can be disposed with water treatment.

As of the end of the Reporting Period, the Group had 894 suppliers, all of which were suppliers located in the PRC. The Group has implemented the above practices to all suppliers.

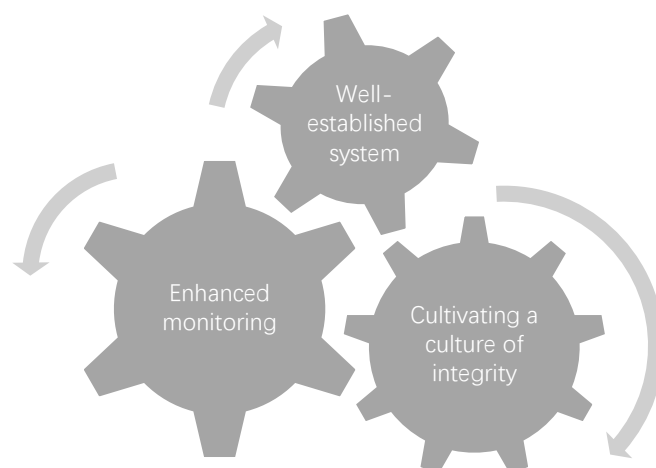
Market Management

To standardize distributor management, store management, warehouse management, etc., the Group formulates a monthly inspection plan and arranges commissioners to inspect the market according to market changes and marketing priorities. After each inspection, the commissioner will issue an inspection report and report it to the management. Through inspection, we found internal management loopholes, marketing rectification, helped distributors, stores, etc. to improve the level of operation and management; timely understanding of market demand, so as to improve taste and flavours, product packaging, and marketing strategies, etc.

Combating Corruption and Promoting Integrity

The Group recognises that corruption can severely damage the interests and reputation of a company and therefore we have adopted a zero-tolerance approach to corruption. We have adopted a three-pronged strategy, which includes a well-established system, enhanced monitoring, and cultivating a culture of integrity, to combat and prevent

corrupt practices such as bribery, extortion, fraud, and money laundering and to promote a corruption-free corporate culture. During the Reporting Period, the Group did not receive notification of any adjudicated legal cases regarding corrupt practices brought against the Group or its employees.

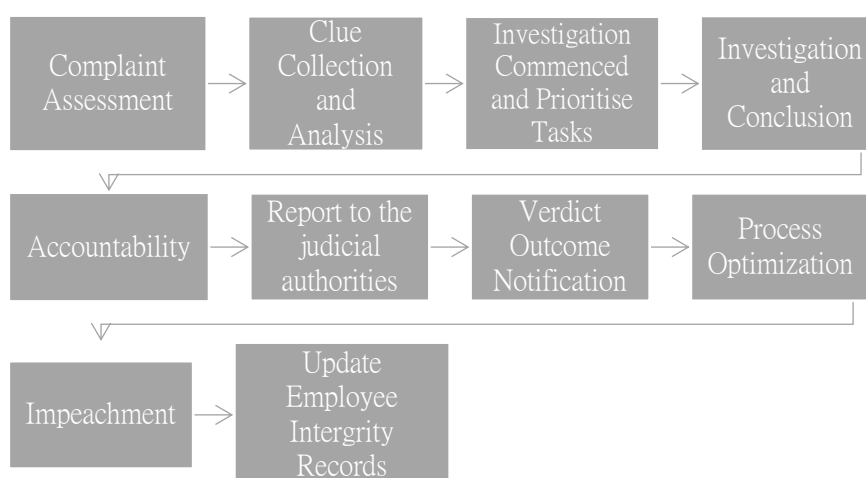


Well-established System

The Group formulated and revised the relevant policies to combat corruption. The Group complies with the *Anti-Corruption Management System* and the *Integrity Reporting Management System* to combat corruption. The Group encourages employees to actively report any form of corrupt practices. Whistle-blowers can report corrupt practices through our reporting hotline, email, and official WeChat account, etc. The group will also keep the personal information of the whistle-blowers strictly confidential. The Group handle all corruption reports carefully. If a corruption report is substantiated, depending on the seriousness of the case, we take disciplinary actions against the relevant employees or departments, including but not limited to warnings, penalties, demotions and dismissals, etc. In the event of serious cases, we transfer the cases to the judicial authorities for handling. During the Reporting Period, the Group did not receive notification of any adjudicated legal cases regarding corrupt practices brought against the Group or its employees.

During the Reporting Period, we set up the Discipline Supervision and Accusation Review Committee, the Ethics Compliance Committee and other organizations to effectively strengthen the construction of anti-corruption forces and systems for honest government and safeguard the interests of the company. In order to ensure effectiveness of our complaint channels and reasonable compliance with the analysis process, we formulated

anti-corruption clues and complaint acceptance, supervision and handling procedures. We issued the *Guidelines for Accountability for Business Violations* and *Guidelines for Accountability for Economic Violations*, and clarified the definition of violations, accountability principles, accountability measures and accountability procedures, strengthening the standardization of work related to accountability for violations. We also formulated the *Policy for Active Declaration of Economic Violations*, urging personnel suspected of economic violations not to take chances, instead, actively, truthfully and completely report to problems, and strive for leniency or exemption from administrative treatment.



Anti-corruption Clue and Complaint Acceptance, Monitoring and Handling Flowchart

Enhanced Supervision

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

Cultivated Anti-corruption Culture

To build a corruption-free, fair and just corporate culture, the Group launched the “Four-Anti” campaign with the theme of “anti-corruption, anti-gangs, anti-fraud and anti-laziness”. When employees are hired, they will be organized to the study of the *Employee Code of Business Conduct*. When signing the labour contract, the employee will need to sign the *Employee Code of Business Conduct* and the *Integrity Commitment* separately. We carry out the “Four-Anti” publicity within the Group (including subsidiaries), and

define corruption as a forbidden line for enterprises with strict punishments if violated. We strengthen employees' anti-corruption awareness by banners and exhibition display boards in our daily work. At the same time, the Group regularly publishes internal anti-corruption bulletins through internal web platforms and emails, publicizing cases of internal corruption in the company, which serve as a warning to directors and employees. During the Reporting Period, we also conducted anti-corruption training for directors and employees. Through both training and execution, we urged directors and employees not to take risks, and enhanced their awareness of anti-corruption. The Group's anti-corruption training coverage reached 100%.

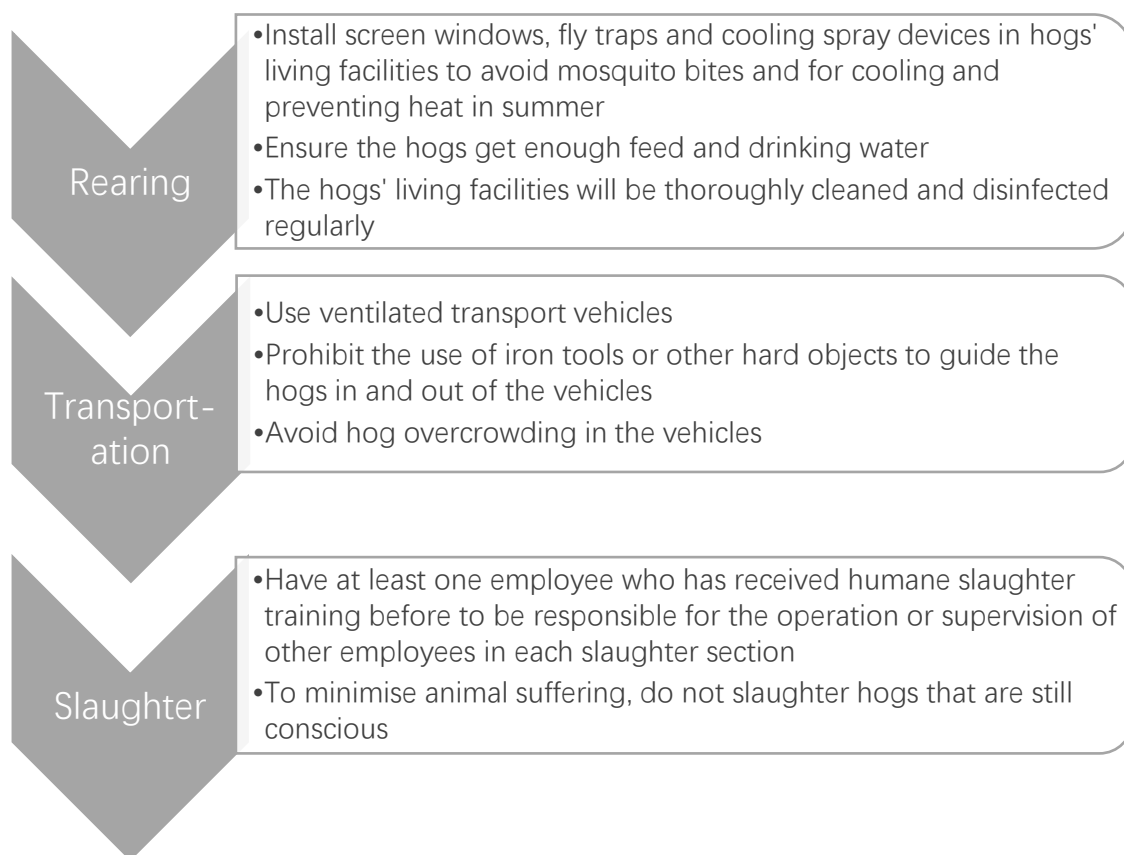
Intellectual Property Rights Protection

The Group understands that effective protection of intellectual property rights can motivate a company to continue innovation and protect its innovation achievements and efforts. The Group regulates the relevant work by establishing an Intellectual Property Management Department and following internal systems such as the *Trademark Management System* and the *Patent Management System*. We adopt an official registration and certification method for trademark intellectual property rights, obtain trademark registration certificates, apply for design patents for packaging designs of major products, apply for patent protection for new inventions and utility inventions, and renew intellectual property rights in a timely manner before expiration to protect the company's intellectual property rights and interest.

In addition, we enter into confidentiality agreements with our employees involved in intellectual property rights to ensure that they understand their responsibilities in protecting the Group's intellectual property rights. When entering into contracts with customers involving intellectual property rights, confidentiality agreements with additional contractual clauses will be used to lower infringement risks. In case external infringement is discovered, we take measures such as evidence collection, alarm filing, and appeal to stop it and safeguard intellectual property rights from infringement. While protecting our own intellectual property rights, we do not infringe the intellectual property rights of others.

Animal Welfare

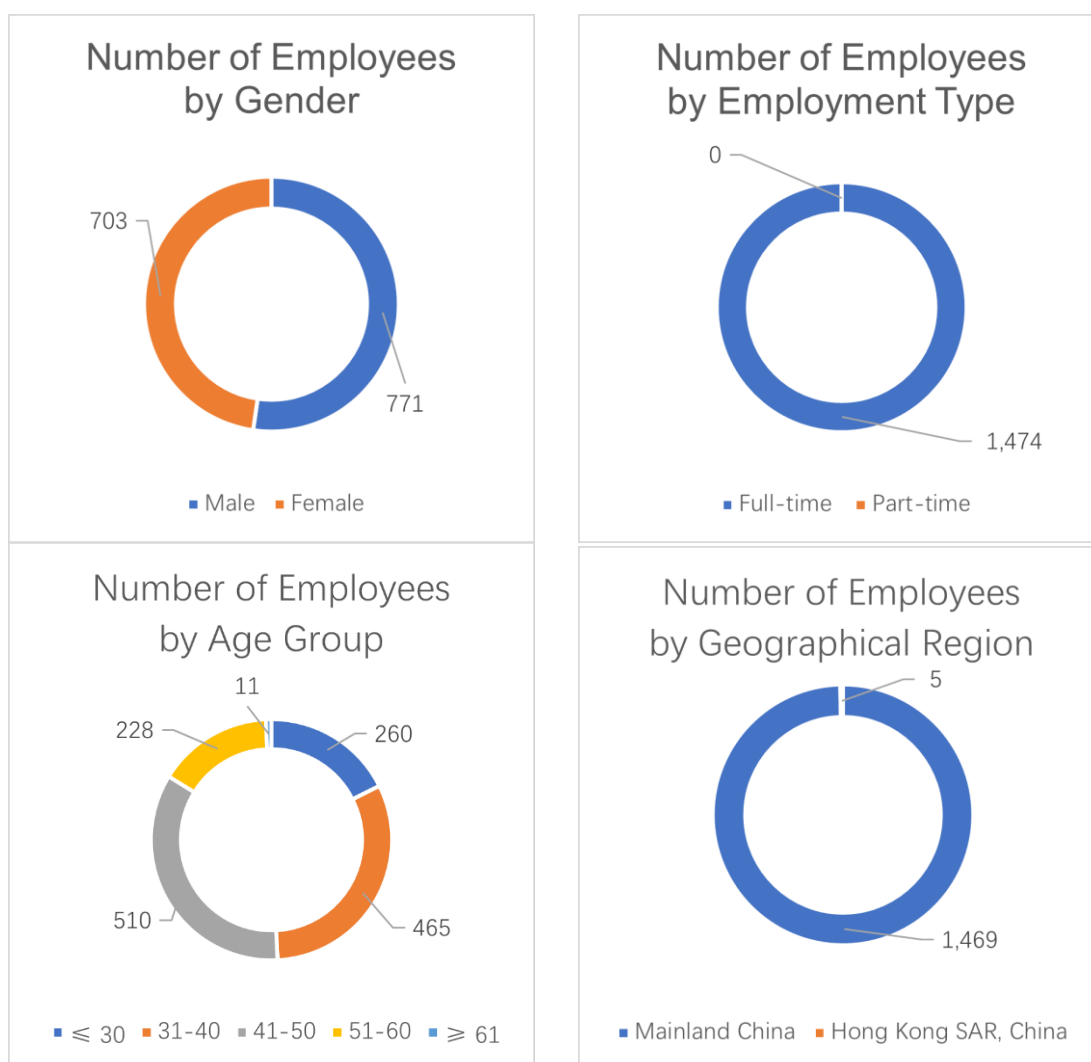
The Group has established regulations regarding animal welfare to regulate the handling of animals at different stages, from rearing to slaughter. Our concern for animal welfare is not only for humane reasons, but also to guarantee our product quality. The Group has established specific guidelines for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



8. Together with Employees

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

As of the end of the Reporting Period, the Group had a total of 1,474 employees. The Group's team profile is as follows:



Employment Policy

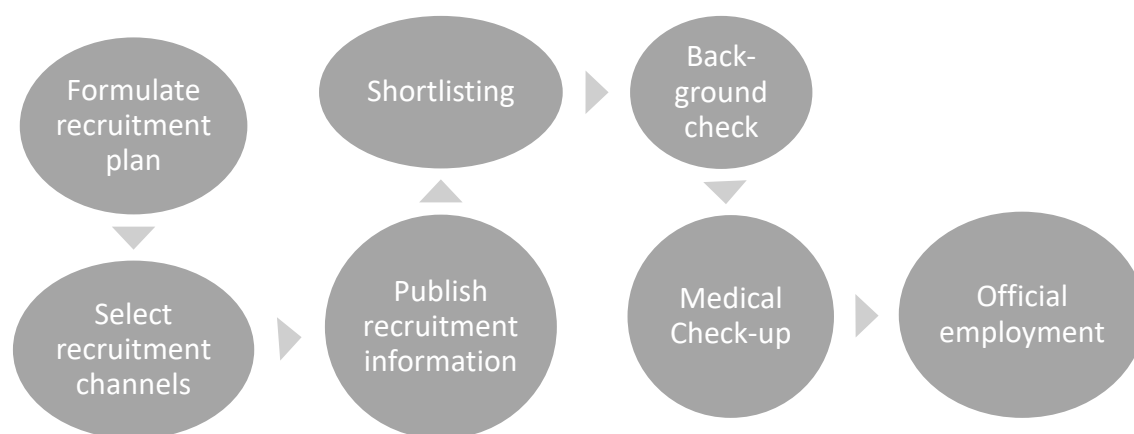
The Group strives to be the best employer in the eyes of its employees. To attract talents,

we offer competitive remuneration and fringe benefits, different types of training and development opportunities. We hope to grow with our employees and create a win-win situation.

Employment Management

The Group has a well-established human resources management system. The Group revised the *Compilation of Human Resources Systems (2021 Edition)* and the *Employee Handbook (2021 Edition)* to provide clear provisions on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfares, prevention of child labour and forced labour, etc., to fully protect the rights and interests of employees.

The Group's recruitment process is as follows:



The Group employs people on their merit in a fair and just manner, adopting multiple channels to carry out recruitment to avoid any form of recruitment discrimination. The Group currently employs 1,474 people with multicultural backgrounds from 31 provinces and 11 different ethnic groups, including 18 persons with disabilities. The Group ensures that employees are not discriminated on the ground of gender, age, ethnicity, religion, etc, provides equal opportunities and implements equal pay for equal work. We also promote a diverse and inclusive corporate culture.

The Group strictly complies with laws and regulations relating to employment and has formulated and implemented the *Human Resource Management System (2021 Edition)*. The system regulates the recruitment process. The Group will not employ personnel under the age of 16. To effectively prevent employing child labour, the Group scrutinises

the identity documents of the potential employees during the background checks to ensure that they are at least 16 years old. Our human resource management system prohibits the input of information from persons below the age of 16. The Group does not force employees to work involuntarily. The working hours of our employees are clearly stated in our *Employee Handbook (2021 Edition)* and strictly regulates the working hours of employees in different employment categories and demand for overtime to prevent forced labour. If employees must work overtime, they are required to submit a request to their supervisor. In the event of employing child labour and forced labour, the Group will immediately stop the violation, appease and properly deal with the parties involved in the violation, hold management responsibility for the person in charge of such violation. Administrative penalties for “dereliction of duty” will be given to the person involved in the direct violation. In addition, the Group will train recruiters of companies involved in the violation in terms of recruitment policies to ensure that similar incidents will not occur again.

Remuneration

To attract and retain talent, the Group offers competitive remuneration packages. We review the remuneration of our employees based on different factors such as job nature, job performance, business performance, operation situation, consumer price indices and the labour market. The Group has established a reward system to recognise the efforts and contributions of our employees. In addition to remuneration adjustments and year-end bonuses, awards are presented to outstanding employees in recognition of their contributions to the Group.



Outstanding Employee Recognition Ceremony

Dismissal

The Group's *Employee Handbook (2021 Edition)* sets out the handling methods for various types of termination of employment. The employment contracts signed with our employees also clearly stipulate the provisions relating to termination of employment, including the notice period and compensation, to protect the rights and interests of both

employer and employees. Employees are required to properly complete handover and resignation procedures before leaving the Group to ensure the normal business operations of the Group.

Employee Development and Training

The Group values the growth of our employees. We have a clear promotion system and offer a wide range of development opportunities for our employees. The Group's *Compilation of Human Resources Systems (2021 Edition)* clearly stipulates the rules and procedures for the selection and appointment of talents, and employees can refer to the *Employee Handbook (2021 Edition)* for promotion eligibilities for different positions. We select talented staff based on internal competition, employee self-recommendation, recommendation by external parties, examination and assessment, etc. We also take reference of employee work performance and moral quality. We uphold the principle of openness, fairness, and justice to select and promote cadres, and publicize the selection results of all employees.

In addition, the Group has set up a clear talent training system. Training institution and the training officers of our HR department are responsible for training management. We use a combination of internal training and external training, from induction training, pre-job training, on-the-job training, and outward training to advanced management training which cover all stages of employee career development. The training courses cover finance, administration, marketing, safety management, product research and development, workplace etiquette, human resource management and many other aspects to improve the quality of employees. A series of training activities are carried out every year to enhance professional knowledge and skills of employees.

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

- general system
- introduction for new hires
- safety knowledge
- nurturing employee reserves
- technical training
- knowledge training
- management system
- management knowledge



Introduction Training for New Hires



Patriotic Training

Health and Safety

The Group is committed to creating a safe working environment for its employees by adhering to the principle of "safety first, prevention-oriented, integrated management". The Group has an Equipment Safety and Environmental Protection Centre at the Group headquarters to promote safe production, which is responsible for the formulation and implementation of relevant management system documents, daily safe production management, safety knowledge training, organization of emergency drills and emergency handling. Each subsidiary has a safety production leading group and emergency command centre, which are responsible for the implementation of relevant system documents, daily safe production management, safety knowledge training, organization of emergency drills and emergency handling. During the Reporting Period, our safe production management system and various special emergency plans have been improved, including the *Food Group Special Emergency Plans* and the *Notice on Strengthening Emergency Management*, etc.. In addition, a number of factories obtained the ISO 45001 and OHSAS18001 occupational health and safety management system certifications.

Safe Production

The Group attaches great importance to production safety and has put in place various safety measures based on potential production safety risks to prevent any safety incidents. The Group ensures the safety of employees in different ways. For production machinery safety protection, we introduce foreign advanced automatic production equipment to avoid manual operation and install safety devices on the equipment. In terms of safety protection, we provide employees with labour protection materials such as work clothes, boots, and protecting gloves in accordance with the *Code of Conduct for the Distribution of Protective Equipment*, and have safety cabinets equipped with portable alarms, gas masks, safety ropes, bandages, and other emergency supplies. In addition, we post safety

signs in our production plants to remind staff to be always vigilant.



Distribution of Labour Protection Supplies

Year 2021 marks the improvement year for the safety and environmental protection of the Group's equipment. In order to help our subsidiaries improve their safety management level, we organised several factory self-inspections and routine safety inspections to ensure safety measures are implemented effectively. If any issue is identified during the inspections, factory managers may be penalised and relevant employees are urged to eliminate the safety hazards as soon as possible. Safety inspection activities include, without limitation:

- Inspection, maintenance and repair of safety facilities
- Checking the use of various protective equipment and facilities
- Evaluating employees' performance of carrying out safety-related duties

The Group keeps the records of work-related injuries and statistics in accordance with the *Regulation on Work-related Injury Insurance*. During the Reporting Period, there was no work-related fatality in the Group and there were 12 employees who were injured at work, with 481 lost days due to work-related injuries. The Group provided immediate medical assistance to the injured employees and provided them with financial compensation in accordance with the *Regulation on Work-related Injury Insurance*. We perform in-depth investigations into each safety incident and continuously improve preventive measures against recurrence of incidents.

Safety Training and Drills

The Group organises different types of safety training for its employees and requires each subsidiary to hold regular safety production meeting twice a month, so employees can learn safety production knowledge and standardize production safety management. For high-risk jobs such as furnace workers, electricians, pressure vessel operators, forklift workers, and fire safety, those employees must receive professional training and can only work after obtaining the corresponding qualification certificates.

To effectively respond to emergencies, the Group organises annual emergency drills for different incidents, such as ammonia leakage, hydrogen sulfide poisoning, electric shock, gas leakage, etc., and requires each subsidiary to implement the work in accordance with the corresponding drill content and frequency requirements. The Group will evaluate the effectiveness of the drills and improve the emergency plan based on the drills to ensure their effectiveness and appropriateness. In case of emergency, the Group will activate the emergency plan and promptly take effective measures to carry out rescue work to minimise the loss of life and property.



Fire Evacuation and Fire Emergency Rescue Drills



Gas Leakage Escape Drill



Fire Safety Knowledge Training



Equipment Mechanical Injury Rescue Training

Prevention and Pandemic Control

In the face of the challenges arising from the COVID-19 pandemic, the Group deployed pandemic prevention and control in a timely manner. Each subsidiary has set up an epidemic prevention working group to form a top-down prevention and control management network to achieve comprehensive coverage of epidemic prevention and control management. The Group formulates, implements and adjusts prevention and control measures in accordance with the epidemic situation in various parts of the country to effectively protect the health and safety of employees. The pandemic prevention and control measures include but not limited to:

- All personnel entering the factory and office premises must provide health codes, take body temperature checks and wear masks
- In principle, employees are not arranged to travel to medium- and high-risk areas. Employees need to apply for special approval if they must travel to these areas
- In principle, large-scale off-line events or meetings will not be held so as to reduce the flow and gathering of people
- Office areas, canteens and other places are strictly disinfected regularly every day



Organize Nucleic Acid Testing for All Employees

Physical and Mental Health

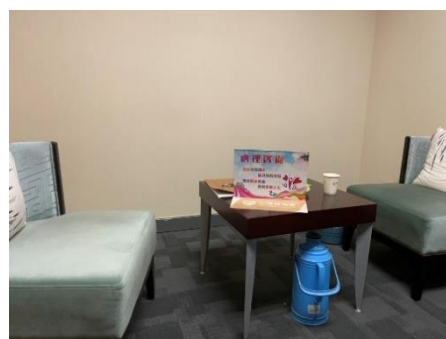
The Group also places great importance on the physical and mental health of our employees. We invite external experts to conduct training for our employees to enhance their health awareness from time to time. In addition, the Group has a psychological counselling room and regularly invites psychologists and counsellors to provide psychological counselling services for employees who are in need so as to help them resolve their psychological problems. The Group has set up lounges, cafes, gymnasiums, basketball courts, indoor tennis courts, badminton courts, etc., to provide rest and sports

venues for employees. In addition, the Company organizes employee birthday parties, company annual meetings, sports competitions, group movie viewing, and other activities from time to time to satisfy the entertainment needs of employees, helping them to alleviate work pressure, and protect them from physical and mental problems.

The Group strictly abides by the State's relevant laws and regulations on the protection of employee health and safety, and clearly stipulates the relevant provisions on labour protection and regular health examination in the *Compilation of Human Resources Systems (2021 Edition)* to effectively protect the health and work safety of employees. These may avoid the occurrence of occupational diseases and physical strain of employees.



Employees' Badminton Tournament



Psychological Counseling Room



Employees' Basketball Game



Movie Viewing Activities

Employee Benefits

The Group's *Employee Handbook (2021 Edition)* and *Compilation of Human Resources Systems (2021 Edition)* clearly stipulate issues related to working hours, rest and leave, employee welfare and other related issues. Each employees enjoy paid annual leave and statutory leave in accordance with the law, and enjoy the right to sick leave, personal leave, marriage leave, maternity leave, compassionate leave, family visit leave, etc. The Group pays social security and housing provident fund in full for employees in accordance

with laws and regulations and purchases additional commercial insurance for employees to protect their lives in an all-around way. In addition, the Group distributes gifts to employees during traditional festivals, providing employees with free accommodation, food and beverage subsidies, family visit leave and birthday gifts, etc. We have set up mutual aid funds to provide financial assistance to employees and family members who have suffered from major illnesses, major changes, and families with special financial difficulties.



Pay Visits to Sick Employees

The Group has implemented an effective staff communication and feedback channel to encourage employees to voice out positively.

9. Environmental Protection

Yurun Food actively adopts different measures to reduce the negative impact of our production and business activities on the environment. We attach great importance to the compliance of environmental management, strictly abide by environmental laws and regulations, carry out environmental protection knowledge training, strengthen employees' awareness of environmental protection, and implement the environmental protection responsibility of all employees. We promote clean production, adopt clean energy, provide advanced equipment, cultivate advanced technology, and improve clean production level. In 2021, three subsidiaries have obtained ISO14001 environmental management system certification. We will also gradually apply for such certification for other subsidiaries to enhance our overall environmental management system. In addition, the construction and site selection of each production plant is subject to a rigorous environmental assessment. All factories are subject to detailed assessment and investigation by the environmental protection department and the land planning department to ensure compliance with the national standards before commencement of production.

In order to promote ecological environmental protection in an orderly manner and reduce the negative impact on the environment, the Group started to set various environmental targets during the Reporting Period. We selected certain fresh and processed meat production plants to set short, medium and long-term targets in five environmental aspects, namely air pollutant emissions, greenhouse gas emissions, waste generation, energy use efficiency and water resource efficiency, and formulated relevant indicators and corresponding measures to regularly measure the progress of achieving the targets.

Emission

The Group's main pollutants are wastewater, exhaust gases, greenhouse gases, and hazardous and non-hazardous wastes. The Group strictly complies with national emission standards, including but not limited to the *Integrated Emission Standard of Air Pollutants*, *Emission Standard of Odour Pollutants* and *Emission Standard of Air Pollutants for Boilers* and has established an environmental management system to identify and manage environmental risks during the course of operation. We pay close attention to the updates and changes of environmental laws and regulations, and improve corresponding environmental measures. For example, we have built waste treatment sites in accordance with relevant regulations, and treated waste water, waste gas and waste residual by ourselves at early stage to ensure environmental compliance of each production plant.

During the Reporting Period, 3 factories of the Group renewed the pollutant discharge permits while the remaining sewage discharge permits were still valid. Each factory appoints a third-party company to carry out self-monitoring of environmental pollutants, and no abnormality was reported.

Sewage Discharge

The Group strictly complies with the requirements of the *Discharge Standard of Water Pollutants for Meat Packing Industry* and the *Technical Specifications for Slaughterhouse and Meat Processing Wastewater Treatment Projects* for the treatment of sewage. We have formulated the *Guidelines for Sewage Operation* to regulate the management of sewage treatment stations, and regularly update ageing equipment to ensure that sewage discharge meets the standards. We also control water consumption on machine cleaning to avoid wastage so as to reduce generation and discharge of sewage.

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



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

Waste Generation and Disposal

The Group has well-established waste disposal procedures, and strictly complies with national regulations in handling various types of waste. The Group has also formulated the *Hazardous Waste Management System* to specify the responsible person for management. The Group simplifies the production process, improves the production level, and minimizes the generation of hazardous and non-hazardous waste.

The major hazardous waste of the Group is sludge generated from the wastewater treatment station. We have designated areas for the storage of hazardous waste and appointed qualified service providers to collect and dispose the wastes. Our major non-hazardous wastes are office waste, domestic waste, kitchen waste, sludge generated from sewage treatment stations and grease trap waste. For office waste, we set up collection bins to be placed in the engineering system maintenance area to separate and collect waste materials such as aluminium and iron power cords to ensure they are recycled. For non-hazardous wastes, the Group delivers them to the designated local environmental hygiene department.

Some of our production plants use automatic harmless treatment equipment to process waste grease, fur, skin with stamps, pale soft exudative meat and other by-products generated during the production process into organic fertilizers, thereby reducing the burden on landfill site and reducing greenhouse gas emissions from waste landfill.

During the Reporting Period, we set targets to further reduce the generation of hazardous and non-hazardous wastes. The specific targets and action plans are shown in the table below:

Indicators	Action Plans	Timeframe for completion
Coverage of sludge (sludge generated from sewage treatment station) dewatering and solid-liquid separation equipment	<ul style="list-style-type: none"> • Use solid-liquid separators and grilles to reduce sludge generation • Regular checking to ensure the sewage treatment equipment is in good operation 	Short-term
Legal disposal of hazardous waste	<ul style="list-style-type: none"> • Classify and collect hazardous waste, sign compliant disposal contracts, and urge timely transfer and disposal 	Short-term
Non-hazardous waste recovery rate	<ul style="list-style-type: none"> • Use harmless treatment equipment to process by-products into organic fertilizers 	Medium-term
Sludge (sludge generated from sewage treatment station) harmless disposal rate	<ul style="list-style-type: none"> • Promote the use of centralized incineration and harmless treatment of sludge to improve the harmless disposal rate of sludge 	Medium-term
Waste sorting and centralized treatment	<ul style="list-style-type: none"> • Educate on garbage classification and encourage employees to do a good job in source control • Sign waste disposal contract with relevant service providers and urge timely cleaning and recycling 	Short-term
Reduce the use of disposable items	<ul style="list-style-type: none"> • Canteen and factory kiosks do not proactively provide plastic bags and disposable tableware or provide plastic bags and disposable tableware for fee • Reduce the use of disposable gloves and aprons in production workshops 	Medium-term
Implement paperless office	<ul style="list-style-type: none"> • Promote paperless office in an all-round way, paperless daily meetings, use DingTalk system or mobile phone online signature 	Medium and long-term

Air Pollutants and Greenhouse Gas Emissions

The Group actively responds to the *Notice of the State Council on Issuing the Action Plan for Carbon Dioxide Peaking Before 2030* and the national “3060 Dual Carbon” strategy. In accordance with the *Integrated Emission Standard of Air Pollutants* and the emission standards formulated by the environmental protection bureaus of each factory location.

The Group strictly limits the emission of air pollutants, and reduces and limits production, and suspends production in severely polluted weather as required. Each factory appoints a third-party agent to carry out regular air pollutant monitoring and maintenance of waste discharge equipment to ensure that the equipment is in good condition.

The Group's major air pollutants come from the exhaust gas emissions from boilers. During the Reporting Period, we replaced a more environmentally friendly biomass boiler for a factory, and the rest of the factories are currently using natural gas which is a cleaner form of energy. We have now completely phased out coal-fired boilers to further reduce air pollutants and greenhouse gas emissions during our operations. The Group has set targets to reduce air pollutant emissions, increase the use of renewable energy, reduce the use of freon by 2% annually and promote carbon offsetting measures. The specific objectives and action plans are shown in the table below:

Indicators	Action Plans	Timeframe for completion
Environmental protection boiler coverage	<ul style="list-style-type: none"> All factories use biomass boilers or gas-fired boilers 	Short-term
Reduction of NOx emissions	<ul style="list-style-type: none"> Eliminating coal and fuel, reducing the use of biomass boilers and replacing them with low-nitrogen burners 	Medium-term
	<ul style="list-style-type: none"> Fully adopt electric transportation equipment such as electric forklifts 	Short-term

Indicators	Action Plans	Timeframe for completion
Reducing odour emissions	<ul style="list-style-type: none"> • Clean the sanitation of the stockyard in a timely manner, check and clear the sewer of the stockyard, ensure that the manure in the stockyard can be discharged in a timely manner, and eliminate odour caused by fermentation • Spraying deodorant to the stockyard to reduce odour, keeping the doors and windows in the workplaces (such as the stockyard, the solid-liquid separator in the sewage station, and the sludge stacking room) intact and closed. Damaged doors and windows are repaired in a timely manner to prevent the spread of odour 	Medium and long-term
Use of solar energy	<ul style="list-style-type: none"> • Install solar panels for street lamps in the factory area • Regular maintenance of solar panel power supply equipment 	Long-term
Refrigerant consumption	<ul style="list-style-type: none"> • Strengthen on-site equipment inspection, use foam to regularly test and find leakage • Strengthen the management of refrigerant consumption, record the consumption of refrigerants, and use more environmentally friendly refrigeration machines 	Medium-term
Factory green cover rate	<ul style="list-style-type: none"> • Carry out tree planting activities and encourage employees to participate • Clean up the garbage at the factory and plant trees at the sewage station 	Long-term
Accident prevention and treatment	<ul style="list-style-type: none"> • Organize training, special inspection, rectification of safety hazards, maintenance and replacement of equipment and other measures to prevent leakage of ammonia accidents 	Short-term

Use of Resources

Energy Use

The major energy consumption of the Group is natural gas and purchased electricity. In order to effectively improve the efficiency of energy use, the Group has formulated the *Energy Management System*. Engineering Department is responsible for formulating and implementing energy planning and energy management systems for the Group. It also oversees and examines the energy management of each subsidiary.

During the Reporting Period, we proposed targets such as improving energy efficiency and increasing the use of renewable energy to achieve the conservation and efficient use of energy resources. The specific targets and action plans are shown in the table below.

Indicators	Action Plans	Timeframe for completion
Promotion of heat recovery technology	<ul style="list-style-type: none">Boiler transformation, upgrading and renovating economizers, utilization of boiler exhaust heat, saving biomass fuel, and improving boiler thermal efficiency	Medium-term
Improve production plan, process flow, etc.	<ul style="list-style-type: none">Centralise the production production, increasing the number of steamers and reducing the use of semi-finished product warehousesUse of cooling equipment to save electricity	Medium and long-term
Replacement of energy-saving equipment	<ul style="list-style-type: none">Replace ordinary lamps with energy-saving lamps to save power in the factoryDuring winter, finished product warehouse can use fresh air cooling system	Short-term

Indicators	Action Plans	Timeframe for completion
Electricity Consumption Management	<ul style="list-style-type: none"> Formulate annual energy consumption plans based on the actual situation of different factories, carry out energy consumption statistics of each operating factory, form energy consumption reports, track abnormal data, urge all subsidiaries to find the causes of problems, formulate solutions and implement them Guide and implement the installation of energy consumption measurement equipment in different areas to lay a foundation for the statistical assessment of energy consumption in different areas 	Medium and long-term
Use of renewable energy	<ul style="list-style-type: none"> Study national energy policies, use renewable energy such as solar or wind energy, purchase green electricity, and increase the proportion of renewable energy in total purchased electricity 	Long-term
Strengthen energy-saving publicity and education	<ul style="list-style-type: none"> Regularly carry out energy-saving publicity and training through bulletin boards and posting energy-saving slogans to enhance employees' awareness of energy conservation 	Medium and long-term

Use of Water Resources

We actively work with local environmental protection authorities and adhere to water intake within the permitted scope. To ensure compliance with strict hygiene standards, the Group has to thoroughly clean its production plant equipment and transportation vehicles on daily basis. During the Reporting Period, we set the targets of reducing the

use of water resources and improving the efficiency of the use of water resources, requiring all subsidiaries to reduce the water consumption per ton (processed meat operation) or per head (fresh food production) compared with 2020.

In order to continuously improve the efficiency of water resources usage, we have formulated the following specific targets and action plans:

Indicators	Action Plans	Timeframe for completion
Monitoring the use of water resources	<ul style="list-style-type: none"> • Monthly statistics of water consumption per ton (processed meat operation) or per head (fresh food production) and reporting, tracking abnormal data, urging subsidiaries to find out the causes of problems, formulate solutions and implement them • Strengthen the inspection and maintenance of the water supply system to reduce various leakage caused by improper operation • Install water consumption measuring equipment at terminals to control water waste in workshops 	Medium and long-term
Strengthen the recycling of water resources	<ul style="list-style-type: none"> • Transform pipelines and recycle reclaimed water for watering flowers and flushing the ground of the slaughtering workshop • Install cooling water tower for secondary use for greening irrigation; reuse of sterilization pot water in workshops; installation of circulation pumps 	Short-term
Improving equipment and processes to reduce the use of water resources	<ul style="list-style-type: none"> • Install automatic spray system in the production lines • Adjust the process flow to improve boiler efficiency and adjust steam pressure to reduce wastage 	Medium and long-term
Strengthen water conservation promotion and education penetration	<ul style="list-style-type: none"> • Provide education and training on water conservation for employees 	Medium and long-term

The Group sources water from municipal water supply and underground water for its business operation. The use of underground water is strictly regulated by local government authorities. During the Reporting Period, the Group did not have any issue in sourcing water.

Use of raw materials and packaging materials

Through the *Cost Indicator Incentive Scheme for Processed Meat Production Division*, the Group has set standards for the utilization of raw materials and packaging materials, and urged its subsidiaries to implement various measures to enhance the efficiency of the use of raw materials and packaging materials and to reduce costs.

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

- Use of fat lining and protein emulsion in the production to replace chicken skin which can help to improve taste and better use of raw materials
- Raw materials are naturally defrosted and then crushed into pieces. This can help to shorten the defrosted time of raw materials and reduce the number of personnel required for the cutting process. This can improve the utilization of raw materials

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

- Recycle plastic turnover baskets for delivery of products through e-commerce channels and special channels to reduce the use of cartons
- Reuse insulation boxes for short-distance transportation such as hotel products and frozen products to reduce the use of cartons
- Reuse the external packaging boxes of gift boxes to reduce the consumption during transportation
- Change the form of packaging, increase the capacity of boxes, and reduce the use of packaging materials
- Replace colour film with white film and labels for bacon products
- Strengthen the packaging technology training of employees and the acceptance of suppliers' packaging materials to reduce the number of defective products and damages during production

Environment and Natural Resources

The Group recognizes that as a food enterprise, there are various environmental risks in its production and operation: the leakage of food-grade and industrial-grade oil, lubricating oil, ink solvent, and waste liquid generated by laboratories and equipment may lead to soil pollution. The sludge and manure generated are not properly treated

leading to land compaction. If pig blood and pig hair produced by slaughtering are not collected and treated, they can easily cause water pollution. Odour gas in sewage stations and leakage during the use of refrigerants can easily affect the air quality. During the Reporting Period, the Group formulated the *Regulations on the Handling of Production Safety and Environmental Accidents* to clarify the responsibilities of personnel and avoid environmental accidents. Several subsidiaries have completed the filing of emergency plans for environmental emergencies and environmental accident drills.

Responding to Climate Change

The Group is gradually studying the risks and risk management measures brought by climate change and actively carrying out relevant risk identification work. During the Reporting Period, we have identified climate-related physical risks, such as droughts, floods, heavy rains and other extreme weather conditions that may affect the production and operation of the Group. In order to improve the risks management, we have formulated the *Special Emergency Rescue Plan for Bad Weather* and the *Special Emergency Rescue Plan for Heavy Pollution Weather* to manage emergencies under severe weather and reduce losses.

During the Reporting Period, we have taken the following measures in response to the unexpected extreme weather conditions:

- The Production Centre sets safety inventory standards for raw materials according to the production cycle in response to sudden extreme weather conditions to ensure normal operation
- As the prices of some raw materials may rise due to extreme weather, the Group has strategically increased inventories of major materials to cope with the impact of extreme weather on raw material prices and reduce production costs
- Before delivery, the logistics department studies weather conditions, determines the delivery time, safe and reasonable transportation routes and methods, and formulates plans to deal with emergencies
- Each factory will pay attention to weather changes at both the supply and sales ends, prepare raw material reserves in advance, communicate with the market, and remind customers of the delivery time and inventory level

In response to the adverse impact of long-term shifts in global climate patterns, we have also taken the following measures:

- Global warming has a certain impact on cold chain transportation. In order to ensure the safety of product transportation, all subsidiaries of the Group use thermal insulation vehicles to transport products, and use the electronic temperature control devices to monitor the temperature of transportation vehicles throughout the process
- In order to cope with the impact of global warming on hogs, each subsidiary of the Group cools the hogs' living facilities by turning on exhaust blowers and spraying water in hot weather to cool down the temperature so as to make the environment most suitable for the hogs

10. Devoting to Public Welfare



Since its establishment, Yurun Food has been committed to helping the poor and contributing to the society. We comply with relevant laws and regulations and actively participate in various social welfare and charity activities. During the Reporting Period, we demonstrated our love and responsibility during the pandemic in Nanjing, flooding in Henan, enterprise-school cooperation, community exhibition and other aspects, practised our mission with actions, and delivered safe and healthy food to thousands of households.

Combating COVID-19 Pandemic

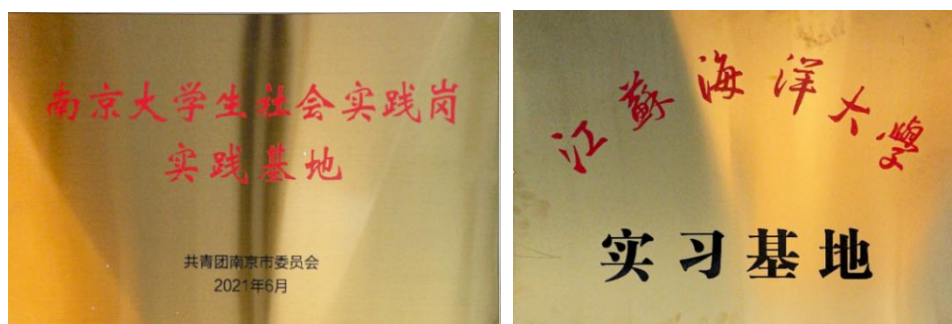
In 2021, the COVID-19 pandemic occurred in areas like Nanjing and Harbin. As an enterprise closely linked to people's livelihood and supply, the Group actively responded to the government's supply guarantee initiative while focusing on the prevention and control of the pandemic. We paid close attention to the market supply and demand, and made every effort to ensure adequate supply and production. During the pandemic, we supplied pork products to various markets in the affected areas to meet the needs of people.



Serving the Overall Situation of Pandemic Prevention and Control and Emergency Supply

Enterprise-School Cooperation

The Group has been providing students from colleges and universities in all walks of life with visit, study, internship and employment opportunities. The Group has established school-enterprise cooperation relationships with colleges and universities across the country to carry out in-depth connection. We serve as a teaching and internship base of many colleges and universities, and promoting in-depth cooperation between enterprises and schools in terms of “production, learning and research”. During the Reporting Period, seven students were awarded the title of “Excellent Intern” in the internship program with university students in Nanjing. The Group had received visits from teachers and students of the School of Life Sciences of Nanjing Agricultural University; and held the signing ceremony of school-enterprise cooperation and the licensing ceremony of the industry-education integration base with Huai’an Bioengineering Vocational College.



Launch of School Teaching Practice Base



University Visits and Signing Ceremony of the School-Enterprise Cooperation Contract

Caring for Community

The Group organized a number of promotional activities that were beneficial to the public during traditional festivals, such as the “Hundred City Plaza Exhibition” and the “Yurun Hundred Cities Fresh Food Action Promotion” during the New Year day, the “Pass Love at Any Time to Celebrate New Year” promotional activities during the Spring Festival,

and the “Giving Welfare to Ensure People’s Livelihood” promotional activities during the Labour Day. We interacted with community in the form of “product display, offering samples, distribution and promotion, and on-site sales” in the community, which not only improves the brand image, expands our product output, but also improves the living of residents. In terms of selling price, we adopted special approval to ensure that the prices of various products are lower than the prevailing selling price in the market.



Spring Festival Promotional Activities

In June 2021, in order to promote the popularization of scientific and technological knowledge and benefit the public with scientific research and innovation, we held the public open month activity, and received more than 500 students, teachers and scientific and technological workers from all walks of life to visit the state key laboratory for meat processing and quality control of Yurun Food, sharing with them the Group’s scientific and technological innovation story.



Public Open Month Activity

11. Performance Indicators²

Annual Product Output³

	Units	2021	2020
Annual Product Output	Tonnes	72,827	360,300

Emissions and Wastes

	Units	2021	2020
Air Pollutant ⁴			
Nitrogen Oxides	Tonnes	6.81	13
	Tonnes/ tonnes annual output	9.35×10^{-5}	3.53×10^{-5}
Sulphur Oxides	Tonnes	2.38×10^{-4}	0.3
	Tonnes/ tonnes annual output	3.27×10^{-9}	7.77×10^{-7}
GHG			
GHG (Scope 1 and Scope 2)	Tonnes CO ₂ e	31,292	137,103
	Tonnes CO ₂ e/ tonnes annual output	0.43	0.38
Scope 1: Direct Emissions ⁵	Tonnes CO ₂ e	21,477	76,154

² The reporting scope of environmental data disclosed in this section includes the Group's production plants of the fresh meat segment and the processed meat segment that operated, which are out of the scope of deconsolidated subsidiaries during the Reporting Period. A substantial consolidated restructuring process was commenced against the 44 relevant subsidiaries since 30 April 2021, and the administrator took over of the 44 relevant subsidiaries on 25 May 2021 and the accounts of the 44 relevant subsidiaries and the 68 non-taken-over subsidiaries have been deconsolidated from the Group's consolidated accounts since 30 April 2021 (for details, please refer to the *Annual Report 2021 of China Yurun Food Group Limited*). Therefore, the Reporting Scope in the Reporting Period has removed the above mentioned 112 subsidiaries compared to 2020. Hence there was a significant decrease in the Group's product output, some of the environmental data and social data and the comparability were also impacted.

³ The annual product output of the Group was used for the calculation of the intensity of environmental KPIs.

⁴ During the Reporting Period, the calculation scope of air emissions include stationary sources, vehicles and mechanical equipment. Air emissions were calculated using the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources* and the *Road and the Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC.

⁵ The calculation scope of GHG emissions (Scope 1) includes stationary sources, vehicles, and fugitive emissions associated with the use of refrigerants. GHG emissions (Scope 1) were calculated using the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial)* and the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development

	Units	2021	2020
Scope 2: Indirect Emissions ⁶	Tonnes CO ₂	9,815	60,949
Wastewater			
Wastewater	Tonnes	545,260	3,060,087
	Tonnes/ tonnes annual output	7.49	8.49
Hazardous Waste			
Sludge (Sludge generated from wastewater treatment plants)	Tonnes	0	46
	Tonnes/ tonnes annual output	0	1.27 x 10 ⁻⁴
Non-hazardous Waste			
Total Non-hazardous Waste	Tonnes	525	1,326
	Tonnes/ tonnes annual output	0.007	0.004
Domestic Waste	Tonnes	117	552
Food Waste	Tonnes	22	27
Sludge (Sludge generated from sewage treatment plants)	Tonnes	171	738
Waste Grease from Grease Trap	Tonnes	2	9

and Reform Commission of the PRC, and the *Fifth Assessment Report* issued by the Intergovernmental Panel on Climate Change (IPCC).

⁶ The calculation scope of GHG emissions (Scope 2) during the Reporting Period includes purchased electricity. GHG emissions (Scope 2) were calculated using the 2021 national grid average emission factor of the *Guidance for Accounting and Reporting Corporate Greenhouse Gas Emissions for Power Generation Facilities* issued by the Ministry of Ecology and Environment of the PRC and the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC.

Use of Resources

	Units	2021	2020
Energy			
Indirect Energy ⁷	MWh	16,894	109,702
	MWh/ tonnes annual output	0.23	0.30
Energy			
Purchased Electricity	MWh	16,894	81,771
Purchased Steam	MWh	0	27,930
Direct Energy (Natural Gas, Gasoline and Diesel)	MWh	44,472	73,721
	MWh/ tonnes annual output	0.61	0.20
Natural Gas	m ³	4,100,000	6,817,034
	m ³ / tonnes annual output	56.30	18.92
Gasoline	Litres	2,417	0
	Litres/ tonnes annual output	0.03	/
Diesel	Litres	11,311	0
	Litres/ tonnes annual output	0.16	/
Water			
Total Water	Tonnes	856,174	3,549,083
Consumption	Tonnes/ tonnes annual output	11.76	9.85
Municipal Water	Tonnes	309,900	2,059,123

⁷ During the Reporting Period, the only indirect energy consumption of the Group was the purchased electricity.

	Units	2021	2020
Ground Water	Tonnes	546,274	1,489,960
Packaging Materials			
Total Consumption of Packaging Materials	Tonnes	571	5,564
	Tonnes/ tonnes annual output	0.008	0.02
Paper (including carton, paper label)	Tonnes	395	3,580
Plastic (including plastic bag, food bag)	Tonnes	176	1,985

Employees

Number of Employees	Units	2021 (as of 31 December 2021)	2020 (as of 31 December 2020)
Number of Employees	Person	1,474	10,431
By Gender			
Male	Person	771	6,137
Female	Person	703	4,294
By Employment Type			
Full-time	Person	1,474	10,431
Part-time	Person	0	0
By Age Group			
≤ 30	Person	260	2,283
31-40	Person	465	2,972
41-50	Person	510	3,404
51-60	Person	228	1,721
≥ 61	Person	11	51

Number of Employees	Units	2021 (as of 31 December 2021)	2020 (as of 31 December 2020)
By Geographical Region			
Mainland China	Person	1,469	10,426
Hong Kong SAR, China	Person	5	5
Employee Turnover Rate ⁸	Units	2021	2020
Employee Turnover Rate	Percentage	30.47%	38.29%
By Gender			
Male	Percentage	32.55%	40.92%
Female	Percentage	28.05%	33.96%
By Age Group			
≤ 30	Percentage	37.92%	51.28%
31-40	Percentage	28.96%	35.40%
41-50	Percentage	24.47%	26.64%
51-60	Percentage	38.41%	36.76%
≥ 61	Percentage	20.00%	67.86%

⁸ The formula for calculating employee turnover rate: the number of employees leaving employment in 2021/ (the number of employees as of the beginning of 2021 + the number of new hires in 2021) ×100%

Employee Turnover Rate	Units	2021	2020
By Geographical Region			
Mainland China	Percentage	30.53%	38.29%
Hong Kong SAR, China	Percentage	0%	16.67%

Training

Percentage of Employees Trained by Category ⁹	Units	2021	2020
By Gender			
Male	Percentage	52.31%	60.61%
Female	Percentage	47.69%	39.39%
By Employee Category			
Production	Percentage	68.25%	70.70%
Non-production	Percentage	21.30%	18.69%
Sales	Percentage	10.45%	10.61%
Average Training Hours Completed per Employee ¹⁰	Units	2021	2020
Average Training Hours Completed per Employee	Hours	32.28	18.63
By Gender			
Male	Hours	34.35	20.43
Female	Hours	30.01	16.05

⁹ The formula for calculating the percentage of employees trained by category: the number of employees trained in the specified category/ the total number of employees trained ×100%

¹⁰ The formula for calculating the average training hours completed per employee: the total number of training hours for employees/ the total number of employees as of the end of the Reporting Period

Average Training Hours			
Completed per Employee ¹¹	Units	2021	2020
By Employee Category			
Production	Hours	37.69	15.80
Non-production	Hours	20.34	15.64
Sales	Hours	21.32	28.37

Safety

Work Injury	Units	2021	2020	2019
Lost Days due to Work Injury	Days	481	297	2,110
Number of Work-related Fatalities	Person	0	0	0
Rate of Work-related Fatalities	Percentage	0	0	0

Suppliers

Number of Suppliers	Units	2021	2020
By Geographical Region			
China	Number of Suppliers	894	1,661
Other Regions	Number of Suppliers	0	19

¹¹ The formula for calculating the average training hours completed per employee: the total number of training hours for employees/ the total number of employees as of the end of the Reporting Period

Products and Service

Products and Service-related Complaints			
Units	2021	2020	
Number of Complaints	Cases	43	50
Complaints Resolution Rate	Percentage	100%	100%
Product Recall			
Units	2021	2020	
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons	Percentage	0%	0%

Anti-Corruption

Number of Cases Regarding Corrupt Practices			
Units	2021	2020	
Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Group or its employees	Cases	0	0

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

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the <i>ESG Reporting Guide</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Product Responsibility	
<p><i>Food Safety Law of the PRC</i> <i>Animal Epidemic Prevention Law of the PRC</i> <i>Standardisation Law of the PRC</i> <i>Regulation on the Implementation of the Food Safety Law of the PRC</i> <i>Product Quality Law of the PRC</i> <i>Advertising Law of the PRC</i> <i>Interim Measures for the Administration of Internet Advertising</i> <i>Regulations on the Administration of Hog Slaughter</i> <i>Law of the PRC on the Protection of Consumer Rights and Interests</i> <i>Administrative Provisions on Food Labelling</i> <i>Law of the PRC on Prevention and Treatment of Infectious Diseases</i> <i>Regulation on Responses to Public Health Emergencies</i> <i>Measures for the Administration of Sampling Inspections of Food Safety</i></p>	<p>During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to health and safety, advertising, labels, and privacy matters relating to the products and services provided and methods of redress.</p>
Emissions	
<p><i>Environmental Protection Law of the PRC</i> <i>Environmental Protection Tax Law of the PRC</i> <i>Regulation on the Implementation of the Environmental Protection Tax Law of the PRC</i> <i>Water Pollution Prevention and Control Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i> <i>Atmospheric Pollution Prevention and Control Law of the PRC</i></p>	<p>During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the <i>ESG Reporting Guide</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
<p><i>Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise</i> <i>Cleaner Production Promotion Law of the PRC</i> <i>Measures for Pollutant Discharge Permitting Administration (For Trial Implementation)</i> <i>Measures for the Administration of Automatic Monitoring of Pollution Sources</i> <i>National Catalogue of Hazardous Chemicals</i> <i>National Catalogue of Hazardous Wastes</i></p>	
Employment and Labour Practice	
<p><i>Labour Law of the PRC</i> <i>Labour Contract Law of the PRC</i> <i>Law of the PRC on the Protection of Women's Rights and Interests</i> <i>Law of the PRC on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labour</i> <i>Social Insurance Law of the PRC</i> <i>Labour Dispute Mediation and Arbitration Law of the PRC</i></p>	<p>During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits, and welfare, and preventing child and forced labour.</p>
Health and Safety	
<p><i>Production Safety Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Occupational Diseases</i></p>	<p>During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.</p>

Laws and Regulations that Have a Significant Impact on the Group under Various Aspects of the <i>ESG Reporting Guide</i> of the SEHK (including but not limited to)	The Group's Performance in the Reporting Period
Anti-corruption	
<i>Company Law of the PRC</i> <i>Bidding Law of the PRC</i> <i>Anti-unfair Competition Law of the PRC</i> <i>Criminal Procedure Law of the PRC</i> <i>Criminal Law of the PRC</i> <i>Interim Provisions on Banning Commercial Bribery</i>	During the Reporting Period, the Group complied with the laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud, and money laundering.

13. Appendix 2: Index of the SEHK's Environmental, Social and Governance Reporting Guide

Mandatory Disclosure	Description	Relevant Sections and Remarks
Governance Structure	<p>A statement from the Board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	Letter from the Board of Directors
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About this Report
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	About this Report

General Disclosures and Key Performance Indicators (KPI)		Description	Relevant Sections and Remarks
Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.		Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).		Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).		Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.		Emission Management
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.		Environmental Protection
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.		Environmental Protection
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).		Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).		Performance Indicators

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect A2: Use of Resources		
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection
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.	Environmental Protection
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Performance Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection
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.	Environmental Protection
Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-Oriented
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Performance Indicators

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B1: Employment		
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Indicators
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People-Oriented
KPI B2.1	Number and rate of work-related fatalities.	Performance Indicators
KPI B2.2	Lost days due to work injury.	Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People-Oriented
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	People-Oriented
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Indicators
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	People-Oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-Oriented

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B4: Labour Standards		
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-Oriented
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Operation
KPI B5.1	Number of suppliers by geographical region.	Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Operation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Operation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Operation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	Customer First
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Performance Indicators
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Performance Indicators, Customer First
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer First

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Sections and Remarks
Aspect B6: Product Responsibility		
KPI B6.4	Description of quality assurance process and recall procedures.	Leading with High Quality, Customer First
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer First
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Responsible Operation
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Responsible Operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Responsible Operation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Operation
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Devoting to Public Welfare
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Devoting to Public Welfare
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Devoting to Public Welfare